JOHN LOCKE AND THE POLITICS OF MONETARY DEPOLITICIZATION*

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During the Coinage Crisis of 1695, John Locke successfully advocated a full recoinage without devaluation by insisting on silver money’s “intrinsick value.” The Great Recoinage has ever since been seen as a crucial step toward the Financial Revolution and it was long regarded as Locke’s most consequential achievement. This article places Locke’s intervention in the context of the postrevolutionary English state at war and reads his monetary pamphlets as an integral, if largely neglected, part of his political philosophy. Instead of taking Locke’s insistence on “intrinsick value” itself at face value, I argue that it was precisely money’s fragile conventionality that threatened its role as a societal bond of trust. In response to this fragility and corruptibility, Locke tied money by fiat to an initially arbitrary but unalterable quantity of metal. While Locke’s argument contributed to the modern naturalization of money, it arose from a paradoxical political act of monetary depoliticization.

INTRODUCTION

Money was a central pivot of John Locke’s thought and politics. Throughout his works, Locke’s prose is consciously saturated with monetary metaphors. Money, as is well known, plays a transformative role in his history of society in the Second Treatise. But for his contemporaries, more than anything else, it was Locke’s advice during the postrevolutionary Coinage Crisis of 1695 that sealed his reputation. As Mark Goldie has noted, “the greatest impact exerted by Locke on the everyday lives of his contemporaries arose from his advice during the Coinage Crisis.”¹ Notoriously anxious to guard his authorial anonymity, Locke

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only published three texts in his own name during his lifetime. One of them was a monetary pamphlet, calling for a full recoinage without a devaluation, which Locke published at the height of the crisis in December 1695. To the surprise of many, his proposal won out against competing plans to devalue the currency. In the summer of 1696, a wholesale recoinage—the first since 1299—was effected at the existing Elizabethan rate.

Locke’s argument set a precedent. His contemporaries and many subsequent generations hailed the coinage writings as his seminal contribution to the art of statecraft. Up until his liberal refashioning in the twentieth century, Locke was remembered in the Whig tradition primarily as an epistemologist and a monetary thinker. Whig historiography, Scottish political economy, and nineteenth-century economic liberalism all celebrated Locke as the patron saint of “sound money.” His insistence on coins’ fixed metal content and the resultant protection of creditors was read as having paved the way for the Financial Revolution. Locke’s nineteenth-century biographer Lord King (himself a man with decided views on currency) heavily emphasized the significance of Locke’s monetary thought, crediting him with saving the country from impending ruin by restoring the monetary standard. In his *History of England*, Thomas Macaulay similarly praised Locke’s writings on currency, remarking that “it may be doubted whether in any of his writings, even in those ingenious and deeply meditated chapters on language which form perhaps the most valuable part of the Essay on the Human Understanding, the force of his mind appears more conspicuously.” Karl Marx’s choice to open volume 1 of *Capital* with a series of references to Locke’s coinage pamphlets mirrored this perceived influence. The esteem of the coinage pamphlets was itself reflected in the very structure of Locke’s collected works,

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2 The first was his *Essay Concerning Human Understanding* (1690), the second his *Thoughts Concerning Education* (1693), which were initially published anonymously but carried his name by the third edition in 1695.

3 While the procedural implementation of the recoinage deviated in a number of ways from Locke’s advice, his insistence on a recoinage without devaluation succeeded.

4 Locke’s monetary thought, I argue below, thus constitutes an important exception to Duncan Bell’s otherwise apt observation that Locke’s political thought largely failed to excite prior to its mid-twentieth-century liberal refashioning.

5 As the historian Albert Feavearyear summarized in 1931, Locke’s monetary opinion “has been looked back to ever since as a sterling example to be kept in mind at any time when there may be a temptation to alter the standard of the Mint.” Albert Feavearyear, *The Pound Sterling: A History of English Money* (Oxford, 1931), 135.

6 Lord King, *The Life and Letters of John Locke, with extracts from his correspondence, journals and common-place books* (London, 1829), 240–45.


which prominently included the coinage essays and afforded them a special place often ahead of the *Two Treatises of Government*. If the coinage writings once held a special place in Locke’s works, they always posed an interpretive puzzle. Locke’s rise to the status of patron saint of political liberalism only raised the stakes further. According to one influential reading, developed by Joyce Appleby during another period of monetary turmoil in the 1970s, Locke constituted an early illustration of what Karl Polanyi had described in *The Great Transformation* as the commodification and naturalization of money. Locke, Appleby argued, removed money from the realm of politics and rooted it instead in nature. From this perspective, Locke asserted the existence of certain natural laws of the market and thus foreshadowed economic liberalism. While Appleby presented Locke as a precursor to nineteenth-century invocations of natural economic laws, she simultaneously framed his position as a throwback. According to Appleby, Locke simply “reasserted the bullionist position.” As a result, his argument was “circular and outdated.” A more recent literature on Locke’s coinage writings has effectively criticized Appleby for her account of monetary naturalization. Instead, George Caffentzis, Daniel Carey, Hannah Dawson, and others elegantly recovered the premises of Locke’s position by attending to his epistemology and philosophy of language. But while this attention to analogies (and disanalogies) between money and language has moved the debate beyond Appleby’s concept of naturalization, the underlying political logic of Locke’s argument has remained elusive. Turning to the centrality of

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9 By 1824, in its twelfth edition, the fourth volume contained first the three coinage essays and only then the *Two Treatises*. John Locke, *Works of John Locke in Nine Volumes*, 12th edn (London, 1824).


societal trust for Locke, I here pursue the analogy between money and language into political thought to recover what I will call Locke’s politics of depoliticization.

At the heart of these interpretive disagreements surrounding Locke’s politics of money stands his puzzling invocation of “intrinsick value.” While Locke insisted in his coinage essays that money derives its “natural intrinsick value” from its metallic content, elsewhere he presented money as conventional and even tacitly consensual, having arisen out of the mutual agreement of mankind. Locke’s monetary writings have thus often appeared, in the words of one scholar, as “an unaccountable turn to essentialism on the part of a theorist usually thought of as being comfortable with the notion that signs have conventional, rather than natural values.”15 How are we to resolve this seeming contradiction and what does it tell us about Locke’s politics of money? As I will argue, it was precisely the malleable conventionality of money that led Locke to advocate safeguarding the monetary contract by linking it to an initially arbitrary but then unalterable quantity of silver. Placing Locke’s understanding of the shared semantic fragility of money and language in the context of his political thought restores the importance of trust for Locke and opens up a path toward dissolving the paradox of his politics of monetary depoliticization with which Appleby already grappled.

What Appleby captured was always more the naturalizing effect of Locke’s intervention rather than the logic of his argument itself. Locke’s position was both more intriguingly paradoxical and more political than either Appleby or her critics allowed. After all, even on Polanyi’s account, commodification never spelled the disappearance of politics or the state but rather its peculiar modulation. As Polanyi famously quipped, “laissez-faire was planned.”16 Importantly, Locke’s position differed both from bullionist monetary regimes in which silver was simply stamped according to weight, and from nominalist monetary regimes in which the denomination was set by a sovereign fiat independent of coins’ metal value. Instead, coins’ denominations were on Locke’s account based on particular quantities of metal set by fiat but then declared inviolable.

