Money Museum

Special exhibit

Currency and confidence in Ancient Rome

Currency implies confidence – confidence in the actual value of the material used or, taken partly or entirely in isolation from that, confidence in the assurance of value given by the authority that issues the currency. Philosophers developed their theory of money from passages in Aristotle's *Politics* and *Ethics*. Thomas Aquinas (1224-74) viewed money as a human institution under the authority of the prince. Nicole Oresme (c1320-1382) agreed but saw money as belonging to the community; thus, the common good was to be the guiding principle of monetary policy. In his tract, *De Mutatione Monetorum*, Oresme, who witnessed the many debasements of the currency in mid-14th century France, wrote about the importance of coins having a stable value and argued that alterations of the currency were more harmful than beneficial except under extreme circumstances. Two examples below from Ancient Rome show how state manipulation of the monetary system was intended to maintain the illusion of stable money and perpetuate the system of payments.

The most common silver coin in circulation in the Roman Empire was the denarius, which was first minted in 211 BC. Under Emperor Augustus (27 BC - 14 AD), the denarius formed an integral part of a finely calibrated system of gold, silver and copper coins but, owing to political events, gradually became debased in quality during the course of the first

(From left to right)

Roman denarii from the late 3rd century BC, the end of the 1st century BC, and the end of the 2nd century AD

two centuries AD. At the beginning of the third century came the supposed solution to the problem. A new coin, the antoninianus, was created, but this already harboured the roots of a further debasement of the coinage. The antoninianus had a nominal value of 2 denarii but its weight was only about one-and-a-half times that of the denarius. Added to this was its rapidly declining fine silver content. Naturally, the fact that each issue of the antoninianus contained less silver than the last was not intended to be noticeable – at least not immediately. By the late third century, the coins were being made from a very poor-quality silver-copper alloy. Chemicals were used to enhance the appearance of the coins in order briefly to maintain the illusion of handling a fine-silver coin. The silver-enriched composite on the surface of the coins disappeared very quickly in everyday use, however.

Antoninianus made of silver, one piece with still recognisable remnants of the silver-enriched composite on the surface, and a coin made solely of copper

In purely technical terms, the same "upgrading process" was applied to the coins in the following example, albeit for a different purpose. At the end of the third century, Emperor Diocletian (284-305) enacted a coinage reform which introduced the follis as a new denomination.

Silver-enriched composite coin in pristine condition and abraded coins

Despite its appearance in mint condition (left), no-one in this period of a debased coinage system could seriously suppose that the follis was a large silver coin made of precious metal. Rather, the idea was to create the impression – as a kind of "confidence-building measure" – that the largest existing copper denomination had a certain intrinsic value and that the reform had therefore restored stability, above all, to coins in everyday use – a scheme that was doomed to failure, as was to become apparent later. These pieces mark the grand beginning of an inexorable downward spiral with ever smaller coins, growing confusion about the value of individual denominations, and soaring inflation; by the late third century, coins contained no silver whatsoever. As Nicole Oresme wrote, such changes lead to a complete loss of trust and confidence in the law and the entire monetary regime.

It was not until near the end of the 5th century that a new stability was gained with the introduction of a currency reform based on copper. This was no longer a case of tinkering with the existing system. Instead it represented a radical break with the past – from the perspective of numismatics and monetary history, Byzantium was born.