

## CHAPTER I

### INTRODUCTORY

BARTER is, of course, the simplest and the most direct of the ways in which goods can pass from one man to another on the basis of a bargain. But barter is at the best a mere temporary expedient. So soon as the most rudimentary stage in the evolution of a community is past, so soon does the primitive process reveal itself as cumbrous and unpractical. However narrow the limits of a district, however small the population of a village, those mutual wants by which the necessity for exchange is conditioned, are bound to make themselves felt at different times and seasons; the odds are all against the tailor being down at heel at the exact moment when the shoemaker is out at elbow. Hence the speedy adoption of some article as a convenient measure of the value of the various commodities. This article may be an object which is prized for purposes of ornament, as shells have been in China, India, and Africa; or it may be a product, either natural or artificial, which is useful

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or perhaps indispensable to every household by whom it is accepted as a standard—corn or cattle, for instance, or furs, hides, salt, rice, opium-pills, tea, spades, knives, and the like. Whatever it is, its adoption as a measure of value means its elevation to the rank of money ; and with the appearance of money in any society a fresh avenue of activity is opened up. The middleman or merchant comes upon the scene. Commerce is born.

Presently the newcomer makes its influence felt upon the measure of value to which it owes its being. It is more than likely that the original article is not well suited to meet the primary requirements of a medium of exchange. It may not be sufficiently durable to admit of its being stored ; it may not be portable enough or readily enough divisible ; it may not be so absolutely homogeneous that one piece of it will always be as good as another ; it may be too plentiful ; or the supply of it may be liable to violent fluctuations between undue scarcity and undue abundance. As trade gathers in volume, such defects are rendered more and more conspicuous. And when the boundaries of the community itself are crossed, and relations with the world outside begin to be established, a fresh difficulty is apt to arise ; the medium of exchange that satisfies one set of persons, may not be at all to the mind of another. The demand for a common

standard then becomes urgent, and experience has shown that it can best be met by the choice of a metallic substance.

Durable, portable, homogeneous and easily divisible, the metals have two further commanding advantages for the purpose in view. Thanks to their power of resisting destruction, the total supply of them tends to be steady, while their adaptability to the ends of ornament or of use makes them esteemed by mankind all the world over, irrespective of climatic or geographical conditions. Not all of them, however, are equally suitable. As we shall learn by and by, the commoner kinds like bronze and iron have here and there had their day of popularity as monetary standards. But the relatively large quantities of these that were available produced serious disadvantages even in respect of home traffic. No great radius of action was open to the trader whose purse was a wagon drawn by oxen, and whose reserve of capital demanded a corresponding allowance of storage room. In the case of inter-state or overseas commerce the evil was multiplied tenfold. Only gold and silver were equal to the strain which the natural evolution of society was bound to place upon the substance chosen for a medium of currency. Accordingly in the fullness of time gold and silver came by their own everywhere.

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Once the supremacy of the precious metals had been established, the invention of coinage was brought appreciably nearer. Precision in regard to weight acquired an importance it had not previously possessed. Bars of iron or of bronze could be tested in a rough and ready way by the aid of hand and eye alone, but gold and silver called for different treatment. The very simplest transaction now entailed an appeal to the scales. It is true that various attempts were made to mitigate the inconvenience. The quantity of metal in personal ornaments, for instance, was often adjusted with a view to their serving as ready-made instruments of currency; that is the significance of the "golden earring of half a shekel weight, and two bracelets for her hands of ten shekels weight of gold," which Abraham's eldest servant presented to Rebekah. Such attempts, however, were but partially successful. Those who would strike real bargains with their fellow men had perforce to arm themselves with balances, and do as the patriarch himself did when he "weighed to Ephron the silver which he had named in the audience of the sons of Heth, four hundred shekels of silver, current money with the merchant." At this point some of the most highly civilized nations of antiquity stopped short. Neither Egypt nor Babylon nor Assyria went further.

The credit for the next advance most probably belongs to the nimble-witted Greek. At the moment when history begins, we find him settled at various convenient points along the western coast of Asia Minor, stretching out one hand into the rich interior and another across the Aegean towards the homeland and the Central and Western Mediterranean. His medium of exchange appears to have been electrum, a natural alloy of gold and silver, which was specially abundant in this quarter of the world. And it is of electrum that the oldest known coins are made (Pl. I. 1). There is general agreement as to the date of these; they were minted about 700 B.C. But there is some difference of opinion as to who the actual inventors were. The latter point was, indeed, as we learn from Pollux (*Onomasticon*, ix. 83), a subject of keen dispute among the ancients themselves. Most of the claimants whom he mentions may be ruled out of court at once, on the ground that their respective spheres of influence lay altogether outside the area where what are evidently the earliest specimens of coined money are habitually found. That area is, as has been hinted, the western extremity of the peninsula of Asia Minor, where dwelt not only the Ionian Greeks but also the Lydians. The latter of these occur in the list given by Pollux, and it is to them that Herodotus definitely assigns the honour. "So

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far as we know," he says (i. 94), "the Lydians were the first people to strike and use gold and silver coins."

