

Money and Character

By Jürg Conzett

Money is an abstract concept, but as soon as money is used in trade and thus becomes a currency, it acquires a character. And different currencies have quite different characters. The whole purpose of analysing these characters is basically to understand the currency situation of today and to predict that of tomorrow. And naturally one question concerns us above all: what is the character of the euro?

A man with character: David



"David", statue by Michelangelo (*1475, †1564)

What is character? Who or what has character? Let's stick with people for the time being – after all, character is the human answer to the environment. Our experiences and abilities combine to produce our characters.

In this picture you see the head of a man who has become famous for his character: it's the Biblical hero David – the statue created by Michelangelo. The original home of the statue was the Piazza della Signoria in front of the city hall in Florence. Today it can be seen in the Galleria dell'Accademia in the same city. It portrays David before the fight with Goliath – heroic and full of inner concentration. That fitted him to be the symbol of the small, powerful Republic of Florence. And even today he embodies the humanistic ideal of man as the master of his own destiny.

Interpersonal relationships form our character



"Heads of an old man and a youth," study by Leonardo da Vinci (*1452, †1519)

Character is also reflected in interpersonal relationships and in a person's physical features. The first artist since classical times to study human physiognomy and anatomy was Leonardo da Vinci (*1452, †1519). In the drawing shown here, he contrasts the handsome youth with a bald, weather-beaten old man. This detailed, realistic representation incidentally also reminds us of the empirical concern of the Renaissance with man, nature and the world.

But what about money? Has money got character, too? Whenever I, as the initiator of the MoneyMuseum, talk about my coin collection, people often say, "Money has no character." And of course it's true that money as such is an abstract science. But money that's used in trade, in other words a currency, certainly has a character. The various national currencies differ in just the same way as people – in their character of course. Now I'd like to tell you a bit more about some of these "currency characters."

The character of Chinese coins: Stability



Red Flag of the People's Republic of China

Chinese currencies have a completely different character from European currencies. That's because in the history of Chinese coinage it was the dealer that was at the centre of things, not the lord of the mint. Chinese coins were not intended to serve the owner of the minting prerogative, but trade itself. That was the foundation of their stability.

The cowrie



Cowrie *Cypraea moneta*

From the very earliest times, the cowrie shell was regarded in China as the origin of the divine. They were worn as amulets to ward off evil, and were placed in the graves of the dead. And gradually the function of the cowrie began to widen.

The cowrie shown here dates from around 1500 BC. No other form of money in the Celestial Empire lasted longer: cowries were in circulation from the Shang dynasty (around 1500-1045 BC) until they were demonetised in 1578 AD. In some regions they were even used into the 20th century.

Spade money



Hollow-headed spade coin kongshoubu (ov.), minted by the Chinese kingdom of Zhou, 524-380 BC

In the Zhou period cowries became rare. That forced the Zhou kings to abandon the pure cowrie currency and introduce their own coins – the spade money called bu. For its coins, which were in use from 524 to 380 BC this currency uses a symbolic article of exchange from the world of farming – a miniature spade. Like all Chinese coins, it was made by casting, a cheap process that lent itself to mass production.

The cash



Cash coin ch'ien (ov.), minted under the Chinese Tang emperor Gaozu (618-626)

The Tang dynasty (618-907 AD) led China through a glorious period of its history: during that time China experienced a golden age, both economic and cultural. The Tang period also introduced a novelty into monetary affairs: it was the beginning of the "cash era."

The character of the rouble: An unstable imitation



State flag of the Russian Federation

The Russian rouble has quite a different character, as a glance at its history will easily show. Like other, earlier Russian coins such as the yefimok, it is a descendant of Western coin models, above all of the taler. As such, it was and remains a second-class imitation, even though it bears witness to the joy of travelling, the openness and the high culture of the Russian elite of those days.

The rouble is said to have acquired its name from the fact that it was first struck or "rubbed" off silver bars.

The grivna as the predecessor of the rouble



Grivna (ov.), issued by the Kievan Rus, Kiev, 12th-13th century

Before the rouble appeared on the scene, that is, before the beginning of the minting of coins in the Russian principalities, there was a long period in Russia without any coinage. In those times, between the 12th and the 13th centuries, payment was by means of the silver grivna. As Russia had almost no silver resources of its own, it was imported, melted down and cast into bars of various sizes in standard weights.

The rouble of Peter the Great



Rouble (ov.), minted under the Russian tsar Peter I (1682/9-1725), Moscow, 1719

Like the grivna also the rouble was originally a unit of weight and account. In addition, it was the first currency to introduce the decimal system into Russian monetary affairs. As early as 1534, in a Muscovite coinage reform, the rouble of account was divided into 100 kopecks, although it was not yet minted itself as an actual coin. It was Tsar Peter I, in 1704, who had the first rouble coins minted from silver. The example you see here was also minted in his reign.

