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The American Revolution and Christine Desan's New History of Money

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DESAN, CHRISTINE. 2015 *Making Money: Coin, Currency and the Coming of Capitalism.* New York: Oxford University Press. Pp. xxi + 478. $85.00 cloth; $29.95 paper.

This essay argues that Christine Desan's Making Money: Coin, Currency and the Coming of Capitalism *intervenes decisively in debates over the origin of money, while making a fundamental contribution to the legal history of money, the philosophy of money, and the history of capitalism. Desan shows money to be a mode of governance, created by rulers to extend their power, and maintained and managed by their successors. She argues that British politicians reinvented money at the end of the seventeenth century, creating the essential institutional basis for contemporary capitalism. The essay builds on Desan's analysis, showing how the tools she develops to understand the origins and development of British money can help us explain the expansion of capitalism, and the transition to capitalism associated with the American Revolution.*

I. TWO VIEWS OF MONEY AND ITS ORIGINS

There is longstanding debate among historians, economists, and other social scientists about the origins of money. The stakes of this debate, at least in the minds of the participants, are large. Money is arguably the master institution of modernity. It dominates virtually every aspect of contemporary life, from national politics and international relations, to the decision of whether to buy chicken at ShopRite or Whole Foods. Ideas about where money comes from both inform and reflect our ideas about contemporary society, with all of its limitations and possibilities, because, implicitly, they are ideas about what money is, and what societies that use it can accomplish.

In recent years, scholars taking stock of origin debates have tended to divide it into two camps. The first and most widely known is the orthodox view, associated with a genealogy running from the Gilded Age Austrian economist Carl Menger, that money arose spontaneously from the preference to hold the "most saleable" commodities. In the orthodox account, the complications of barter led to people

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hoarding items that held their value and were easy to sell—beginning a process that led, logically, to the selection of gold and silver for coinage and, subsequently to increasingly abstract and efficient forms of money serving as a universal equivalent in exchange. The second, what we might call the governance view, is often associated with the work of Georg Frederick Knapp and associates the origins of money with the power of the state.[1] For scholars of the governance persuasion, money is fundamentally an institution with powerful distributive effects that was created and managed by social groups, associations, states, or individual rulers for their own purposes, which usually had little to do with strict notions of economic efficiency[2] (Menger 1892, 252; Knapp 1924; Wray 2000; Smithin 2002; Peacock 2013, 17–46; Streeck 2015). Both views are ideological, in the sense that they have significant implications for our notion of what society is and what it should be. The orthodox view suggests that money exists outside of law and politics and, thus, implicitly that it works best—for example, delivers the most efficient, affluent, and fair society—if left alone, or minimally interfered with[3] (Hodgson 2002, 31). The governance view asserts that money is a "creature of the law," the product of politics, suggesting that ideal of noninterference is at once obscurant, in that it occludes historical experience, and pernicious because it evokes helplessness in the face of economic forces (Knapp 1924, 1).

Since the financial crisis of 2008, the governance view has become increasingly prominent in popular media and scholarly work. In part, this was because the events of the "Great Recession" proved one of its positive claims: the crisis could not have been resolved, in as much as it was, without the government's power to create money. Virtually every major financial institution was insolvent in the fall of 2008, in two senses. The precipitous drop in asset prices left most with liabilities that outstripped their assets, and the collapse of short-term funding markets left many firms unable to meet routine demands. Government action saved most of them. In the United States, that meant cash injections from the Federal Reserve under "Helicopter" Ben Bernanke, asset purchases, massive low-cost loans, and myriad ad hoc interventions, reversing what many feared was the imminent collapse of the financial sector.[4] This intervention would have been impossible without the

1. I use the phrase "governance view" to incorporate a number of competing theories, all of which take their opposition to the orthodox view as a starting point and focus on the relationship between money and power, including credit, constitutional, chartalist, and "neochartalist" theories of money.

2. This divide plays out differently in different disciplines. For instance, Wolfgang Streeck associates the orthodox tradition in sociology with the rejection of Max Weber's analysis that "differentiated monetary systems according to their affinity to countervailing distributive interests," in favor of an analysis derived from the work of Adam Smith where "the only interest that money can serve is the universal interest in insuring the smooth functioning of as extensive a market economy as possible" (Streeck 2015).

3. In legal history this view has usually been associated law and economics. Scholars, beginning with Richard Posner in the 1970s, however, have taken these claims further, suggesting that common law regimes established to protect property and adjudicate disputes between economic actors are efficient, *a priori*, thus turning the historically indefensible positive claim that markets exist outside of law and society more generally into a normative claim that law should exist to facilitate economic efficiency and thus maximize wealth.

4. Bond traders—especially in the spring of 2009—were fond of referring to what they called the "Bernanke put," which was usually described as a bet that the Federal Reserve under Bernanke had determined to inflate asset prices in a way that benefited those who decided to buy and hold financial assets and, more generally, the traders dealing in them.

government's power to create money at will—not only the $700 billion authorized by Congress for the Troubled Asset Relief Program in October 2008, but also the trillions the Federal Reserve spent purchasing difficult-to-sell assets in the years that followed. The government's power to create money, in turn, implied a choice to save some economic actors and not others, as the quick turnaround in finance contrasted almost immediately with stagnation and austerity elsewhere. Meanwhile, the obvious power of abstract constructions of insurance and debt over the real, as opposed to financial, economy inspired a renewed scholarly focus on capitalism and money, and the role the history of money and its myths play in our understanding of the world (Graeber 2011; Wennerlind 2011; Amato and Fantacci 2012; Brown 2012; Zakim and Kornblith 2012; Granville 2013; Karimzadi 2013; Peacock 2013; Piketty 2014; Sklansky 2014; Stern and Wennerlind 2014; Spang 2015; Streeck 2015; Dodd 2016).

Christine Desan's *Making Money: Coin, Currency, and the Coming of Capitalism* is one of the most significant contributions to this renewed effort. Before the crisis, Desan had argued that "the market" as legal historians understood it was a matter of money, not the other way around, and that money was a matter of law (Desan 2005, 2008, 2010). Since the late 1990s, Desan has expanded and deepened this critique, elaborating what she has called a "constitutional approach" to money (Desan 2016). Desan's approach has an obvious affinity with an increasingly influential school of heterodox economic thought known as modern monetary theory, or neochartalism, that traces its origins to Knapp and views money as "an institutionalized social relation" (Wray 2010, 48). Knapp himself thought monetary theory too important to be left to economists, arguing in 1924 that if money was a creature of the state, "[a] theory of money must therefore deal with legal history"(Knapp 1924, 1–2). Desan, a legal historian, was perhaps uniquely situated to take up this challenge. *Making Money* is the result (Desan 2014). It expands the limited theoretical interventions of myriad governance-view theorists into positive, empirical claims by telling the story of British money through law from the fall of Rome to the eighteenth-century financial revolution, and in so doing expands on them significantly. In Desan's view, British money was more than a creature of law; it was an active, ongoing project of governance, with profound implications for the way British society organized itself and the British Empire reorganized the world. Desan claims in particular that the money form that British politicians and thinkers created at the end of the seventeenth century, chartering the Bank of England, should be understood as the beginning of capitalism itself.

The question arises early in *Making Money*: If this transition was so fundamental, why has it been overlooked for so long? Desan's answer is provocative. She argues the cover-up, the orthodox frame obscuring money's importance to the business of governing people, was just as important as the crime. The orthodox view of money's origins remains powerful, she argues, because it is a part of capitalism itself. Capitalism was not simply the product of institutions like bank money or financial markets; it was the result of an ongoing, intellectual project to naturalize the market as an autonomous force in human affairs. For capitalism to work it requires being able to look at a bank note, covered with symbols of official authority, and see something ideally outside of the control of the state, a Bitcoin of the mind.