Locke’s monetary depoliticization proceeded thus not via the market, as Appleby suggested, but via a politics of depoliticization. Rather than being a throwback, Locke’s proposal broke with earlier nominalist practices by foreclosing the possibility of devaluations. This was neither pure nominalism nor pure metallism, but instead sought to erase the distinction between weight


and unit. What came to be seen as the naturalization of money originated, paradoxically, in an act of fiat that tied a specific quantity of metal to a certain denomination. Restoring the monetary contract implied not a curtailment of sovereign power, but rather its invocation in a peculiar way. The result was a Lockean political theory of monetary depoliticization.

In this article I thus place Locke’s coinage writings in the context of the fragile economic and political challenges of the postrevolutionary state at war, as well as the intellectual context of his broader philosophical and political thought. In doing so, I reframe the paradox of Locke’s position by emphasizing the peculiar politics of depoliticization he derived from his emphasis on trust. First, to dissolve the apparent contradiction between semantic conventionalism and his seeming metallist essentialism, I connect Locke’s monetary argument to his fundamental preoccupation with the fragility of societal trust. Locke’s multifarious responses to this assessment of fragile trust ranged from religious toleration and the limited right of resistance to a paradoxical constitutionalism and the need to safeguard monetary pledges. Second, if analogies between the corruptibility of language and money pushed Locke to emphasize their shared instability, he sought to introduce a disanalogy by tying the idea of money to the empirical concept of a substance in the form of silver or gold. This would remove money from discretionary political meddling, thereby effectively depoliticizing it.

As such I here deploy Patrick Kelly’s insistence on the radical novelty of Locke’s position to reevaluate his lasting influence on Whig and liberal thought, but also on the development of capital. Acknowledging Locke’s vast impact on subsequent monetary thought and practice restores his place as an important, if unintentional, switch point in the history of the Financial Revolution and the emergence of British colonial capitalism. Recovering the political logic and

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17 To protect money against political meddling, Locke called on the state to enforce an arbitrary standard that would remain fixed and at least not nominally fluctuate with silver’s world market price. As Appleby herself noted, “by insisting that gold and silver alone were money, Locke not only dismissed the power of civil authority to create value, he also avoided consideration of that value which came from utility and which fluctuated with demand.” Appleby, “Locke, Liberalism and the Natural Law of Money,” 66–7.


19 Jeremy Waldron in particular has drawn attention to Locke’s “paradoxical combination of legislative supremacy and legislative constraint.” Jeremy Waldron, Political Political Theory (Cambridge, MA, 2016), 20.
unforeseen consequences of his position allows us to situate Locke within the new history of capitalism that has restored the centrality of capital to capitalism by embedding it in broader political, social, and intellectual histories of money and finance. Most immediately, my reconstruction thus places Locke in relation to recent arguments concerning the making of modern money and the politics of monetary commodification, such as those offered by Christine Desan and Jeffrey Sklansky. Appreciating Locke’s strategic politics of monetary depoliticization at the same time speaks to revisionist conceptions of “the economy” as a political tool of modern governance. If capitalism is conceived, as Sklansky has suggested, as a “framework of trust or way of believing,” Locke’s contribution stands out and transcends its own immediate political context. This article thus reads Locke’s monetary advice as an integral part of his political philosophy while using his coinage writings in turn to reevaluate his political thought, as well as his towering presence in the history of modern money and capitalism.

WAR AND MONETARY CRISIS

Far from ushering in a new age of stability, the Glorious Revolution produced a state of near permanent crisis. For much of the 1690s England was engaged in an intense war against France that extended from the Rhineland and the Low Countries as far as Madras in the east and the Hudson Bay in the west. At home, loyalty to the new king, William III, was similarly under threat. Rumors of Jacobite rebellion and counterrevolution were a constant fare. A deeply entrenched monetary crisis mirrored this political situation. The amount and quality of circulating silver coins had been deteriorating for years, but during the

Nine Years War (1688–97) the shortage of silver reached unprecedented levels and widely affected both everyday transactions and the public purse. Coin clipping intensified dramatically and became the most visible sign of crisis.

Clipping had marked much of seventeenth-century English money, but by the end of 1695 coins in circulation lacked more than half of their original silver content. While milled coins that could not be easily clipped had been introduced in 1662, these represented only a small share of the overall amount of coin. Moreover, the unclipped milled coins rapidly disappeared from circulation and were either hoarded or sold abroad as bullion. On one level, clipping was an intelligible response to the shortage of silver, but by 1695 it had reached such extreme levels as to introduce a sense of confusion and corruption based on the large divergence between clipped coins’ nominal and metal values. The problem was thus an uneasy compound of two distinct but related ills. First, there was a pronounced shortage of silver, due to its export by private merchants, but also the payment of government expenses for its troops abroad. Second, there was the uncertainty and confusion of clipping. As Macaulay put it later, “Nothing could be purchased without a dispute.” It was this compound of shortage and confusion that threatened to bring the whole monetary system to a grinding halt, cutting off the military and bringing down the postrevolutionary government.

“The business of our money,” Locke summarized, “was every body’s talk, every body’s uneasiness.” If clipping could not be put to an end, his friend John Evelyn warned, “all Pacts and Covenants, Bargains, Obligations, Estates, Rents, Goods,


25 The new milled coins were resistant to clipping thanks to their edges being inscribed with a motto (deus et tutamen, “an ornament and a safeguard”) taken from Virgil’s Aeneid (Book V, line 262) that can still be found on one-pound coins to this day. Locke himself adamantly refused to accept clipped coins, rejecting them as not “the lawfull coin” of England. John Locke, The Correspondence of John Locke, ed. E. S. De Beer, 8 vols. (Oxford, 1979–89), 5: letter 1908, 381.

26 Dwyryd Jones goes as far as describing clipping as a “lucky circumstance” and “salvation that allowed England to hang on for longer it otherwise would have been able to.” Dwyryd W. Jones, War and Economy: In the Age of William III and Marlborough (New York, 1988), 247–8.


28 Steven Pincus, 1688: The First Modern Revolution (New Haven, 2009), 438, 608 n. 3.

29 John Locke to William Molyneux, 30 March 1696, Correspondence of John Locke, 5: letter 2059, 594.
Credit and Correspondences whatsoever (becoming dubious and uncertain) must sink and be at an end.”

But it was the Nine Years War that compounded the state of the coin and turned a nuisance into an existential threat. The war pitted Louis XIV’s expansionist plans against a broad European coalition of England, Austria, the Holy Roman Empire, the Dutch Republic, and Spain. But for England the war had an even more existential political dimension and quickly became a daunting undertaking. Not only was it the first major military involvement on the Continent since the Hundred Years War nearly four hundred years earlier, but given France’s active support of Jacobite forces and its preference for James’s return to the throne it was also a war of succession over the future of the new political order in England.