The rouble of Nicholas I

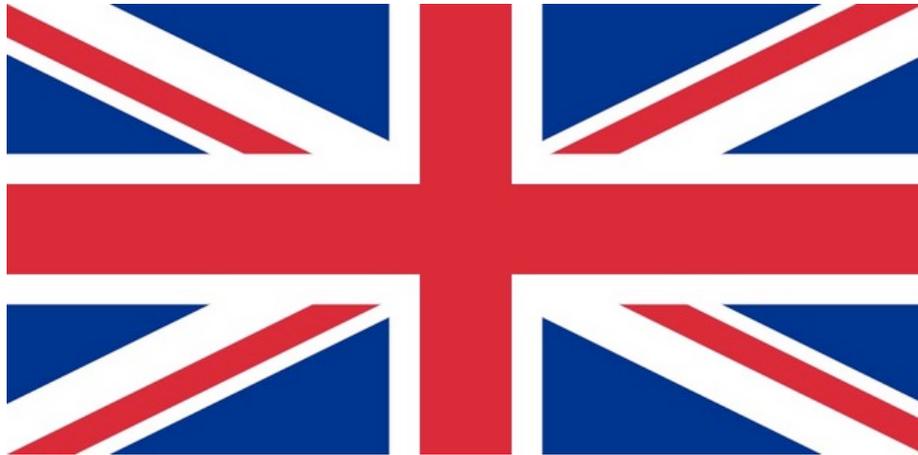


Rouble (ov.), minted under the Russian tsar Nicholas I (1825-1855), St. Petersburg, 1833

Great hopes that the rouble would increase in value were raised by the industrialisation of Russia. This immense undertaking began during the reign of Tsar Nicholas I. But the most important prerequisite for major industries which would be able to supply the distant regions of the country, and in due course the Asian markets as well, was an improvement in the transport system. In 1837, the railway line between St. Petersburg and Tsarskoye Selo was opened, followed in 1851 by the line between St. Petersburg and Moscow, which was the longest in the world at the time. The railway lines were built not only to get the trains moving, but also to keep the rouble rolling.

But the visions turned out to be too big for what was economically possible. The rouble shared the fate of so many other currencies – it became worthless and is threatening to lose its function as money. So the rouble ground to a halt – it is unstable because in the last analysis it only serves the state, not the people.

The character of British currencies: A sense of tradition



Union Jack of the United Kingdom of Great Britain and Northern Ireland

Trust in a currency is quickly lost. That's why Britain has always laid emphasis on traditional elements in its coinage – tradition creates trust, trust creates stability, and stability in its turn creates economic strength.

The sovereign of Elizabeth I



Sovereign undated (ov.), minted under the English queen Elizabeth I (1558-1603), around 1583

Elizabeth I was the first truly great queen of England: although England had only 4 million inhabitants at that time, it rose in her reign to the status of a naval power and trading nation, and began to play an important role on the world stage. In this picture you can see a sovereign minted under Elizabeth I. The coin was introduced by Henry VII in 1489, and got its name from the portrait of the ruling sovereign sitting majestically on his throne on the obverse of the coin. The sovereign was originally worth 20 shillings, each of 12 pence, and was thus equal to one pound sterling of 240 pence.

The sovereign of George III



Sovereign (ov.), minted under the English king George III (1760-1820), London, 1817

Here you see a sovereign minted 300 years later, during the reign of George III. It was George's coinage reform of 1816 that gave Britain's currency the form which made it the world's key currency until the First World War (1914-1918), thanks to its leading role in the world economy. Apart from small changes in the appearance of its coins, the monetary system remained stable and unaltered during that period.

The sovereign of George III with Saint George motif



Sovereign (rv.), minted under the English king George III (1760-1820), London, 1817

The new sovereign, whose brilliant reverse you can see here, was minted in enormous numbers. Its value corresponded to the pound sterling unit of account. The design, showing Saint George killing the dragon, was created by the Italian engraver Benedetto Pistrucci (*1784, †1855), who enjoyed a high reputation at court in London. The portrait of Saint George has remained popular, and appears on a range of more recent gold coins as well as on silver crowns.

The penny of George III with Britannia motif



Penny (rv.), minted under the English king George III (1760-1820), Handsworth, 1806

During the time of the Renaissance a new coin motif became popular: the depiction of female personifications. These personifications were illustrated with attributes that were regarded as characteristic for their respective countries and, like other artistic motifs, originated in ancient times. Here, on the reverse of this penny, Britannia as symbol for old Britain is shown.