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Money has to be treated like a commodity even though it manifestly is not, or capitalism cannot work.[5]

This critique suggests a set of new questions for historians and other social scientists. This essay will explore three of them from a historical perspective. It does so in the context of the American Revolution and its immediate consequences. Revolutionary America is a particularly productive site for working through Desan's ideas in part because of *Making Money*'s focus on British institutions. British colonies had an obvious and contested relationship with British law and British money that continued after independence. In asserting that independence, Americans were forced to confront the question of what money was and how to institute it. Their answers suggest something of the power and the limitations of Desan's analysis. The questions are as follows: First, what does Desan's analysis imply for our understanding of quotidian monetary practice? Second, if money is a creature of law, and capitalism is associated with a particular set of ideas about money and monetary institutions, how do we explain capitalism's subsequent global reach? And finally, if money is a creature of law, how does a state make money in the midst of a revolution, when the authority to make law itself is violently at issue?

These questions are addressed in three parts. The first explores the implications of Desan's theory on the life of an American merchant in the 1780s. The second gives a summary of Desan's analysis in *Making Money*, highlighting some of the tools she uses to expand governance accounts. The third offers a reinterpretation of the American Revolution building on Desan's approach.

II. MAKING MONEY AND MONETARY PRACTICE

On the morning of Christmas Eve, 1786, a thirty-three-year-old Connecticut merchant named Gideon Denison lay in his boardinghouse bed, steps away from bustling warehouses along Water Street and the hall where, a few months later, delegates began fashioning the US Constitution. He was dreaming of British coin.

Denison had arrived in Philadelphia six weeks before from Liverpool. He disembarked with a single golden guinea in his purse, not even enough to pay his passage. The coin was heavy, about the size of a modern quarter, with King George III's rounded, jutting bust on one side, his coat of arms on the other, and milled edges to discourage clipping. That and a shrapnel of silver was all he had. After sitting all night at a dockside tavern with carousing and "outlandish Irish & Scottishmen," Denison went looking for a room. An acquaintance from North Carolina vouched for him at a boardinghouse. The landlady charged one guinea a week. She took his last gold coin as a deposit.

From that day forward, Denison woke early "pondering and racking my brane how I should get the next Guinea," morning after morning; "hurting" his brain, scheming for British gold. Then at 10 A.M. he would "counterfeit a Chearful countinance" and go down to breakfast with his landlady and her other boarders. After the meal, he went back to his room or walked the waterfront, "giving every

5. See infra 13, 22.

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appearance of wretchedness and distress," past ships choked against the wharves with ice, until evening came and he turned home again.

Denison had left his home along the Yantic River in Norwich, Connecticut, two years earlier, in search of a ship he had bought on credit in the waning days of the Revolution and outfitted for the Caribbean trade. After months spent waiting, with no word, he had set out in search of it, planning to do a little trading on the side. His journey had taken him south, through Philadelphia, to the Chesapeake, which he rode up and down on rented horses, enjoying the balls, races, and entertainments of harvest time in slave country. When he finally found his ship, *The Commerce*, months later in Norfolk, Virginia, it was a disaster. His brother, the supercargo, was dead, and the captain had jumped ship with part of the cargo. He tried to sell what remained locally with little success, until a letter from his creditors forced his hand. He was ruined if he returned north. His one hope, as he saw it, was to go to England and expend his remaining cash and credit securing contacts that might be valuable back home. He sold his ship and took passage east. In a year he made a few connections, but no profit, and returned to America broke and dreaming of gold (Journal of Gideon Denison 1784–1787).

For a historian, Denison's account might suggest the power of the orthodox framework for the origin of money, with its implications for understanding US capitalism as arising spontaneously, like money itself, from an unfettered commercial milieu. There were many Americans like Denison in the first years of the new nation, taking a craps player's pleasure in the risks they took, even if few worked out. In recent decades many prominent historians have seen their stories as part of an upsurge of democratic mobility, as Americans threw off the hierarchies and constraints of their colonial status and emerged liberated and hungry for gain. In doing so, the former colonists tossed aside many of the egalitarian pieties of Revolutionary republicanism, but only to confirm a deeper faith. "What was inevitable—what no one could have restrained—was America's emergence into the modern world as a liberal, more or less democratic, and capitalist society," Bernard Bailyn wrote, summing up the central themes of the Revolution (Bailyn 1973, 24). Denison, then, can be seen as one of the thousands of "commercially minded" people determined to make peace and get ahead, forging what Joyce Appleby called an "economically progressive, socially equal, and politically competent" citizenry that reveled in the new possibilities of a "benign and visionary" capitalist social order (Appleby 1984, 50). These citizens fashioned a society, the story goes, on their own terms. "Everything changed" after the Revolution, Gordon Wood wrote in *Empire of Liberty*, his history of the American Republic to 1815. By the end of the War of 1812, Americans were among the "most highly commercialized people in the world," rejecting Europe and embracing a "bumptious nationalism" that preceded industrialization, urbanization, and railroads but presaged the modern world to come (Wood 2009, 1–4).

Americans freed themselves and in doing so freed the market. Presumably, they had always wanted gold and silver, "those darling objects of human avarice and enterprise," as Alexander Hamilton called them in *Federalist 12*, and the Revolution freed them to seek them in chancy new ways. Few would work hard, Hamilton noted, if they did not envision coin as "the pleasing reward of their toils," but for coin, they would do practically anything.[6] One of the best means of increasing American industry then, Hamilton wrote, was to increase the quantity of specie through foreign commerce. Hamilton's analysis appears to suggest that defining money is outside of the government's control—all it could hope to do was help increase the supply—just as the orthodox formulation would predict.[7] Denison, struggling to find gold to pay his landlady, appears to have been in a roughly analogous situation. Both the new nation and its newly liberated citizens were wracking their brains for guineas.

Aspects of Denison's story complicate this picture, though. He seems less liberated than desperate. And why, in the midst of American liberty, was he obsessed with *British* coin? Would he have been so obsessed absent an external constraint (in this case, his landlady)? Hamilton's light, sardonic tone, too, should alert us that something more was happening. His point in *Federalist 12* was not that Americans were overcome with "avarice" because they were free. Far from it. They were besieged (Hirschman 1997). A "darling object," for Hamilton, was a passionate desire beyond reason and possibly control, and the American desire for precious metals qualified precisely as a passion, in part because it stood in the face of a long colonial monetary experience marked by specie's absence. The Revolution had changed American beliefs and motivations regarding money; Hamilton's point was that politicians should harness those beliefs rather than repress them. Still, Americans' ardor for coin, Hamilton must have known, was ironic for three reasons. First, the United States had little coin. Second, all of it was foreign. And third, the country had no gold and silver mines of its own to coin more. Moreover, the states themselves had continued to create their own paper currencies after the war, most of which seemed to work well (Ferguson 1953; Schweitzer 1989). The American eagerness for gold and silver, then, seems to have had less to do with selecting the most saleable commodity on hand and making it a universal equivalent, as in the orthodox view, than with fixating on commodities that were often not available. In Hamilton's formulation, the Revolution seems less to have unleashed Americans than to have limited their notions of what money was and could be, notions he felt it was better to work with than against.

To be sure, many Americans felt otherwise. American money was undergoing a separate revolution as Denison walked Philadelphia's streets. This revolution pitted the specie-obsessed coast against the interior, where the feeling was that American wealth should be based on things Americans had. In Massachusetts, protestors shut down county courts to resist foreclosure by coastal creditors, in part because the coin

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6. "The prosperity of commerce is now perceived and acknowledged, by all enlightened statesmen, to be the most useful, as well as the most productive source of National wealth; and has accordingly become a primary object of their political cares. By multiplying the means of gratification, by promoting the introduction and circulation of the precious metals, those darling objects of human avarice and enterprise, it serves to vivify and invigorate the channels of industry, and to make them flow with greater activity and copiousness" (Hamilton 2011).