By the mid-1690s, 80 percent of the public revenue of the English state went into the war effort. While naval battles stretched the navy, much of the war on the Continent was fought in slow land campaigns and protracted sieges that required standing armies on a scale not seen before. In addition to large numbers of foreign mercenaries, one in seven adult English males served in the army. Unsurprisingly, such a resource-intensive war with a large standing army placed a heavy strain on the public finances and fundamentally altered the patterns and balance of trade. But above all, as Patrick Kelly has shown, it “exposed the weaknesses of a chronically ill-functioning currency and credit system.” This is where the Coinage Crisis compounded an already difficult financial situation, which in turn intensified the monetary ills. Most of the revenue raised in taxes reached the Treasury in the form of underweight, clipped coins which had become de facto the only coins in circulation. Meanwhile, the troops had to be paid, and the resources necessary to feed them had to be paid for, in unclipped coins. Few of these found their way back to England. While taxes had to be raised at home, they were spent abroad. All fiscal and monetary resources were stretched and William’s army in Flanders felt the resulting shortage of coins directly.

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33 Ibid., 1. See also H. V. Bowen, *War and British Society 1688–1815* (Cambridge, 1998), as well as the excellent Jones, *War and Economy*.
36 As Childs puts it starkly, “William could not acquire enough hard cash to pay his British troops and the foreign contingents funded by the English Treasury, nor could he meet the demands of the various bread, waggon and forage contractors.” Childs, *Nine Years’ War*, 305–6.
Both the war effort and the fragile state of the public finances came to a head in the summer of 1695. King William had joined his troops on the Continent in May, arriving in The Hague from Gravesend before taking personal command of more than 50,000 troops in Flanders in June. Within weeks the fortress city of Namur, lost to the French in 1692, was under siege. But to support and sustain the siege the army’s paymaster had to shuttle to Brussels to try to raise loans from local bankers. After months of negotiations overshadowed by the state of English finances he eventually managed to extract 300,000 florins. The siege was sustained and on 5 September 1695 Namur fell. Despite the important recapture, the war was far from over. Indeed, William’s paymaster judged the victory at Namur to have come at a cost that was hard to justify. As William declared to Parliament in November upon his return, “unfortunately, the Funds which have been given, have proved very deficient.” He directly linked these financial difficulties to “the ill State of the Coin.” This was a matter of such profound and general concern, “of so very great Importance,” that he asked Parliament to address the problem at last. It was in this fraught context that Locke, as one voice among many, advanced his monetary proposal.

**MONETARY REFORM**

The crisis thus arose at the intersection of several distinct but interlaced problems that ranged from the pressures of war finance to the international price of silver exceeding the English nominal rate. Each aspect allowed for divergent interpretations and each provoked intense disagreement. Irrespectively of whether blame fell on scoundrelous clippers, conspiratorial counterfeiters, or indeed the government itself having to pay for its troops abroad, all could agree that the currency had suffered such severe damage that the future of the country itself was at stake. But while some argued that the intensity of the war meant that any remedy would have to wait, others insisted that it was precisely the precarious

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37 Ibid., 268–9.
40 “The King’s Speech,” 339.
41 Ibid., 339.
military situation that demanded swift action to save the country. The man on whom the fate of the nation would come to depend in these circumstances—at least in his own estimation and that of subsequent generations—was Locke himself.

Already in the spring of 1695 Locke had sought to influence the coinage debate by anonymously publishing a brief pamphlet that he had composed several years earlier. As matters deteriorated in the course of 1695, the Lords Justices (the council in charge while the king was abroad) began to seek expert advice. Locke was asked to submit his proposal alongside Isaac Newton, Christopher Wren, Charles Davenant, and others. Meanwhile, the Secretary to the Treasury, William Lowndes, had been tasked with drafting an official recommendation. Lowndes’s proposal, as laid out in his report that appeared in the fall of 1695, was for the Treasury to raise the nominal value of coins in a recoinage. As Lowndes demonstrated with extensive use of historical evidence, such sovereign adjustments were a long-standing practice. Up to the seventeenth century there had been nothing sacred about the metallic value of the unit. Instead, successive devaluations through nominal adjustments had saved Europe from a perpetual fall of prices as the silver discoveries in the New World slowed down.

As Christine Desan has shown, the monetary nominalism undergirding such adjustments was a hallmark of European medieval and early modern monetary thought and practice, in particular in England. In Lowndes’s words, it was “a Policy constantly Practised in the mints of England . . . to Raise the Value of the

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43 For a discussion of the different factions concerning the timing of recoinage see Li, The Great Recoinage, 65.
45 John Locke, “Propositions Sent to the Lords Justices,” in Kelly, Locke on Money, 2: 374–80. While Locke was giving advice and writing pamphlets he still moved outside the public eye—pleading with his correspondents to keep his name out of it. “But, pray, whatever use you make of it, conceal my name.” Locke to William Molyneux, 20 November 1695, Correspondence of John Locke, 5: letter 1966, 464.
47 While Lowndes was right that raising the coin had been a widespread policy for hundreds of years across all of Europe, the English standard (as well as, interestingly, the Dutch one) had not been raised for decades, though at least in the English case largely due to political weakness and instability. Fernand Braudel, Civilization and Capitalism, vol. 1 (Berkeley, 1992), 458.
48 Desan, Making Money, 267–74.
Coin in its Extrinick Denomination from time to time, as Exigence or Occasion required.”49 Raised to bring the new nominal price in line with the market price of silver, this would immediately eliminate the disastrous gap between the price of silver and coins’ nominal value, and put an end to the profitability of clipping.50 Locke could not have disagreed more strongly. When it transpired in late November 1695 that the government might heed Lowndes’s advice, Locke broke with his self-imposed anonymity in order to throw in his lot and good name for the cause, hoping to sway the deliberations in Parliament as well as public opinion. A manuscript—Further Considerations concerning Raising the Value of Money—was rushed to the printer in Locke’s name. It appeared on 27 December 1695 riddled with errata that testified to the great haste under which it was printed.51

Locke’s views were generally positively received among Whigs, though not universally so. His staunchest critics on the coinage were Tories, ranging from Charles Davenant to Nicholas Barbon.52 As Barbon explained, Locke’s entire argument rested on the peculiar supposition that there was an “intrinsick value” in silver. If this notion “should not be true, then all his Consequences must be mistaken.”53 Instead of being intrinsic or derived from the tacit common consent of mankind (two notions that, as we will see, converged in Locke’s mind), Barbon insisted that “Money has its Value from the Authority of the Government, which makes it currant, and fixes the price of each piece of Metal.”54 Locke’s worries about a devaluation were thus “imaginary Mischiefs.” By contrast, “if the Money be not Rais’d,” Barbon proclaimed, “the Mischiefs will be real, and Consequences very fatal to the Nation.”55