The classical model of Britannia



Tetradrachm (rv.), minted under the Thracian king Lysimachos (323-281 BC), Magnesia, around 297-881 BC

Britannia on British coins has a long tradition. The Romano-Britons worshipped her as female genius loci even at the time of Roman rule in Britain. But her model is older: here, for example, you see the reverse of a tetradrachm of the Thracian king Lysimachos, on which Nike, the Greek goddess of victory is depicted. Lysimachos was one of the generals and successors of Alexander the Great.

The variant of Britannia's model minted millionfold



Tetradrachm (rv.), minted under the Macedonian king Alexander III (336-323 BC), Memphis, 332-323 BC

The previous design is a variant of this picture, although showing a male figure: Zeus with an eagle. This coin achieved worldwide circulation under Alexander the Great. The picture on the reverse represented Alexander's claim to power, and was minted in enormous numbers. The eagle that Zeus is holding in his right hand was his invariable attendant animal. The rose he holds in his left hand was the mintmark of the Egyptian city of Memphis. Every time a new city was conquered, Alexander had the silver reserves in its temples melted down and turned into coins. That greatly increased the amount of money circulating in his empire and thus encouraged trade.

The character of the dollar: Imperial dominance



Star-Spangled banner of the United States of America

Whether strong or weak – the character of the dollar is seen above all in its unbroken self-confidence and its dominance in the world's currency markets. However, it owes these characteristics not only to the geopolitical dominance of the United States, but also to the fact that it embodies strong historical symbols.

The US dollar with eagle motif



1 dollar (rv.), minted by the United States of America, Philadelphia, 1886

The first silver dollars were minted as early as 1794. The dollar you see here dates from the 80s of the 19th century. The design of dollar coins is always based on variations of the same two motifs: Liberty as the personification of freedom on the obverse – and the eagle as a symbol of majestic power and strength on the reverse. Both these motifs have classical precursors, as can be seen from the following pictures.

The classical model of the eagle



Tetradrachm (rv.), minted under the Egypt king Ptolemy I Soter (305-283 BC), Alexandria

Here, for example, you see the reverse of a tetradrachm of the Egyptian king Ptolemy I Soter with the proud eagle. The Ptolemies were Macedonians on the Egyptian throne. The most famous offspring of that royal house was Cleopatra VII, but the very first one was Ptolemy Soter.

Ptolemy was one of the generals of Alexander the Great, who appointed him as a satrap, an administrator. Alexander also introduced a monetary system to wealthy Egypt. Ptolemy continued this system, initially in the name of Alexander, and after his coronation as king in his own name.

The US dollar with Liberty motif



1 dollar (ov.), minted by the United States of America, Philadelphia, 1886

The second motif repeatedly occurring on American dollars is Liberty, the personification of freedom. The figure of Liberty was also an old, adapted classical coin portrait – its similarity to the Roman empress Livia is so striking that there can be no doubt that Livia was the model for the portrait.

Helvetia as the younger sister of Liberty



20 francs (Vreneli) (ov.), minted by the Swiss Confederation, Bern, 1883

Here it's worth taking a little excursion to Switzerland. The figure of Helvetia that appears on many Swiss franc coins is based on the same classical model as the Liberty.

When it became a federation in 1848, Switzerland, as a republic, had no ruler whose head could adorn its coins. So it decided on a personification of the state as a coin portrait instead. So the Swiss franc coins bore an idealised head, not a portrait as such. You can see just such a portrait on this 20-franc piece minted in Bern.

The classical model of Liberty and Helvetia



Dupondius (ov.), minted under the Roman emperor Tiberius (14-37 AD) for Livia Drusilla (*58 BC, †29 AD), Rome, 22-23 AD

Here this is it, the coin bearing the portrait of Livia which inspired the figure of the American Liberty as the Swiss Helvetia. It is a dupondius of the Roman emperor Tiberius.

Rome's first empress, Livia Drusilla – the second wife of Emperor Augustus and one of the first women ever portrayed on a coin – was a beautiful and strong-willed woman. She stood steadfastly by her husband and advised him on all matters. Her position became even more powerful when Augustus adopted Tiberius, Livia's son from her first marriage, thus making her the empress-mother.

In deference to the democratically-inclined Roman senate, Augustus did not dare to issue coins bearing the portrait of his wife. That was left to Tiberius once he had become emperor: he ordered the issue of three bronze coins in honour of his then 80-year-old mother. These coins bear the portrait of a youthful Livia with an idealised Grecian profile and a noble facial expression. A mortal woman thus became the personification of Justice – Justitia.

The dime with Liberty motif



1 dime (ov.), minted by the United States of America, Philadelphia, 1927

Liberty has still another model as this dime of 1927 shows. It is a pretty faithful copy of the Roman denarius, not only as regards size and weight but also its design. It depicts Liberty with similar attributes as the Roman city goddess Roma shows on the denarius.