7. Willard Hurst's long overlooked history of the connection between US law and US money followed precisely this issue, showing how various legal institutions influenced the supply of money. Recently, Roy Kreitner has argued Hurst missed the mark because, unlike historians employing Desan's "constitutional approach," he passed over the more fundamental fact that law constitutes money, shaping it qualitatively as an institution, as well as quantitatively in terms of supply (Hurst 2001; Kreitner 2012).

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needed to satisfy them was impossible to find (Holton 2007). In North Carolina, legislators traumatized by the paper money experience of the Revolution struggled to find ways to make good on commitments to revolutionary soldiers without the silver they had promised, and settled finally on making a currency of their own (Elliot 1891, 4:169–70). Gold and silver could only come from abroad, a fact that militated against making them the basis for propertied wealth in a new, expansive nation, and yet that was precisely the position American politicians arrived at; first in Congress, where they adopted the dollar as a monetary standard in 1785, and then in the Federal Convention, where they banned the state-issued bills of credit that had served Americans for most of a century. Explanations for the selection of specie as money based on class conflict, pitting urban financiers against restive agrarians, restate these monetary debates without explaining them (Merrill 1990). The explanation that American politicians meant to establish a standard unit of account based on the value of the Mexican silver peso, or "dollar," rather than a medium of exchange captures something of Hamilton's intent, but misses the material urgency for coin obvious in stories like Denison's (Michener and Wright 2006). The question should be why relatively elite, coastal Americans like Denison became obsessed with coin as money in the first place, and how did it become such a dominant feature of their lives that they built their new nation's financial system around it and transformed America forever in the process. What, precisely, was American about the freedom that the American Revolution produced?

In short, forces seem to have been in play that are unrecoverable in the orthodox framework. The thesis that money developed from a natural tendency toward efficiency in human affairs only works if we ignore how people and institutions respond to power. Indeed, that is arguably why the orthodox story remains a staple of textbook economics: it is an explanation of the quintessential economic institution on economic terms, providing a logical foundation for the economy as a coherent analytical structure outside of the state (Mitchell 2014). Denison's obsession should give us pause, at least, to reconsider how we frame the transformation associated with the American Revolution. In particular, it should force us to ask the question: Is it possible, as a reading of Desan and other governance theorists might suggest, that the longing for British coin was the result of British power? If so, we might see Denison's dream of British gold as less the result of his particular circumstances than an alternative revolution, concurrent with the one we know: the American Revolution that the British won in terms of money and finance, gold and silver. To explore what we might call the "British power hypothesis" on Desan's terms, it is necessary to give a more complete account of the analysis in *Making Money*.

III. THE *MAKING MONEY* ANALYSIS

According to philosopher John Searle, money is a social fact; social in that without people it would not exist. It is a human institution. And fact because whether we, as individuals, believe money is one thing or another, it will order our lives regardless. One consequence of the notion of money as a social fact, however,

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is this: people must have an idea of "money" in their heads before they construct the institutions necessary to manage and implement it. Most people do not carry the burden of these ideas, Searle argued, because for most, "money" appears as natural as rocks and trees. They take it for granted (Searle 1997). In this context, it is easy to see how an imperial money might rule the mind long after the empire is gone as a set of beliefs about what money is and aspirations for what it should be.

In the wide-ruled books in which Britons kept their accounts in the eighteenth century, pounds, shillings, and pence were marked "l," "s," and "d," respectively, to follow a system that predated the British state. The "d" stood for denarius, a small Roman coin that was the basis for the penny. The "s" referred to the Roman solidus, the root of our word soldier, a gold coin used to pay armies and officials during the empire's fourth-century age of gold (Wickham 2005; Brown 2012). The solidus became the shilling. The "l" for libra, an ancient Roman unit of weight, became the pound (Officer 2007, 34).

Making Money begins with British attempts to reclaim Rome's fiscal and administrative legacy. One aspect of that legacy was money as a mode of governance. The empire had poured cash into Britain to support its administrative state and maintain garrisons along the frontier. When it left, both centralized authority and coin disappeared. For Desan, this coincidence is telling. Money and sovereignty are linked. The former cannot exist without the latter. It is not just that the sovereign controls money, Desan argues, money is both made and unmade by sovereign force. Thus the centuries after the disintegration of the Roman Empire become the obvious place to look for the origins of a particularly British form of money—the silver penny.

The first coins medieval Britons made were small clipped pieces of silver stamped with a cross and the name of a ruler. Most historians agree these coins were accepted by count, not weight, Desan writes, where individual rulers held sway. This suggests rules and rulership, an authority guaranteeing the coins' value regardless of their metal content. There was no broad circulation of silver as a commodity before these coins appeared. In other words, the orthodox story of money creation is wrong from the start. Money was a product of power, associated with an assertion of centralized authority. "Stakeholders in the early world, those organizing a group and its resources, had particular need for a medium . . . to which virtually everyone else in the community would attribute substantive value," Desan writes (Desan 2014, 42–43). The rulers' goal was control, and money offered a more reliable and flexible means of coercion than direct demands for labor. Anglo-Saxon rulers, Desan observes, would pay for services in their coins, and demand those same coins back as taxes, creating a fiscal loop that made it simpler for them to project their authority over space.[8] It was the certainty of taxation, not the value of silver, that gave the coins worth where rulers held sway. As such, coins were

8. Desan defines the term "fiat loop," somewhat indirectly, as "an operating system of public spending and withdrawing" in regard to the circulation of bills and notes issued by the Bank of England (Desan 2014, 311–20). I use the term fiscal loop to capture the same dynamic more broadly. Desan makes the analogy explicit: "Like the Anglo-Saxon kings with their metal tokens and the medieval monarchs with tallies, the government was acting as stakeholder . . . the value of such paper did not depend on a tangible asset, but on an operating system of public spending and withdrawing" (Desan 2014, 317).

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associated with the credibility of individual rulers, and when a new ruler succeeded, coins were often called in all at once and replaced with new ones bearing the stamp of a new king.

Money responds to power, Desan argues, because power is the source of its value. Desan defines two main sources: "fiscal value," derived from the state's demand for money in taxes, and "cash value," derived from the legal practices that establish it a unit of account, medium of exchange, and form of wealth. Of these, fiscal value was primary, as it enabled rulers to centralize organization, spending, and control (Desan 2014, 45). The commodity value of silver, its value on the international market, was a complicating factor, but it did not determine the way coins were created or used. Silver bullion on its own was not money at all, but a commodity that might be turned into one. The gold and silver bullion traded between regions in the medieval era was worth less than the coins that mints made from it for precisely this reason. Bullion simply was not money.

Fiscal, cash, and commodity values derived from overlapping, but distinct, sources that worked differently on different social classes. Medieval farmers, Desan writes, sold their produce for money largely to pay "rents, fines and taxes," responding to fiscal rather than cash value (Desan 2014, 100). Merchants needed money to purchase produce from farmers, to trade in market towns, and to settle debts denominated in money, in addition to whatever taxes they might owe—responding to cash value as well as fiscal. Rulers spent in their own monies, with the expectation that fiscal and cash value would command ready acceptance. The result was a fiscal loop, money moving on terms engineered by the state for the state's purposes.