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49 Lowndes, Report, 56.
50 In March 1695, this would have meant a devaluation of around 9 percent, but as the gap between the price of silver and the nominal value of coins widened the adjustment necessary to restore parity rose with it. By September 1695, Lowndes recommended a nominal raise of 20 percent. Lowndes, Essay for the Amendment of the Silver Coins, 123. Carey, “Locke’s Philosophy of Money,” 58.
51 John Locke, Further Considerations Concerning Raising the Value of Money. Wherein Mr. Lowndes’s Argument for it in his late Report concerning An Essay for the Amendment of the Silver Coins, are particularly Examined (London, 1695). A second edition with corrections appeared already on 9 January 1696. Locke later added his two earlier anonymous pamphlets from 1692 and January 1695 and published the volume as Several papers relating to money, interest and trade, &c. Writ upon several occasions, and published at different times. By John Locke Esq (London, 1696).
52 Pincus, 1688, 460; Carey, “John Locke, Money, and Credit,” 45.
53 Nicholas Barbon, A Discourse Concerning Coining the New Money Lighter. in answer to Mr. Lock’s Considerations about raising the value of money (London, 1696), 1.
54 Ibid., 96.
55 Ibid., 92.
Charles Davenant shared with Locke an appreciation of the constraints of foreign trade on the coinage. More than Locke, however, Davenant placed the Coinage Crisis as a result squarely in the context of trade imbalances and bullion outflows necessitated by war finance. Addressing the shortage of coinage could not proceed by some easy fix but required an improvement in the balance of trade, which was nigh impossible under conditions of war. “Trade and Money,” Davenant explained, “are like Blood and Serum, who tho Different Juices, yet runn through the veins mingled together. And this present Corruption of our Coyn is like a dangerous Ulcer in the Body Politick which is never to be thoroughly Cured by applying Remedies to the Part, but by mending the whole Mass of Blood which is corrupted.” Also employing a set of medical metaphors, Christopher Wren similarly declared that while the current “Consumption of the Mony (The Nerves of Warr) . . . requires a Speedy Consultation before the Disease be Fatal,” the culprit was not clipping itself but the balance of trade under conditions of war. “The Spoyl of the Coyn is but a consequence of the Over balance of Trade.”

This was as much a critique of Lowndes’s proposal as it was of Locke’s. At the same time, its conclusion of resigned futility rendered it profoundly unhelpful for a Parliament bent on fixing the state of the coin while being committed to the war. Davenant went even further. Clipping, he claimed, was not a bad but a perfectly rational and most welcome means for increasing the supply of money. Moreover, heavily clipped coins, whose nominal value after all exceeded their metal value, were precisely immune against being melted down and exported as silver.

While many of Locke’s most formidable critics were affiliated in one way or another with the Tories, in his opposition to devaluation he also clashed with other Whigs. Like Lowndes, Locke’s friend Isaac Newton, for example, favored a recoinage at a lower denomination. If the goal was to end the ruinous export of coins as bullion by aligning the nominal value of money once more with its intrinsic value, Newton explained, “it seems more reasonable to Alter the extrinsick than the Intrinsick Value of Milled Money that is, to raise a Crown

59 Ibid., 183.
Piece to the Value of an Ounce of Bullion.” In his submission to the Lords Justices Newton acknowledged as the only “reall objection” to his own position the worry that “the raising of Bullion and the Corruption of Our Coyn have mutually promoted one another.” Newton did not mention Locke here but it was a worry that would have resonated with Locke, who derided the prospect of a devaluation as “public clipping” in a way that foregrounded the problem of trust, even at the price of a greater shortage of silver.

Despite such formidable opposition, Locke was not alone in insisting on the inviolability of the standard. Besides his friends and acquaintances, many of whom had been decisively influenced by his argument, Locke could find vindication in the late William Petty, who had died in 1687. At the height of the campaign for recoinage in the fall of 1695 Locke helped to publish a previously only privately circulating essay of Petty’s from 1682. Brief and aphoristic in style, Petty’s Quantulumcunque concerning Money converged in a number of ways with Locke’s own recommendations. In responding to thirty-two hypothetical questions, Petty insisted on the preservation and restoration of the Elizabethan standard, stressing the need to settle ancient debts at the ancient rate. Interestingly, while support for Lowndes’s devaluation plan has often been identified with the banking interest, the governor of the Bank of England—Sir John Houblou—favored Locke’s solution. While traders would indeed likely benefit from devaluation, Houblou pointed out that landlords and the landed gentry that backed the Whig regime stood to suffer most since they could not easily adjust their rents. But if this clarifies some of Locke’s implicit political motivations, to appreciate his philosophical preoccupation with societal trust and his paradoxical conception of money, it is necessary to take a step back.

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62 Ibid., 217.
63 Ibid., 222.
64 A collection of the monetary views of Locke’s contemporaries can be found as an appendix to Li, The Great Recoinage, 182–239. See also John Ramsay McCulloch, ed., A Select Collection of Scarce and Valuable Tracts on Money (London, 1856).
65 Locke’s library included five works by Petty and in his papers can be found two further unpublished papers by Petty. Kelly, “General Introduction,” 97.
67 Ibid., 440. Question 14 equally resembled Locke’s position: “Why hath Money been raised, or retrencht, or imbassed by many wise States, and so often? Answ. When any State doth these things, they are like Bankrupt Merchants.” Ibid., 443.
68 Li, The Great Recoinage, 81–2.
69 Ibid., 82.
THE NATURE OF MONEY AND LANGUAGE

When Locke dedicated himself first to the study of money in the late 1660s, he had recently left Oxford and joined the household of Anthony Ashley Cooper, then Chancellor of the Exchequer as well as one of eight Lords Proprietors with title to what would become the Province of Carolina.\textsuperscript{70} This new involvement with matters of trade offered the frame for his thinking on money. Money, Locke explained, always has two roles: it is necessary as nominal “counters” for “even reconing,” but it also acts as “pledge” or “security.”\textsuperscript{71} It achieves the former “by its stamp and Denomination” and the latter “by its intrinsic value which is no thing else but its durableness, scarcity and not being apt to be counterfeited.”\textsuperscript{72} While domestically money may pass as nominal counters, what mattered for foreign trade was money as a pledge.

Only a few years earlier, still teaching at Oxford, this emphasis on foreign trade had been a foreign world to Locke. In his \textit{Two Tracts} manuscript from the early 1660s, coinage had appeared in a more conventional, late scholastic light. Drawing on the standard account expounded in medieval and early modern political commentary, Locke explained—in a characteristic monetary metaphor—that the authority to coin money was one of the “tokens of sovereignty.”\textsuperscript{73} Coinage had long been a sovereign prerogative and the rise of the early modern state had only furthered such claims.\textsuperscript{74} The 1668 manuscript did not abandon this claim but marked a shift of emphasis. Coinage was still a sovereign prerogative but its administration was now severely curtailed by the necessities and pressures of overseas trade. Navigation and commerce, Locke explained, had brought far-flung corners of the world into contact with each other, as well as with the use of gold and silver.\textsuperscript{75} This imposed strict limitations. “In a Country that hath Commerce with the rest of the world it is almost Impossible now, to have any Coyne, but of Gold and Silver, and haveing mony of that it is Impossible to have

\textsuperscript{70} John Locke, “Some of the Consequences that are likely to follow upon lessening of interest to 4 per cent,” in Kelly, \textit{Locke on Money}, 1: 167–202.
\textsuperscript{71} Ibid., 202.
\textsuperscript{72} Ibid., 172.
\textsuperscript{74} On the sovereign right of coinage see also Hugo Grotius, \textit{The Rights of War and Peace}, ed. Richard Tuck (Indianapolis, 2005), Book 2, chap. 4, section 13, 502.
\textsuperscript{75} At the same time as Locke made his first serious foray into questions of money he was tasked by Ashley with writing \textit{The Fundamental Constitutions of Carolina}. David Armitage, “John Locke, Carolina, and the Two Treatises of Government,” \textit{Political Theory} 32/5 (2004), 602–27. Locke even prepared a new decimal currency for the colony based on the sterling penny. Kelly, “General Introduction,” 5.
any standing unalterable measure of the value of things."\(^{76}\) Overseas trade made it imperative to have money of gold or silver. But this meant in turn that it was increasingly difficult to maintain a stable measure of value domestically since the price of metal money would fluctuate with its international supply and demand.