It would be rash to try and decide between the conflicting claims of Greek and Lydian. Nor, after all, does the question of priority matter greatly. The essential thing is to understand wherein the merit of the invention consisted. What is it that differentiates coinage from a metallic currency pure and simple? It is clearly the presence of a fiduciary element, of something that justifies those who handle the actual pieces of metal, in accepting them for what they profess to be worth, without taking the trouble to test them by balance and touchstone. A coin is neither more nor less than a piece of whatever metal may be "current money with the merchant," bearing upon its face some easily recognised mark which has been impressed by a responsible authority, and which serves as a guarantee at once of weight and of quality. The idea of stamping metal in this way was in all probability derived from the immemorial practice of sealing. And, just as with sealing, the effect of the process was twofold. The occurrence of the mark or 'type' (to give it its technical name) was a solemn attestation of the good faith of the authority concerned. It was also an adequate protection against the possibility of the coin having been tampered with after it had

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passed into circulation, for in receiving the impression the piece of metal has assumed so definite a shape that mutilation would be readily detected.

The resulting relief to commercial intercourse must have been very great, so great as to render it extremely likely that it was from that quarter that the demand for a reform had proceeded. There is, in fact, some reason to believe that the institution of coinage may have taken its rise in a movement among the merchants themselves, private coins being the precursors of regular state-issues. A strong case for this theory has been made out by Babelon, its best-known advocate, in his *Origines de la Monnaie* (pp. 91 ff.), where he subjects the earliest electrum coinage of Asia Minor to a close scrutiny, and finds in the stamps that appear upon it many points of resemblance to those that occur upon the private coinage of China and of India. In face of the various arguments he adduces, one cannot lightly set aside his conclusion that these stamps were put upon the coins by bankers who were anxious to facilitate the circulation of their own stocks of precious metal. That metal, by the way, was strangely ill-adapted for the brilliantly successful experiment of which it formed the material. It will not have been forgotten that it was electrum, or that the alloy was a natural one. There was thus no means of ensuring that the different pieces should

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be homogeneous. As a matter of fact, analysis of surviving examples has revealed extraordinary degrees of variation in the proportion of gold to silver. We can, therefore, easily enough understand how it was that the two component metals soon came to be minted separately; Croesus, who ascended the throne of Lydia in 561 B.C., struck electrum at the beginning of his reign, but speedily abandoned it in favour of a double system of gold and silver, with weights so calculated that the two metals could be readily exchanged.

The double system of Lydia (though not its weights) was adopted by the Persians, and thereafter vast quantities of gold 'darics' and silver 'shekels' were issued in the name of the Great King. Long before this, however, a knowledge of the invention had reached the European side of the Aegean Sea. As early as the middle of the seventh century B.C. the island of Aegina, then a great emporium of commerce, had begun to strike silver (Pl. I. 5). The more important of the Cyclades and Sporades rapidly followed suit. Euboea cannot have been much, if at all, behind; and in the train of Euboea came Athens (Pl. I. 6) and the thriving isthmus-state of Corinth. In the meantime the number of mints in the coast-towns of Asia Minor and on the neighbouring islands was growing steadily, while very ancient coins of Cyrene survive

Cambridge University Press  
978-1-107-60599-2 - The Evolution of Coinage  
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*Plate I*



Cambridge University Press  
978-1-107-60599-2 - The Evolution of Coinage  
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to show how soon the Greek colonists of Northern Africa fell into line with their compatriots nearer home. From all these centres the torch was carried far and wide in the hands of "the young light-hearted masters of the waves," until by the opening of the fifth century B.C. minting had become a common custom throughout almost the whole of the civilized world.

Such were the first beginnings of that branch of the family, whose fortunes concern us most directly. Two collateral stems can claim an independent origin. In the first place all the evidence from native writers goes to indicate that coins were in use in China at a date much anterior to that of the archaic electrum of Asia Minor, and there is no reason to doubt the explicit statement of the annalist that a coinage was instituted by Cheng, the second King of Chou, as far back as 1091 B.C. Again, in the fourth century B.C. there was developed in India a system presenting such peculiar characteristics of shape and weight as to preclude all idea of its having been derivative. Although this indigenous coinage was ultimately submerged beneath the main flood that swept in from the north-west in the wake of Alexander the Great, it had sufficient vitality to offer a stout resistance and even to make its influence felt on the subsequent Greek coinages of the Kabul Valley and the Punjab.

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To return to Lydia, we may note that, whatever may have been the case to begin with, by the time of Croesus the issue of coins was certainly not in the hands of private individuals. The king was himself involved. The right of mintage was a royal monopoly. In other words, coinage had entered on the final stage of its evolution; it was controlled by the state. This we know because the type that serves to guarantee the weight and quality of the pieces attributed to Croesus and his immediate predecessor, does not vary in the way in which the earliest coins of all had done. Under King Alyattes (610–561 B.C.) the device employed was a lion, an emblem well adapted for use as the royal signet. Under Croesus (Pl. I. 2) it is modified so as to consist of the foreparts of a lion and a bull placed face to face in heraldic fashion, perfect uniformity of type being characteristic of both metals and of all denominations.

If we seek for the causes that may have contributed to bring about the state intervention thus clearly manifested, we may be tempted to think in the first place of the impulse which an absolute ruler would naturally feel to assert his sole right to regulate the exercise of an invention fraught with consequences so vital to the well-being of the people whom he governed, especially if there were a prospect that personal profit might accrue. Such motives would