Medieval rulers eventually moved to a system known as "free minting," meaning merchants were able, at any time, to buy coins at the mint for bullion, minus a fee. Fiscal and cash value made this a profitable trade. Commodity value, however, complicated matters. Silver traded internationally, meaning that merchants moving between England and France would be forced to take the mint value of silver into account when undertaking long-distance trade. If silver was more valuable in France than in England, merchants might take bullion there instead of the mint, and hoard coin to send abroad. The resulting competition forced governments to decide how to maintain their monetary supply in the face of international pressure. Many simply divorced their local units of account from the physical currency itself, creating "imaginary" monies that could then be revalued based on local circumstances vis-à-vis the balance of trade (Boyer-Xambeu, Deleplace, and Gillard 1994; Einaudi 2006). Others reduced the amount of silver in each minted coin, reducing coins' commodity value to make them less valuable abroad.

Britain's particular settlement, Desan writes, was a heavy, strong currency that was correspondingly scarce. This scarcity served to bolster its value at home. This was a deliberate policy decision, Desan argues. As domestic mining sputtered and gold and silver became increasingly rare all over Europe, siphoned off via trade to Asia and the Middle East, Great Britain actually raised taxes, increasing the value of coin still further. The result was a currency that was valuable not because it was a ubiquitous medium of exchange but because it was rare (Muldrew 1998, 2001). This scarcity, in turn, had distributive effects. As coin became concentrated in fewer and fewer hands, British society became stratified between those who had access

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to physical money and those who were dependent on credit (Desan 2014, 167). Partly as a result, Britain became a pioneer in public debt. With money scarce but taxes sure, British rulers were able to pay for goods using credits against future taxation marked by tally sticks. These tallies, few of which survive, circulated as an alternate currency, setting a precedent for the interventions that would recreate money for Britain's modern era (Desan 2014, 171–90).

The seventeenth century began with a victory for public authority over money in Great Britain. Faced with unrest in Ireland, in 1601 Elizabeth I minted new pennies with less real silver content to pay troops putting down the rebellion. She made these new, lighter coins the "lawful and current money in the kingdom of Ireland," while older, heavier coins lost currency (Desan 2014, 268). When an Irish debtor sought to pay off an English debt in the new lighter coins, his creditor sued. The result was a landmark decision in favor of the queen, *The Case of Mixed Money*. Money "inheres in the bones of princes," the Privy Council wrote, deciding the case in 1605. "The king by his prerogative may make money of what matter and form he pleaseth, and establish the standard of it, so may he change his money in substance and impression, and enhance or debase the value of it, or entirely decry and annul it, so that it shall be but bullion at his pleasure" (Desan 2014, 270). In *Mixed Money*, the council made the definitive statement of the British state's power over its circulating money, Desan argues. In doing so, it "dismissed the importance of the commodity content of money in favor of its public definition" (Desan 2014, 273). This understanding of money as a state project was about to meet with a dramatic reversal.

The shift began with a reorientation of the relationship between public and private interest in regard to public debt. In the late seventeenth century, Charles II began issuing public debt that offered interest. There was nothing particularly innovative about that, but what was innovative was the deliberate association of the public interest, buying debt, with private profit, the interest on that debt, in Charles's appeals to purchasers. The goal, wrote Michael Godfrey, one of the Bank of England's founders, was to create a system where people "*cannot do good for themselves but by doing good to others*" (Desan 2014, 281). Godfrey and others hoped to use the monetary system to align public and private interest so closely that the public disappeared. This association "set England on its path toward the modern political economy by offering people a way to profit while furthering the public fisc" (Desan 2014, 280).

Royal publicists may have worked too well. Charles II's success in selling public debt became an issue in 1672 when the crown delayed interest payments. Creditors sued the state, arguing that though the government had an absolute right to dispose of its income, it had effectively compelled itself to prioritize debt payments when it sold the debt to them. In the creditors' argument, the king turned his fiscal power against himself. Sovereignty remained absolute in law, but in practice, the debt holders argued, creditor rights superseded sovereign claims. This new, classically liberal argument was in harmony with the times. By 1700, when the House of Lords finally decided the case in the bankers' favor, the English had deposed James II, Charles's brother, in defense of their rights and interests. In the era of an ascendant Parliament, many elite Britons promoted the belief that there were financial claims with which the king could not interfere. These, too, were "rights" (Pocock 1979, 104). The financial market and money, rhetorically at least, stood on their own, outside of government, even when the market itself—in government bonds—was still a function of fiscal policy (Desan 2014, 281–91).

For Desan, this rhetoric helped concealed the extent to which government was more involved in money making than ever. In this, Desan takes aim at Douglas North and Barry Weingast's famous thesis that new restraints on government power drove British financial development (North and Weingast 1989). Their thesis captures a real shift, Desan argues, but not one that correlates with the financial revolution itself. The British government continued to trammel on individual rights whenever it saw fit, including the rights of underweight coin holders, the rights of creditors who invested in the South Sea Company, and the rights of the people the South Sea Company's agents were empowered to buy, transport, and sell as slaves. Rather than respecting rights in general, the British government committed to respecting a "particularly defined set of rights" it equated with "an abstract and unbiased standard," which North and Weingast equate with "rights" in general. These "rights" were less a commitment to nonintervention than a mode of concealing and justifying new government operations. Historians have simply fallen for the trick, mistaking a "new vocabulary of governance" for the emergence of "the market" as an independent force in British history (Desan 2014, 293).

This new vocabulary required a new money. At the end of the seventeenth century, many Britons saw the shortage of money as an oppressive and central public ill. After the Glorious Revolution, Whigs in Parliament were committed to solving it. However, the old means of intervening directly in the coin would not work when the state committed, on paper, to financial rights outside of its authority. The compromise that emerged was bank money: defining money as gold and silver, and thus outside of direct government interference, while creating a bank that could issue new money ostensibly representing its specie hoard, while in fact multiplying it enormously. For Desan, this solution had less to do with new alchemical thinking, cooptation of private practice, or imitation of Britain's rival Holland than a deliberate decision to change the terms on which British society operated (Wennerlind 2011). This decision was a political event, "the reconfiguration of value at the collective level" (Desan 2014, 300). The Bank of England, like the debt before it, was designed to blend public and private interests, while dissolving the public role. The bank's chief function was, literally, to make money, to "produce a cash medium" that could in turn feed government finance, but it was also able to make private loans and operated for the benefit of private shareholders (Desan 2014, 304).

The act that created the bank in 1694 makes the connection between public and private plain. On its face, the act levied a new freight tax on British shipping. These tax receipts, in turn, were used to "fund" or pay the interest on £1.5 million in new bonds, most of which were deposited in a new "Bank of England," chartered for that purpose. In payment for the bonds, the bank issued notes and interest-bearing bills that promised specie. The government used these to pay its creditors.

It was a purely paper transaction, injecting millions of pounds into the British treasury without moving an ounce of silver or gold coin, or declaring anything else a legal tender for the payment of debts. Bank paper represented specie. In effect, it was specie. Government power made it so. Britons could refuse the bank's notes in private transactions, but that detail mattered little, Desan argues, because of the government's commitment to accept in payment what it spent in payment. Credible tax demands created fiscal value, and quick acceptance created cash value. The combination made banknotes money. Gold and silver's role was reduced to a "legitimating device," Desan writes. "[T]he image offered of gold or silver in the vault gave those holding paper the sense that an anchor existed—even if the anchor was actually elsewhere, in the sound functioning of the fiscal system" (Desan 2014, 319). Meanwhile, the Whig government was all the more powerful because its role in making money was disavowed, presumably because if the government's role had been explicit it could have been challenged politically, in Parliament or in the streets.

What made the new money distinct was the role of private bankers. The Bank of England concealed the government's hand, but by creating it, the government "licensed a new agent, an investment consortium, to issue new notes at a profit. 'Making money' thus depended directly on the decision of investors. In those circumstances, the matter that later generations might call monetary policy seemed to be a function of the market, although it stood atop a public base" (Desan 2014, 329). By the new logic of bank money, the government was just another economic actor, a creditor like any other. It was written out of the story of money creation, while the institutions it created became ever more central to national life.