When Locke returned to these questions a decade later during the Exclusion Crisis to work out the role of money and property in the emergence of civil society for the *Second Treatise*, it was in particular Samuel Pufendorf, born the same year as Locke, who now served to clarify his own position.\(^{77}\) Pufendorf began by positing two familiar claims. First, like Bodin and Hobbes, he introduced coinage as a sovereign prerogative. Second, like Locke more recently, Pufendorf placed strict limits on the sovereign’s right and ability to exercise this prerogative. Commercial interdependence heavily constrained interference with the currency and rendered it, at best, appropriate as a crisis measure.\(^{78}\)

Despite Pufendorf’s formative sway, in the *Second Treatise* Locke developed a twofold revision. First, where Pufendorf had argued that money was introduced as a result of mankind departing from its primitive simplicity, Locke reversed the chronology. Second, Locke attempted to escape the strictures of Pufendorf’s insistence on express consent for the acquisition of property by way of a merely tacit consent to the introduction of money. According to Locke, there were thus two distinct pre-political states. In the first, man cultivated nature through his labor in line with God’s command but without yet having recourse to money.\(^{79}\) This implied an imperative for cultivation but it also specified strict natural laws that constrained accumulation. The introduction of money disrupted this first state of relative equality by circumventing natural-law limitations, thus unshackling men’s covetous desires. With monetary prosperity came material inequality, disorder, and dispute, as well as a population increase that made land scarce and raised its value.\(^{80}\) “The invention of money,” the late Istvan Hont

\(^{76}\) Locke, “Some of the Consequences,” 195.


\(^{80}\) Ibid., para. 45.
summarized Locke’s account, “broke all the natural limits of primitive society.”81 Through the invention of money, men were able to live up to God’s command for the cultivation of the earth in hitherto unimaginable ways without violating God’s simultaneous provisions.82 The circumvention of the previous natural-law constraints ushered mankind into an age of unheard-of riches, unequal possessions, and inevitable strife, which eventually and inevitably produced the necessity for civil government.

This account of money deviated subtly but decisively from Pufendorf’s treatment of property and consent in pre-political society.83 Pufendorf had structured his conjectural history in *De Jure Naturae et Gentium* (1672) around the emergence of “luxurious desires” (*cupiditates*) that had led most nations to develop a yearning for the delights of other climes.84 For him, mankind departed from its “primitive simplicity” as a result of a growing desire for foreign riches. It was thus only after the embrace of acquisitiveness that money was introduced. Money was in this narrative important but largely epiphenomenal. In Locke’s account, money acquired by contrast a pivotal significance at the threshold of civilization. The absence of metal money was no longer just a sign of backwardness but its very cause.85 Behind Locke’s claim that “in the beginning all the World was America” stands thus not a vague reference to the state of nature but the idea that the Americas still lacked money based on the peculiar but telling definition

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82 Onur Ulaş Ince, “Enclosing in God’s Name, Accumulating for Mankind: Money, Morality, and Accumulation in John Locke’s Theory of Property,” *Review of Politics* 73/1 (2011), 29–54. The theological ambivalence of this productive deceit can be detected in Locke’s tone when discussing the seductive power of money in his educational writings. Locke admonished parents, for example, to delay contact with money for as long as possible and to avoid monetary rewards. [John Locke], *Some Thoughts Concerning Education* (London, 1693), 51–2.


85 Locke, *Second Treatise*, para. 36.
of money as precious metal.\footnote{Ibid., para. 49. On this see also James Tully, “Aboriginal Property and Western Theory: Recovering a Middle Ground,” \textit{Social Philosophy and Policy} 11/2 (1994), 153–80; and Onur Ulas Ince, \textit{Colonial Capitalism and the Dilemmas of Liberalism} (Oxford, 2018), 38–73.} Introducing an unstable intermediary state of metal money allowed Locke to escape the strictures of Pufendorf’s insistence on express consent for the acquisition of property.\footnote{Richard Tuck, in particular, has emphasized the novelty of this argument. See Grotius, \textit{The Rights of War and Peace}, 175. Already Jean Barbeyrac perceived this to be the truly novel and provocative feature of the fifth chapter of the \textit{Second Treatise}. Samuel Pufendorf, \textit{Le droit de la nature et des gens}, 2 vols., translated and annotated by Jean Barbeyrac, 4th edn (1732; first published 1706), 4.4.3 n. 4, 4.4.4 n. 2, 4.4.9 n. 2, 4.6.2 n. 1.} In the colonies, appropriation through cultivation could circumvent express consent. Domestically, however, Locke aligned himself with Pufendorf in insisting on express consent for the acquisition of property. “[I]n land that is common in England, or any other country, where there is plenty of people under government, who have money and commerce, no one can enclose or appropriate any part without the consent of all his fellow-commoners.”\footnote{Locke, \textit{Second Treatise}, para. 35.} As Barbara Arneil has pointed out, for Locke property rights by cultivation could never override existing contractual relations under civil government.\footnote{Barbara Arneil, \textit{John Locke and America: The Defence of English Colonialism} (Oxford, 1996), 145.}

But Locke’s argument at the same time affirmed metal money as the product of tacit universal pre-political consent.\footnote{Ince, \textit{Colonial Capitalism}, 57–60.} Locke thus relegated money’s conventionalism ambivalently to an age prior to the emergence of civil government. Money was neither merely private, nor did it result from the explicit political covenant that founded civil government. As an artificial store of value and labor to prevent spoilage, money was established not by nature but by mere “Fancy or Agreement.”\footnote{Locke, \textit{Second Treatise}, para. 46.} In contrast to Appleby’s reading of Locke as having straightforwardly naturalized money, monetary riches are, according to Locke, “none of nature’s goods, they have but a fantastical imaginary value: nature has put no such upon them.”\footnote{Ibid., para. 184.} Appleby, of course, acknowledged money’s conventional origins in the \textit{Second Treatise}, but she sidestepped the way in which Locke’s argument hinged on money’s inbetweenness as a conventional institution that was nonetheless to be removed from political discretion. Far from money being natural, Locke pursued a political strategy of naturalizing the appearance of money by rooting its “intrinsick value” in the “common consent” of mankind that had selected precious metals to serve as
money on account of their “fitnesse.”\textsuperscript{93} We can shed light on this paradoxical notion of money’s conventionality and Locke’s attempted naturalization by attending to Locke’s analogies and, crucially, disanalogies between money and language.\textsuperscript{94}