For example, the headdresses of the two "ladies" look similar – Liberty's fringe of curls around her forehead and her Phrygian cap, which signified liberated slaves in antiquity, correspond to Roma's helmet and the little dragon on her head. Both of them have wings, which are a symbol of Mercury, the god of trade – the reason why this coin is also called Mercury dime. In modern American tradition, the wings represent the freedom of thought.

And even the name of this coin comes from "denarius," meaning "tenner," although the American dime is worth a tenth of a dollar, whereas the Roman denarius was worth 10 asses.

The classical model of the dime



Denarius (ov.), minted by the Roman Republic, Rome, around 211 BC

And here you see the model for the American dime – a Roman denarius. The silver denarius was introduced shortly before 211 BC, and was of similar weight as the Greek drachm. At the same time, it fitted in with the bronze money system of Rome. The X to the left of the head of Roma stands for 10 asses.

The reason for the introduction of the denarius, by the way, was to pay Roman soldiers – the heavy copper coins were too unwieldy for use on military service.

The dime with Roman fasces motif



1 dime (rv.), minted by the United States of America, Philadelphia, 1927

The reverse of the American dime shows a Roman fasces: a bundle of rods with an axe in the middle. Such fasces were borne in front of Roman consuls to signify their authority, and served to punish delinquents – with the rods or the axe, according to the severity of their offence. Thus this dime, too, demonstrates a remarkable double symbolism – freedom of thought on one side, state power on the other.

So is the United States the successor to the Imperium Romanum, the Roman Empire? If we bear in mind the history of the dollar and the dime, and their relationship to the "warlike" denarius, we can answer that question with a confident yes. And our answer is made all the more confident by the fact that the imperial behaviour of the United States and its striving for global dominance were pretty obvious during recent years.

The character of the Maria Theresa taler: Trust-building maturity



Coat of arms of the Habsburg empress Maria Theresa from 1765

As we have seen in the case of the British coins, trust in a currency is an essential factor in its success. Hardly any currency in history has aroused so much fundamental trust as the taler issued by the imperious first Habsburg empress Maria Theresa. Its attractive character decisively contributed to its success and ensured its place among the most important currencies in world history.

The taler of Maria Theresa



Taler (ov.), restrike of the taler minted under the Hapsburg monarch Maria Theresa (1740-1780), Günzburg, 1780

The Maria Theresa taler was first minted in 1741. But it achieved its greatest range and fame in the version in which we see it here. It dates from the year of Maria Theresa's death, 1780, and shows a bust of the mature, matronly empress, who after her accession to the throne became not only the mother of the nation, but also the real mother of 16 children.

This coin is a numismatic curiosity, in that the old dies with the date 1780 continued to be used in Vienna even after the death of the empress. But it was above all the Arabs who kept the coin alive and in circulation – they spread the taler, with its portrait of the 63-year-old Maria Theresa, by way of the coffee trade not only in the Ottoman Empire, but also in Abyssinia, and thus allowed the taler to compete with the Spanish peso for the title of the world's most important trading coin.

In Eritrea and Ethiopia, new-issue Maria Theresa taler remained in circulation right up to the middle of the 20th century. African women still wear them as jewellery and as amulets to bring them luck.

And the character of the euro?



1 euro (ov.), minted by the Federal Republic of Germany, Munich, 2002

Finally, what about the character of the newcomer among currencies, the euro? Can a coin that looks like a superior sort of fairground token and has more than a dozen different reverse sides, have a character at all?

Admittedly, the functions the euro is expected to fulfil are demanding – it is expected to promote social commitment as well as cultural differentiation and peace. Yet it is still young, inexperienced, and ill-prepared to play its role.

In my view, there are three possible outcomes for the euro



The euro: a Charles penny, an escudo or a dollar?

1. The euro will become a mere unit of account to which the national currencies of Europe will have to conform. In this scenario, wages and prices would be expressed in these units of account, but payment would once more be made in national currencies. That would have the advantage that regional economic differences could be balanced out by revaluation or devaluation – this would, however, be at the expense of having different rates of interest.

2. The euro zone will be enlarged as far as possible. In this case the euro would be accepted everywhere. This, however, would require that the number of euros in circulation would never exceed the economic strength that the euro would represent. So if one region needed a major credit, savings would have to be made somewhere else.

3. The euro will replace the US dollar as a reserve currency. A reserve currency is unaffected by the consequences of devaluation. In this scenario, oil, for example, would be paid for in domestic currency, even though it would be imported from distant countries. Debts could also be run up in one's own domestic currency. That would avoid the danger that Argentina has experienced at the beginning of the 21st century, after having made all its borrowings in dollars over an extended period, but having lived in pesos.

At the moment, the second scenario is the most likely: the euro will spread just as the peso did in the past, but will in the process become weaker and weaker.