Only when government moneymaking was tied to the profit motive of private bankers, could it appear to be a byproduct of exchange. This, for Desan, was the origin of the orthodox view. The bank's official partisans promoted the view that money was a commodity beyond the control of the state, in part because it obscured the government's hand. The notion of money as an external, natural commodity made money appear to have a logic that could be understood scientifically, a commercial extension of divine nature. "The invisible hand, or rather the economic agent it represented could thus become the star of a creation story crafted for it" (Desan 2014, 329). This entailed as much an intellectual as a financial revolution. John Locke and David Hume laid the monetary foundations of liberal economics by identifying money with "traders silver," the bullion that crossed borders precisely because it was not money. In doing so, they dismissed the idea that government, ultimately, could control money—in two senses. On the one hand, money was a commodity, ebbing and flowing with the balance of trade, heedless of government intervention. On the other, it was merely a token, representing other commodities through the mechanism of the price level. More or less money would alter prices, not real balances, making it ultimately unimportant. Money responded to natural forces not power. Adam Smith, writing his origin story for money in *The Wealth of Nations*, followed these threads, identifying money as both a commodity *and* a token representing other real commodities. Economics textbooks continue the tradition. "The gathering vision was of a real economy that operated in the convergence of autonomous individuals according to an elemental logic," Desan argues, a vision that would have been significantly more difficult to conjure if money was publicly understood as a mode of governance. It is hard to imagine a more consequential idea.

This notion of money as a commodity, not the association with precious metals per se, was the most important product of Britain's monetary revolution. Parliament disregarded it in practice whenever necessary, of course, and suspended specie convertibility altogether during the Napoleonic Wars (Desan 2014, 376). But to the world, Britain presented itself as a nation where "Sterling money" meant gold and silver, an emphasis that would take on great significance in the American Revolution.

Before we return to that, however, it is useful to think about where Desan's analysis leaves us in terms of our original dichotomy between the orthodox and governance views of the origin of money. Desan is not the first author to claim that the orthodox conjectural history of money has no historical basis (Innes 1913; Polanyi, Arensberg, and Pearson 1957; Wray 1998; Smithin 2002; Graeber 2011; Karimzadi 2013; Peacock 2013). However, what Desan has given us, and earlier authors have not, is a thorough alternative, grounded in legal history, that, helpfully, includes an origin story for the orthodox account of money's origins. Although some may continue to defend the orthodox conjectural history of money on the basis that it provides a "benchmark" in which "*laissez-faire* comes across as very natural, and it is the departures from *laissez-faire* that appear out of place, or at least in need of justification," they will be hard-pressed to do so on empirical grounds in light of Desan's account (Dowd 2000, 139). The more difficult matter, however, will be readjusting our assumptions, and rethinking the role that money as a mode of governance played in the past. Desan's account, in that regard, is a beginning. The remainder of this essay is an attempt to show how that rethinking might look when applied to the American Revolution.

IV. MAKING MONEY AND THE AMERICAN REVOLUTION

Let us return to Denison, his specie fixation, and the British power hypothesis, which we can now state more formally:

> Americans' determination to employ a gold and silver currency after their Revolution was the result of external constraints imposed primarily, if not exclusively, by British power. To the extent that this is the case, and that exercising fiscal power over the American Republic was a British war aim, then Great Britain won the American Revolution.

Desan's analysis offers tools for testing this hypothesis. The British exercised fiscal power over the Americans if American money was defined, in whole or in part, based on British demands emphasizing the fiscal or cash value of gold and silver coin.

However, our test cannot end with formal fiscal constraints, especially if we are concerned with the role British money may have played in America's transition to capitalism. *Making Money*'s capitalism has as much to do with a particular set of

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beliefs regarding money as it does with British bank money specifically. Desan argues that capitalism requires money to be treated as if it were a commodity, a relationship between people masquerading as a relationship between things. Given the violent nature of revolution in general, it is interesting to contemplate the role, if any, that British military force played, particularly in getting Americans to believe in the idea of a commodity money that worked by its own rules. This connection is stronger than one might think. We can divide our investigation into two sections: (1) Formal British Power—legal, contractual constraints on American money in terms of "Sterling money"; and (2) Informal British Power—British actions fostering or reinforcing the normative belief in commodity money as the real thing.[9] The two are connected along a continuum, as formal laws and treaties bolstered norms and vice versa, but they can be considered as analytically distinct.

A. Formal British Power

The first place to look for British fiscal power as a matter of law would be in laws explicitly connecting Britain and America, in particular the Treaty of Paris of 1783. This treaty has long been understood to be one of the most unequal in history in America's favor, an astounding fact given that Britain, even after it had been defeated at the battle of Yorktown, was anything but a spent force. After its naval victories over the French and Spanish at the close of the war, Britain was ascendant. Yet the treaty gave over a vast territory, from the Mississippi River to the East Coast, amounting to a diplomatic coup for the Americans.[10]

We might reconsider this judgment, however, in light of Desan's analysis of money as a mode of governance. Although the treaty conceded control over territory, it extended constraints on money that Americans had resisted since the 1760s (Ernst 1973). The fourth article of the Treaty of Paris, signed on September 3, 1783, stipulated "that Creditors on either Side shall meet no lawful Impediment to the Recovery of the full Value in Sterling Money, of all bona fide Debts heretofore contracted" (Ford et al. 1904, 24:248; Miller 1931, 2:154). During the negotiations in Paris, the Americans initially rejected this clause. Benjamin Franklin argued that the commissioners had no power over what states did with British property, including debt claims. John Adams objected. He told Franklin he "had no Notion of cheating any Body." In the back of Adams's mind, he later noted in his diary, was a conversation that morning with British commissioners Richard Oswald and Henry Strachey, where he had mentioned his idea about honoring British debts. Oswald, a Scottish merchant, military contractor, and slave trader, seemed pleased, but it struck Strachey, an undersecretary of state for the Colonial office, "with peculiar Pleasure, I saw it instantly smiling in every Line of his Face," Adams wrote on

9. This formulation is borrowed, somewhat altered, from anthropologist Abner Cohen, who conceived of the formal and informal as a continuum between contractual and normative aspects of power (Cohen 1976).

10. The best account of the peace-making process is Morris (1965); for a good summary with an emphasis on the American negotiating team's accomplishments, see (Morris 1983). For a good overview of the British negotiators' "liberal" priorities, see Hoffman and Albert (1986).

Sunday, November 3, 1782 (Taylor 2008–2016, Diary of John Adams November 1782). Adams had conceded what the British commissioners wanted most: to bring the newly independent nation back into the British fold. Prime Minister Shelburne's instructions to Strachey, just two weeks before, had been explicit: of all the points of negotiation, including territory and Loyalist claims, "the debts require the most serious attention,—that honest debts may be honestly paid in honest money—no Congress money" (Fitzmaurice 1876, 3:282–83). Shelburne had given Oswald the same instructions, framing the debts as a moral issue "which can never be sufficiently dwelt and insisted upon" (Fitzmaurice 1876, 3:286). Franklin and Jay had been stonewalling British negotiators for months on the debts, and here, in his first meeting, without consulting them, Adams had given the whole game away (Morris 1965, 361).

The next day, Adams, Jay, Strachey, and Oswald hammered out an agreement stipulating that even British debts confiscated by rebel colonies could be recovered by British creditors, at the "full value, or Sterling Amount of such bona fide Debts as were contracted before the year 1775." The language in the final treaty was somewhat more stringent, prescribing "Sterling Money" rather than "Sterling Amount." From Adams's notes, there is little doubt it was Strachey who pushed for the language. Evidently, the British, if not all of the Americans, were aware that something more than simple fairness was at stake.