In the \textit{Essay Concerning Human Understanding}, Locke took up money’s artificiality by placing it in analogy with the malleability of language. Throughout the \textit{Essay}, Locke sought to accommodate the new natural sciences by distinguishing the naming of nature (which followed empirical laws) from the more malleable naming of ideas as “mixed modes.”\textsuperscript{95} Mixed modes, he explained in Book Three, are “voluntary Collections” of ideas, “assemblages of Ideas put together at the pleasure of the Mind.”\textsuperscript{96} Not grounded in nature, they have no fixed interpretation but are “very various and doubtful.” As a result, Locke concluded, linguistic ambiguity “hath invaded the great concernsments of humane life and society” and “brought confusion, disorder, and uncertainty into the affairs of mankind.”\textsuperscript{97} As Hannah Dawson puts it elegantly in her work on Locke’s philosophy of language, for Locke “words act more like a painting than a window.”\textsuperscript{98}

As a mixed mode in Locke’s philosophical system, money mirrored these anxieties about linguistic fragility and proneness to abuse. Nominal money constituted a “mixed mode,” with all this implied in terms of malleability and fragility.\textsuperscript{99} Money, Locke feared, risked being little more than a precariously floating mixed mode with ill-defined patterns of common use and strong temptations for devious abuse, such as clipping and counterfeiting but also the government “raising” the coin. Precisely because the idea of money resulted from “Fancy and Agreement” it was all the more important to somehow ground it. Money had to be stabilized, and Locke proposed doing so in two ways. First, he insisted on tying money, like the mixed modes of moral concepts, to natural

\begin{itemize}
  \item Locke, “Propositions Sent to the Lords Justices,” 374.
  \item For this link between Locke’s philosophies of money and his account of language in the \textit{Essay}, I here draw on the work of Caffentzis, \textit{Clipped Coins}, 77–123; and Carey, “Locke’s Philosophy of Money,” 74–81. Both insist, rightly I think, on crucial parallels between Locke’s discussion of language and money, though I diverge from them in the way I reconstruct Locke’s drawing of a disanalogy between metal money and words.
  \item Ibid., 3.10.12.
  \item Dawson, \textit{Locke, Language and Early-Modern Philosophy}, 289.
\end{itemize}
law and the divine intentions embodied therein. Locke’s interest in oaths and his stern insistence on promise keeping fell into this register. Second, and more importantly, Locke sought to stabilize the mixed mode of money by tying it to the substance of silver (or gold in the case of guineas). Substances, in contrast to mixed modes, “carry with them the supposition of some real Being, from which they are taken, and to which they are conformable.”

Rooted in natural patterns that could be ascertained empirically, substances were not subject to the whims of linguistic construction. Where mixed modes were made, substances were discovered. Only if linked to a metallic substance, whose weight and fineness could be empirically verified according to the natural sciences, could the fragile mixed mode of money serve as the stable bond of society across time, a crucial matter in postrevolutionary England.

Money, like language, relies on fragile acts of semantic consent backed up by a moral imperative of honoring one’s words. But unlike language, money’s semantic fragility can be stabilized—and Locke insists it must be—by tying it to metal. This was Locke’s great hope. It was this complex argument that motivated his uncompromising insistence on money’s “intrinsick value” that has so often puzzled commentators who saw in it a contradiction with Locke’s simultaneous insistence on the conventional character of money and his emphasis on the tacit consent involved in its introduction. As Locke already pointed out in his early writings on interest, “intrinsick value” was not to be misunderstood as simply natural. Instead, it was “onely in the opinion of men consenting to it, yet being universall has generally but not allways . . . the same effect as if it were natural.” Philosophically, intrinsic value derived from the notion of near universal tacit consent that had elevated gold and silver to the status of money. With money tied to metal, it was empirically possible to test whether a given substance was in fact the precious metal it pretended to be, and if so, how much.

100 Locke, Essay, 3.5.3.
101 Ibid., 3.9.11.
102 Caffentzis, Clipped Coins, 78.
103 Dawson, Locke, Language and Early-Modern Philosophy, 289. The opacity of language and its constitutive reliance on the precarious semantic malleability of mixed modes could at best be contained by clarity and consistency. Locke, Essay, 3.9.8 and 3.11.8–9.
105 Fool’s gold could now be revealed as such in the laboratories that both Locke and Newton operated. William R. Newman, Atoms and Alchemy: Chymistry and the Experimental Origins of the Scientific Revolution (Chicago, 2006); Peter R. Anstey, John Locke and Natural Philosophy (Oxford, 2011), 176–7.
THE RECOINAGE OF TRUST

In February 1689 Locke returned to England from his Dutch exile. Once more questions of coinage were widely discussed and Locke immediately recognized that their resolution was essential for stabilizing the postrevolutionary order. He anonymously published a revised version of his earlier manuscript and opened by drawing a direct link between money and the politics of trust. “Faith and Truth,” Locke asserted, “especially in all Occasions of attesting it upon the solemn Appeal to Heaven by an Oath, is the great Bond of Society: This it becomes the Wisdom of Magistrates carefully to support, and render as sacred and awful in the Minds of the People as they can.” As a result, “It will always be worthy the Care and Consideration of Law-makers, to keep up the Opinion of an Oath High and Sacred, as it ought to be, in the Minds of the People.” This was a programmatic statement.

In the context of the Coinage Crisis it meant that Locke considered Lowndes’s proposal of a devaluation a dangerous violation of a public pledge. For Locke, far from putting an end to clipping, devaluation would amount to an official sanctioning of the lower metal content that had become an unfortunate reality through clipping and forgery. By raising the nominal value of coins the government would lower itself to the level of the clippers and undermine its trustworthiness by repeating on a large scale what it had previously condemned as fraud. Devaluation was nothing less than “a publick failure of Justice,” arbitrarily giving one man’s rights and possessions to another. Lowndes’s proposal thus amounted from Locke’s perspective to a breaking of contracts and a violation of property that would weaken, if not totally destroy, public faith.

Instead, Locke proposed that the government call in all the circulating currency and recoin it to affirm its official silver content as originally set in Elizabethan times. For Locke, a pound sterling was and had to remain neither more nor less than three ounces, seventeen pennyweights, and ten grains of sterling silver—

108 Ibid., 214.
110 All creditors, Locke explained, would be “defrauded” by 20 percent of their loans. This was particularly tragic for those who had entrusted their savings to the postrevolutionary Whig state, for example by investing in the Million Lottery. Locke, “Further Considerations,” 417. That recoinage at the old rate would at the same time violate the property of debtors who had contracted their debt in clipped coins was initially not mentioned by Locke—though he added a minor concession in later printings. Locke, “Further Considerations,” 477.
regardless, crucially, of the actual world market price for silver.\textsuperscript{111} To be sure, this would produce fewer coins, but once trust in the monetary and political system was regained, Locke believed that hoarded unclipped coins would return into circulation. To the surprise of many, Locke’s novel insistence on the unalterability of the standard carried the day. Lord Somers and other Whigs influenced by Locke worked tirelessly in assembling Parliamentary support and even won over the king to their cause.\textsuperscript{112} Parliament passed the Act in January 1696 and the date for the recoinage, an enterprise of enormous scope, was set first for May, then moved to June. In the summer of 1696 clipped and worn coins were removed from circulation and replaced by newly minted coins with milled edges. To enforce the new emphasis on coins’ inviolable intrinsic value, anyone found with counterfeit coins would have to pay and no punishment could be too severe. Isaac Newton, appointed warden of the Royal Mint in the course of the recoinage in 1696, affirmed this zeal for prosecuting and executing criminal abusers of the coinage.\textsuperscript{113}