Desan's analysis makes the nature of the British demands plain. The treaty amounted to a formal imposition of cash value, a legal constraint that made "Sterling Money" a pressing need for many Americans. The most obvious of these were the merchants and planters who had done extensive business in Britain before the war and were likely to have open accounts, but these kinds of demands rolled downhill. A demand on a merchant wholesaler, translated into demands on retailers, which translated to demands on customers, until virtually every American old enough to have contracted a debt before the Revolution might be affected. It seems that Strachey and the other British commissioners hoped to use the treaty to bring America back into Britain's fiscal loop. After the war, taxes were out of the question, but the millions of pounds sterling debts contracted before the war might do much the same work. It made "Sterling Money" an apparent "abstract and unbiased standard" that would become the benchmark for American value (Desan 2014, 293). It does not appear that the British wanted cash exactly, though enforcing the debts would often have the effect of triggering demands for gold and silver on the ground. They wanted the relationships with American merchants and planters that had helped make the British Empire one of the wealthiest in Europe before the war. And, just as before, they wanted to control the monetary terms of those relationships.

There is significant evidence that extending its commercial empire was precisely what British politicians had in mind. In parliamentary debates on the Treaty of Paris, ministers in support argued it would create a bond of "intimacy with the infant state" that would compensate for lack of territory. The "grand purpose" of the terms, another minister argued, was to create a relationship with the United States and "give it permanency." Another noted that Glaswegian merchants had already sent a memo of thanks because "some had been paid, some secured, and some were in hopes of being paid the debts due by America to them" because of the terms (Debate of the Commons of Great-Britain on the Articles of Peace. Monday, Feb. 17, 1783, 6, 9, 28). American negotiators like Adams and Jay might have seen British norms as embracing a kind of liberal, free trade. The British negotiators fighting for them certainly did not—at least not in the uncomplicated, reciprocal way those norms are typically represented.

Some Americans embraced the fiscal rapprochement with Britain; others rejected it entirely. Adams conceded, in a later conversation with Oswald, that his cousin Samuel Adams would see the debt clause as a British attempt "to plant among Us Instruments of their own." For his part, Adams was pleased with the result and being feted around Paris as "le Washington de la Negotiation" (Taylor 2008–2016, Diary of John Adams November 1782). Many Americans were less impressed, however. South Carolinians protested for months and imprisoned at least one British creditor who returned to collect prewar debts (Coleman 2012, 327). Virginians, who owed nearly half the debts outstanding with Britain in 1783, protested that the treaty meant they would have to repay extinct debts on foreign terms (Sloan 1995). Prominent Virginia planter Meriwether Smith argued that the insistence on "Sterling money" would alter the value of debts contracted "in the current coin of the time" before the war—Virginia paper money. Moreover, it subjected Virginians "to the *mercy* of british subjects," much as British taxation would have before (Smith 1783, 5). In the North, meanwhile, creditors like John Hancock who faced calls from Britain hired lawyers to call in their debts. "There is a great Scarcity of cash I believe is pretty sensibly felt throughout America," Hancock's lawyer William Hoskins conceded to Ebenezer Grandston on March 28, 1786; however, he still hoped to receive "greater and quick payments" as soon as possible (Hancock Family Papers, Series 2, Vol. JH–7). The treaty in effect made "Sterling Money" a default standard for American exchange because American debtors would demand it to satisfy their British counterparts. Within the year, the London alderman Thomas Wright had a lawyer riding circuit across New England, collecting sterling debts at country courts from merchants, generals, and rebels like Henry Knox and Hancock (Hancock Family Papers, Series 2, Box 11, Folder 21). Those who could begged for time to collect from their own debtors and sell properties. Others, if Wright's lawyer judged their property valuable enough at auction, were forced into bankruptcy. These demands were not isolated events; Americans owed something like £4 million to British merchants in 1775. Their demands sent ripples wherever the new nation's law held sway.

When British creditors began contracting with circuit-riding American lawyers to collect the debts due them in the backcountry, Virginians resisted. It took the Constitution, and a new treaty negotiated by John Jay in 1794, to settle the matter. In *Ware v. Hylton*, better known as the *British Debt Case*, John Marshall argued unsuccessfully that the sovereign power Virginia possessed during the war included the right to confiscate property held by the enemy, and that property included debt. Alexander Wilcocks, arguing for British creditors, replied that it was precisely laws like Virginia's that the Peace Commissioners had in mind when they wrote the treaty. He further suggested that British commissioners were "particularly anxious" to secure prewar debts, and this concession secured the peace. In 1796, the Supreme Court decided for creditors in light of the Supremacy Clause, having made the treaties and formal British fiscal power binding over state law (*Ware v. Hylton* 1796).

Portions of the Constitution seem to have been formulated in response to the same constraint. Article 1 Section 10 denied states the ability to make anything other than gold or silver the standard for paying debts. South Carolina framer Charles Pinkney called this "the soul of the Constitution," a measure that "above all" would "tend to restore your credit with foreigners," including the British debtors pressing at their shores. In other words, only after Americans promised to pay in gold and silver, would foreign creditors settle for anything else (Elliot 1891, 4:336). Connecticut delegates Oliver Ellsworth and Roger Sherman made the same case during the 1787 state convention, writing to Governor Samuel Huntington that gold and silver money "was thought necessary as a security of commerce, in which the interest of foreigners, as well as the citizens of different states, may be affected" (Farrand 1911, 3:100). The debts Congress had contracted with the French monarchy and Dutch bankers during the war were another factor. But it was the Treaty of Paris, and the wave of debt collections that followed, that established "Sterling Money" as a norm that American courts would enforce. Conversely, state paper monies that did not trade on par with specie, the American method of money making since the seventeenth century, came to be viewed as the product of a conspiracy "by some Needy, Crafty, designing men, to defraud the subjects in their Neighbouring States," as Hancock's lawyer put it. The Constitution formalized this view in fundamental law.

B. Informal British Power

In rejecting the empire, Americans had initially taken a decisive stand against British taxation, and the fiscal power it entailed. However, they had also rejected the vision of money as a commodity, particularly if that commodity was gold or silver. The taxes associated with the Stamp Act, the British tax that first sparked American resistance, for instance, were charged not in a particular money—sterling or otherwise—but in silver bullion valued at five shillings and six pence per ounce. Americans rejected the taxes, in large part because, as colonials, they had developed a system of money that allowed them to send virtually all of the gold and silver they acquired to Britain in return for manufactured goods. According to Adam Smith and other contemporary observers, gold and silver were a "Merchandize," and not "money," in the American colonies. In other words, gold and silver were commodities, but money was not (Wright 1765, lxiii; Smith 2003, 627). Money was best thought of as "Measure of all other Values" Benjamin Franklin wrote in 1764, and a money's quality as money should be judged by how well it served that function (Franklin 1959, 11:7a).[11] The British, on the other hand, associated money with monetary commodities: gold, silver, or paper substitutes valued at the sterling

11. Michael Merrill argued that the Americans' ability to do without money as a commodity in the vast majority of their dealings was indicative of a precapitalist form of exchange he associated with a "household mode of production." The emphasis on production and farming households, however, has obscured the extent and prominence of cashless exchange practices Merrill associated with "precapitalist" colonial America (Merrill 1977). Rothenberg came to a similar conclusion from the opposite ideological route (Rothenberg 1992).

rate, regardless of how scarce or plentiful it might be. In this light, the cry of "no taxation without representation" was not just a rejection of unconstitutional British power, it was an assertion of practical American norms attached to money as a local, democratically defined institution.

The Revolution changed the minds of many elite Americans about what money was and what money could be. The cause seems to have been the war itself. Britain's nine-year campaign of conquest and occupation altered American's beliefs regarding money in two ways. First, the British invasions in New England, the Middle Colonies, and the South reduced or eliminated states' ability to support value through internal governance. The direct application of violence often made it impossible to maintain the value of American currencies by means of law, forcing the rebels to alternatives that soon proved inadequate and finally led to Congress abandoning paper currency altogether. Second, British forces demonstrated an alternative by spending lavishly in gold and silver to support their own forces. Such profligacy was impossible for the American Army, which only served to harden the notion of money as a scarce commodity. The combination of these two forces worked to produce an intellectual and practical revolution in the conception of money. Money as measure was no longer intellectually viable, some influential Americans claimed. The Revolution had proved it was so, creating a new norm of commodity money through the application of violent military force.

We can follow this dynamic through an analysis of Denison's situation. Denison's predicament in Philadelphia derived ultimately from the credit he received in New York City in the waning days of the Revolution. It is almost certain that his creditors amassed their fortunes before November 25, 1783, when the British troops evacuated Manhattan. Probably, like many New Yorkers, they had profited from the cash payments that followed British armies in the field. Payments in silver and gold commanded a kind of mercenary loyalty from local citizenry wherever redcoats deployed, much to the chagrin of patriot officers (Timothy Pickering Papers, Timothy Pickering to Rebecca Pickering December 13, 1777). The British, understandably, were of two minds about it. On the one hand, it had allowed them a purchase on American soil, and provided a strong enticement for collaboration. On the other, it was likely to fail when supplies of cash did.

"Everywhere royalists simply expected protection and aid from the troops in order that they might more calmly get rich off us," one jaded German officer wrote in a letter home from New York City on December 19, 1780. This was true even of professed rebels, he wrote. "Passionately anxious for gold and silver, they constantly brought us cattle and other provisions from the outset," he wrote. As a result, he observed: "The War has made the inhabitants of this city and the neighborhood rich, and New York is for its size one of the wealthiest cities in the world" (Pettengill 1924, 231–32; Hartog 1989, 91–92).

For professional soldiers like the German, "wealth" meant the gold and silver used in international exchange. In the eighteenth century, officers had to be flush with cash in order to maintain themselves in the field. Indeed, one of the many indignities suffered by officers on the American side was their relative poverty in specie terms. Officers paid in paper money found they were hardly able to support families at home, much less maintain themselves with dignity. One officer addressing the Connecticut line, which had mutinied over the lack of food and poor pay, told the men he personally had "not a sixpence to purchase a partridge," much less supplies (Martin 1830, 135). Maintaining officer morale often required heroic appeals "to motives of honour, public good, and even self-preservation," George Washington wrote in 1780, because only heroic disregard for personal wealth could keep them from privateering or private trade, where fortunes were being made (Reed 1847, 2:202–06).

Private soldiers suffered similar choices. American soldiers in New Jersey in 1779 had begun to compare the famously low pay of British soldiers with their own. The soldiers "have frequently been heard to say 'that it was true British pay was very small, but notwithstanding, two day's pay would purchase a quart of rum, and with us a month's pay would not more than do it," New Jersey officers wrote the state's legislature on April 11, 1779. The officers were seeking pay "in Spanish milled dollars" for themselves, and they were not alone in seeing specie as the basis for revolutionary wealth (Reed 1847, 2:203; Daily Advertiser 1848, 143–46; Silas Talbot Collection n.d.).

The British seem to have aimed at producing a clear distinction between their own gold and silver and American paper currency, while destroying the latter. Even before the British defeat at Saratoga, destroying the American's system of finance became a crucial British war aim. On seizing the rebel capital of Philadelphia, generals Howe and Clinton set about printing counterfeit bills, and British spies captured in New Jersey in 1778 said Clinton had ordered them to distribute counterfeit bills while scouting American positions (Meng 1939, 276, 331). Washington believed undermining American finance through "their money & their arts" was Britain's only hope of victory after its defeat at Saratoga, and might explain its "desultory" attempts at conquest (Washington 1779; Daily Advertiser 1848, 173). His speculation was not far wrong. After Burgoyne's army surrendered, the former British commander-in-chief Jeffrey Amherst argued that military conquest was impossible, bolstering those in Parliament who wished to pursue a strategy of what Shelburne called "trade over dominion" that was incorporated into peace overtures later that year (Hoffman and Albert 1986, 5). But this ostensibly negative strategy had positive effects, which Americans seized on, wittingly or not. The result, for many American leaders, was an intellectual revolution.

Throughout the war, debates raged in Congress and in the press over the true nature of money. This was not simply a debate over whether paper or gold and silver was the best medium for making money, as it has often been described, but a debate about the essence of the monetary form (Ferguson 1961). The debate can be reduced to two opposing propositions. First, was money, by nature, a commodity like gold and silver or a promise of the same, as British practice suggested? In that case, paper currency would have to take on the nature of a promise for "real money" rather than be money itself. The paper's value derived from the timing and perceived solidity of that promise. Or, second, as American experience before the war suggested, was money fundamentally a measure of value, a form of notation that law instantiated as a form of governance? In that case, paper alone, if supported by appropriate institutions, could constitute cash-money its own right. The question was a difficult one. Wartime experience suggested that gold and silver were the only reliable forms of money where bullets flew. The institutions that established

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and maintained a money's cash and fiscal value—courts and taxes—were impossible to maintain in the face of a hostile army. At the same time, Americans had little gold or silver to deploy, making paper in some form a vital necessity.

The solution up to a certain point had been to split the difference. Congress initially paid for the war with bills of credit that could be taxed back in, thus establishing a "fund" of value. When the British proved implacable, however, Congress compromised by printing paper money that promised silver dollars at a later date. As the historian Farley Grubb has shown, many traders treated these notes not as currency but as zero-coupon bonds, which carry no interest and thus trade at a discount based on when their issuer is expected to pay. When the war lasted longer than expected, Congress pressed that date infinitely into the future, and the value of this "money" dropped accordingly. It did not fall to zero, however, which is what one would expect from holders who expected paper, eventually, to turn into Spanish silver coins (Grubb 2014).

Pressed between these two conceptions of money, neither of which seemed to work, Congress abandoned paper currency altogether in 1780, trusting in private financing supplied by the new Bank of North America in Philadelphia and rebel merchants led by "the Financier" Robert Morris. This move, in effect, made gold and silver the only real liquid "wealth" associated with American government on the continental level. The states were left to continue their currencies if they wished, and most did. But those who did business across state lines often needed specie or banknotes representing specie to pay their debts, just as they had before the war. Denison, then, had borrowed gold and silver—or at least promises of gold and silver—in New York in 1783 and early 1784, and used those resources to finance his new ship, *The Commerce*, its expedition to the Caribbean, and eventually his own mercantile adventures along the Chesapeake in search of it. In some sense, it is not surprising, then, that when he reached the end of his luck in 1786, it was coin, even if it was British coin, that he was after.

The war and British violence had upended many Americans' ideas about money. Franklin's notion of money as a measure of value was inadequate for a postwar world, New Jersey Congressman John Witherspoon wrote in a treatise on the subject. Witherspoon, an influential advisor to framers like James Madison (whom he had taught at the College of New Jersey) believed the war demonstrated, finally, the fundamental commodity nature of money. Witherspoon conceded that before societies employed commodities as money, money had been merely a "standard of computation" (Witherspoon 1805, 14). "Standards of computation," however, were exposed to considerable danger: "They depend ultimately on the faith or credit of the persons using or answerable for them" in order to function as money. In a long and difficult war, that kind of control was impossible. The only kind of value that held in the face of invasion was commodity value or "possession of property for property" (Witherspoon 1805, 15). Others had reached the same conclusion. Pinckney argued during the South Carolina ratification debates that the revolutionary experience proved that "every medium of trade should have an intrinsic value" (Elliot 1891, 4:334). The war had proved it as an apparent matter of fact. The war, in other words, established that money had to be a commodity, an asset with a price.