The burden of the recoinage fell, however, not only on counterfeiters. As many skeptical voices had warned, while the recoinage largely stopped the clipping of coins it did not prevent the new coins from disappearing once more abroad for profit as quickly as they left the mint. The amount of money in circulation in fact contracted sharply with the recoinage.\textsuperscript{114} This has long been a point of consternation among economists.\textsuperscript{115} It remains disputed, however, whether Locke should shoulder the full blame for the shortage of coin after the recoinage. But despite his hope for hoarded coins to return into circulation, Locke was always primarily concerned with trust, not the quantity of money. Furthermore, while it is clear that Locke’s advice won out, the implementation of the recoinage deviated

\textsuperscript{111} Feavearyear, The Pound Sterling, 124.
\textsuperscript{112} Locke’s pamphlet was “mightily Commended at Courtt.” Martha Lockhart to Locke, 4 Jan. 1696, cited in Kelly, “General Introduction,” 37.
\textsuperscript{113} Newton was promoted from warden to master of the Mint in 1700, a post he held until the end of his life in 1727. For an account of the importance of capital punishment in defending the post-Recoinage monetary system, see Carl Wennerlind, Casualties of Credit: The English Financial Revolution, 1620–1720 (Cambridge, MA, 2011), 123–57. On Newton’s initially reluctant but then meticulously earnest and devastatingly effective pursuit of counterfeiters see Levenson, Newton and the Counterfeiter, 107–44.
\textsuperscript{114} Carey, “Locke’s philosophy of money,” 57 n. 3.
procedurally from his recommendations in a number of important ways. Most significantly, while Locke had argued for an immediate demonetization, the implemented plan opted for a gradual demonetization over several months and chose to compensate holders of clipped coins, encouraging further clipping at the state’s expense in the meantime.

The recoinage implied great hardships for many and the pain of restoring trust was strikingly unevenly distributed. As Locke himself realized, his prescription specifically privileged the welfare of creditors over that of debtors. The effect of the recoinage on the domestic economy and the war effort was disastrous. Demonetization spelled “near-disaster” for England’s finances. The burden of the cash shortages affected every trade and every part of the country. The London cloth markets shrank by nearly a fifth in the course of 1696–7 and, as one contemporary source remarks, “many self-murders happen in several families for want, and all things look very black.” While the fiscal situation had been undeniably fragile throughout 1695, the protracted deflationary recoinage proved an even greater military burden. As one recent military historian has put it, the recoinage “emasculated William’s martial ambitions” and reduced the armies in the Low Countries to minimalist defensive operations. Davenant concluded at the time that the economic exhaustion of the recoinage tied England’s hands and forced it into a series of peace treaties, such as the Peace of Ryswick in September 1697. Ultimately, only an improvement in the English balance of trade could address the state of the English coin. This in turn required the kind of intensified colonial expansion that came to mark the eighteenth century. Locke’s own appointment to the Board of Trade in 1696, then the backbone of English colonial administration, reflected this shift of priorities.

THE POLITICS OF MONETARY DEPOLITICIZATION

While Locke’s proposal passed itself off as mere common sense, it was always bound to appear paradoxical, if not as an outright deceit. For intrinsic value, it turns out, refers in Locke’s account to “the quantity of Silver by publick Authority


117 Jones, War and Economy, 245.

118 As quoted in ibid., 246.

119 Childs, Nine Years’ War, 306.

120 Li, The Great Recoinage, 67.

121 Peter Laslett, “John Locke, the Great Recoinage and the Board of Trade,” William and Mary Quarterly, Third Series 14/3 (1957), 370–402.
warranted to be in pieces of such denominations.” Where Locke had earlier defined “intrinsick value” based on universal consent, he now tied it to the sovereign as the embodiment of civil consent. Intrinsic value was consequently defined as a fixed quantity of silver that was itself set by the sovereign. What Locke called “intrinsick value” originated, paradoxically, in fiat. Contrary to Appleby’s reading of Locke as turning the market against the state, enforcing the monetary contract did not so much imply a curtailment of sovereign power as its novel invocation. The recoinage intervened in the name of nonintervention and restoration.

For Locke, the issue at stake in the Coinage Crisis was never just the material shortage of silver but the erosion of trust and the proliferation of monetary confusion, both between citizens and toward the government. Precisely because of the fragility of the postrevolutionary order, Locke was concerned about a collapse of societal trust and insisted on tying the mixed mode of money to metal. At numerous points throughout his three essays on coinage Locke brought up this threat of an erosion of the monetary standard—through clipping but even more so through a potential nominal adjustment—leading to an implosion of societal faith as such. If clipping could not be stopped and clipped coins continued to circulate, Locke wrote in a characteristic passage, “all must break in Pieces, and run to Confusion.” The Coinage Crisis, he feared, risked exposing not just money but society as dangling by a fragile thread of trust.

The monetary dimension of Locke’s thought thus serves as an illustration of the centrality of trust and faith to his political thought—trust in our fellow human beings, trust in the government that rules us, but also faith in an even higher authority. As John Dunn has long stressed, without, however, ever pointing to its crucial monetary dimension, the question of trust is pivotal in Locke’s political philosophy. It came to form a key pillar of Locke’s thought, first

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124 Locke, “Some Considerations,” 213. The circulation of clipped coins had to be stopped, Locke wrote, “or else we are undon.” “Its continuance will unevitably ruin the nation.” Locke to Cornelius Lyde, 24 April 1696, in Correspondence of John Locke, 5: letter 2072, 616.

tentatively in his early lectures, then in a constitutive form in his mature political philosophy. Where the Two Treatises of Government gave a political account of the centrality of trust in civil society, the Essay provided an epistemological and normative grounding. But as Locke recognized, trust was fragile. The Fall—itself equated on his account with the introduction of money—had not only brought the disintegration of the original community of man but also introduced the threat of distrust that came from the breaking of promises. Persistent violations of promises and oaths, if left unchecked, sooner or later implied the collapse of society. Trust among citizens and trust between the citizenry and the ruler was in this double sense the very bond (vinculum) of society, to use an expression cherished by Locke. From the monetary essays Locke thus emerges as preoccupied first and foremost by the fragility of societal trust and consequently insisting on the need for a strict enforcement of oaths, public promises, and contracts, including in particular property contracts. This means inversely that Locke licensed the dissolution of the political compact precisely if and when the government itself violated the trust placed in it, as he feared it was about to do during the Coinage Crisis.

Rather than reading Locke’s intervention as the attempt to straightforwardly naturalize money, recovering his argument allows us to appreciate that the political strategy to naturalize money’s appearance flowed from an understanding of money as all too artificial and malleable. Locke’s embrace of unalterable metal money was itself an attempt to tame the consequences of this account of money as supremely malleable and his assessment of postrevolutionary society as prone to a fatal collapse of trust. The issue at stake was thus not so much the material shortage of silver money but the erosion of trust, both between citizens and toward the government. Building on the centrality of trust, it was Locke’s insistence on the keeping of promises and the preservation of the public faith that served as the central anchor for his argument during the Coinage Crisis.