One of money's "essential qualities," Witherspoon concluded, referring to the losses he and many others had suffered during the war, was "an intrinsic, that is to say, a commercial value, it must be not only a sign and standard, or a medium of commerce, but also a commodity or a subject of commerce" (Witherspoon 1805, 31). If it was to be an object, he argued, it should be gold and silver. To be sure, Witherspoon noted, gold and silver benefited from the value placed on them by states in taxes and by making them a legal tender in trade. This was specie's "extrinsic value," as distinct from its commodity value, but the fact that money was necessarily a commodity, quite aside from the commodity chosen, had further real implications. If money was a commodity, it "must always follow and accommodate itself to its value as a commodity" and "be subject to every rule that other commodities are subject to in buying and selling" (Witherspoon 1805, 32). The "chief" of these, Witherspoon argued, was that the value of money could be reduced, elementally, to its quantity—what economists refer to as the quantity theory of money—a reduction, Desan argues, that is only intelligible in the world that capitalist money made (Desan 2014, 421).

There were two kinds of money, James Madison wrote in 1779 before taking up a seat in Congress: specie and paper money, which consisted of "bills or notes of obligation payable in specie to the bearer" (Stagg 2010, "Money" [September 1779–March 1780]). The difference between American paper money and Britain's in Madison's analysis was simply that British paper was redeemable on demand for gold or silver, while American note holders were forced to wait indefinitely, driving down the notes' specie value. The institutional remedy was obvious to Madison and others: America needed to issue notes that were redeemable in specie on demand. Like England after the Glorious Revolution, America needed a bank of issuance. This realization seems to be the final victory of informal British power. Over the course of the Revolution, Britain had so reorganized American notions of money that for the influential group that would become known as the federalists especially, British institutional forms seemed the only alternative. Indeed, Hamilton planned the Bank of the United States with the statutes that produced the Bank of England—the same statutes Desan analyzes—sitting on his desk (Hamilton 2011, 7:236).

The result was an American commercial system turned inside out from the start. Wealth had become a matter of precious metal, and many immediately set out to get it (Fichter 2010). If gold and silver were the only real wealth—in law if never completely in practice—Americans would have to look abroad for it, and many did. The fact that antebellum Americans were far more likely to use silver dollars or banknotes as a measure of value than as a medium of exchange does not seem to have dampened their enthusiasm for them. The definition of money as gold and silver established a structure of motivation that would prompt thousands of women and men to leave their homes for adventures of all kinds: the gold rushes in California and the Yukon and trading voyages to India, China, and Japan. In the American South it would drive the second system of American slavery for sterling credit (Kilbourne 2006; Tomich and Zeuske 2008; Kaye 2009; Lago 2009; Beckert 2014). After the Revolution, American commerce relied on a banking and monetary system built, in theory, on specie reserves (Hammond 1957; Temin 1968). However we parse it, American money was a matter, in large measure, of British power.

V. MONEY AND CAPITALISM

In the spring of 1787, Gideon Denison's creditors met in New York. After considering his case in a private hearing, they offered a five-year reprieve. Denison made the most if it, sailing south to collect debts still owed him in Virginia and the Carolinas. Along the Savannah River he met a man named Foster with "not an article of Goods or even one Guinea in Cash at Immediate command," but who promised he could secure goods on consignment from the locals. In return, Denison would broker sales for British credit. It was a dangerous business. Malaria and distant markets were constant risks, the yearly ebb and flow of goods produced by enslaved men and women a constant consideration. Slavery was ever-present as a condition for generating sterling credit. As one correspondent related, by way of a blessing on a Rhode Island ship outfitted for Denison's trade, "Better luck to you a Great advance quick sales and *payment for your Goods* that you may get away to Albion's shore before the Harvest of the Negroes of Savannah" (Denison n.d., Box 1 Folder 4). The hope was to get away to Britain with full ships before the yearly harvest glutted the market. Despite it all, Denison finally made good, and retired with his family in Havre de Grace, on Maryland's western shore, before dying at 46 near the mouth of the Susquehanna River.

His wealth, however, was not built in a world or a money of his own making. *Making Money* shows Britain making terms with which the rest of the world would be forced to live. Desan's project helps set the terms for exploring and denaturalizing this world, but in order to fulfill the promise of the new history of money, we will need to understand people like Denison.

In 1944, the historian Karl Polanyi labeled money one of three fictitious commodities, along with land and labor, that provided the institutional basis of capitalism. Unlike true commodities, Polanyi wrote, money is not produced for sale but "comes into being through the mechanism of banking and state finance" (Polanyi 1957, 75, 205–14). Commodity money, then, amounted to a conceptual mistake, but an extremely consequential one. Currency was of "constitutive importance" in establishing the nation "as the decisive economic and political union of the time" (Polanyi 1957, 212). However, this epochal shift was little noted by contemporary writers of the "liberal Enlightenment," Polanyi wrote. Instead, these writers began to treat money as if it were an alternate weather system "varying day by day and affecting every member of the community in his immediate interests . . . ever active and ever changing" (Polanyi 1957, 214). The notion of commodity money naturalized the "economy" as an autonomous sphere of human endeavor, separate from politics and law. Desan's project is to bring them back together.

If we are to understand money as the basis for capitalism, however, we need a broader perspective. *Making Money* attempts to relocate the basis for our understanding of money from commodity exchange, as in the orthodox account, to the political and legal processes within nations themselves. It is this enterprise, not the operation of an external market, that "makes the economy real," Desan argues. But capitalism is not the history of a single state, even one as widely influential as Britain. As Polanyi suggests, capitalist money created the modern state as much as states created capitalist money.

The case of Gideon Denison suggests that Desan's analysis requires further extension if it is to be generalized to capitalism as others implemented it beyond British shores in the centuries after the American Revolution. If, as Desan suggests, state processes made money real, they did so by privileging insiders associated with core institutions like banking and the state at the expense of outsiders like the American colonists. Money was a convention inside the state, and its commodity basis could be ignored when necessary. However, the external norm was that money was a commodity, not a convention, and the state backed up that assumption, if need be, with military force. Force, in turn, was effective because it made it impossible for outsiders to maintain the kind of fiscal and legal regimes deemed necessary in the *Making Money* account. The result was a world where money acted like a commodity, whether it was one or not. Desan's association of money with state power, then, must be expanded if we are to understand money's role as a part of what Jeremy Adelman has recently termed a "global regime," defined as "an emerging set of norms and rules that determined the behavior of agents who played within it even as it grew more competitive and violent" (Adelman 2015, 95). *Making Money* provides essential tools for extending this analysis.

Denison's dreams should remind us, moreover, that monetary politics were also the politics of desire. Denison's story suggests that law alone was insufficient, that pain and fear were necessary to make money a real extension of state and personal power. Fear made money desirable, and turned it into the power to command others who shared that fear. On a purely analytical basis, it seems right that capitalist money, at its heart, is a mode of governance produced for private profit, paradoxical as that might seem. This paradox is the subject of *Making Money*, and the source of the slippery pun in its title. But away from the core of monetary power, money operated as something altogether different. The norms associated with that operation were the essence of its power, its force, and its seduction. Capitalist money promised a kind of freedom that money as an explicit function of state power or community could not. As an ideological proposition, it placed wealth outside the law, promising that people could keep whatever they took for themselves, and devil take the hindmost.

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