126 “That Men should keep the Compacts, is certainly a great and undeniable Rule of Morality.” Locke, Essay, 1.3.5.
127 Locke, Second Treatise, para. 128.
The result was a performative contradiction of rooting “intrinsick value” in fiat and having to persuade his contemporaries that money’s value did not depend on their opinions. Money, defined as silver and measured by weight, was property according to Locke, and as he had argued both in the *Second Treatise* and in his *Letter concerning Toleration* it was a governmental duty to secure property, just as tampering with contracts was always an abuse of governmental power.\(^{129}\) Applied to the recoinage this meant that since contracts had been made on the basis of the publicly announced value of money (in this case the Elizabeth mint price for silver), no government could rightfully alter the nominal standard of money without violating property. Instead, Locke insisted that “the Standard, once thus settled, should be Inviolably and Immutably kept to perpetuity.”\(^{130}\) The reason the monetary standard should not be changed, he summarized, “is this: because the publick Authority is Guarantee for the performance of all legal Contracts.”\(^{131}\) After the rate was set and pledged, public faith demanded that no government should be able to alter the standard of the mint.\(^{132}\)

CONCLUSION

Like the Aristotelian tradition, Locke began from an emphasis on the conventional origins of money. But instead of building on this nominalist foundation an embrace of the malleable politics of currency, Locke derived from it a radically novel argument. In attempting to stabilize money’s nominalist instability he sought to tie it to an arbitrary but then unalterable quantity of metal. Once set by the government, Locke insisted, no future government should meddle with the monetary standard. This attempt to force measure and metal to coincide ushered in something else entirely. Forced into coincidence, measure and metal seemed identical. The resulting obscuration continues to confuse our understanding of Locke’s project and modern money at large. His intervention ended up changing the very meaning of the word “money” by conflating the distinction between money as counters and money as pledges that had formed his own starting point. This conflation was not entirely innocent. It hinged on a politically motivated denial of the politics of money.

This was a strategy that, no doubt unintentionally, proved essential for the development of capital. Mirroring the earlier Whig gospel of Lockean metallism, Marxist historians of political thought have long followed Marx’s opening

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\(^{130}\) Locke, “Some Considerations,” 329.

\(^{131}\) Locke, “Further Considerations,” 415.

\(^{132}\) Locke, “Some Considerations,” 312.
footnotes in *Capital* in regarding Locke as an early theorist of capitalist society.\textsuperscript{133} More than critics have realized, there was always a monetary dimension to this claim. As Macpherson put it, for Locke “the characteristic purpose of money is to serve as capital.”\textsuperscript{134} Variations of this claim have recently resurfaced, for example, in the work of Christine Desan, who has argued that “Locke made money into capital.”\textsuperscript{135} Locke’s monetary position was radical and its influence not a mere twentieth-century artifact. His insistence on the unalterability of metal money even in the face of changing silver prices led to a wholesale reversal of standard government policy and contributed to a new protection of creditors. His position became the gospel of “sound money” that was seen to have laid the financial foundation for Britain’s rise to world power. By focusing on the transformation of money, we can thus appreciate the novelty of Locke’s position and its role in the development of capital—without turning him into a harbinger of rights-based liberalism, possessive individualism, or industrial capitalism.

But read retrospectively through the lens of the Financial Revolution, Locke’s break with precedent can also obscure the idiosyncrasies of his specifically political vision and the unintended consequences of his advice. Instead of drawing a direct link between Locke’s argument and the embrace of natural economic laws in the nineteenth century (as Appleby influentially suggested), Locke’s impact was more ironic. In particular concerning credit, Locke was always far more ambivalent than the Whig narrative allowed. Public credit was but in its infancy in Locke’s time. Its meteoric rise that marked the prospects and anxieties of the eighteenth century would have undoubtedly shocked him.\textsuperscript{136} Locke thought credit’s reliance on opinion far too fickle to reliably carry the enterprise of money and the state.\textsuperscript{137} But in insisting on the Elizabethan standard in order to tame the fictitious quality of money, Locke ironically achieved the opposite. It was


\textsuperscript{134} Macpherson, *The Political Theory of Possessive Individualism*, 206.


\textsuperscript{136} On the significance of public debt for eighteenth-century political thought see Sonenscher, *Before the Deluge*, 1–21.

\textsuperscript{137} This ambivalence toward credit is well captured by his attitude toward the Bank of England. When the bank was founded in 1694, Locke’s response betrayed a characteristic double
precisely the even greater shortage of silver money as a result of the recoinage that further fueled the need for private and public credit. What eventually eased the shortage of money was not the recoinage, but the widespread proliferation of credit notes in its wake, as well as the aggressive exploitation of silver in India.

Reconstructing Locke’s reasoning in his monetary writings and recognizing their enormous influence brings to light a further irony. It was the very political success of his insistence on the unalterability of metal money that has since rendered invisible and almost unintelligible the political nature of his argument. To the frustration of his critics, Locke’s deceptively simple and seemingly tautological position rapidly became conventional wisdom. As the Scottish pamphleteer James Hodges described his frustration, already by 1697 Locke’s argument formed a “fixed perswasion” in the minds of many. Daring to argue against it felt like claiming “that twice two is not four, or that, taking two from four ther remaineth not two.”

Locke claimed to substitute clarity for confusion. As he put it in the Dedication to his Further Considerations, his purpose was to strip “the mysterious Business of Money” of its “obscure and doubtful Words” that had “artificially perplexed” it. But the intellectual rupture he effected set into motion a modern forgetting of the politics of money that continues to cloud our view both of Locke’s argument and of the politically constructed nature of money more generally.

Precisely because Locke’s political theory of money succeeded so widely, it effaced its own political character. Adam Smith, for example, while praising Locke’s strictures against devaluations, naturalized what had for Locke still been a political argument. “The debasing of the coin,” Smith explained in his Lectures on Jurisprudence, “takes away the public faith.” But the value of money “is not as Mr. Locke imagines founded on an agreement of men to put it upon them; they have what we may call a naturall value.” In denying money’s conventionality, this also obscured the implied political possibilities. Where discussions of currency were once central to the canon, today they have been largely eclipsed. Just as the radicalism of the Glorious Revolution was dressed in the colors of continuity and moderation, Locke portrayed his novel play.

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138 James Hodges to Locke, 8 Feb. 1697, Correspondence of John Locke, 5: letter 2194, 777.
insistence on pure metal value as the commonsensical wisdom of the most judicious thinkers of the past. But instead of taking Locke’s argument at face value, we should detect in his concept of “intrinsick value” a particular politics of monetary depoliticization. Locke’s intervention was itself political, even where it removed political discretion. This strategy is reminiscent of a larger paradox inherent in much subsequent liberal thought about the economy: economic relations are structured and enforced by the state, but they are at the same time shielded against discretionary political interference. Naturalizing Locke’s conclusion renders illegible that his depoliticizing conclusions had themselves been derived from a political theory of money that would have admitted of a number of different solutions.