



# Conder Tokens: Interview with George Selgin (April 2004)

**Conder Tokens:** The chapters I've read on your website from the book you are working on,

"Good Money", have greatly expanded my understanding of "conder" tokens from an economic perspective as well as provided insight into the men behind this coinage. I'm wondering which came first for you, token collecting or economic theory?

Note: Shown on the right is the title page of the book "Good Money" about private coinage on which George is currently working.

**George Selgin:** Concerning the question you raise here, I hope your readers won't be too terribly disappointed to learn that (so far) I own a grand total of only 3 tokens, including one I received as a gift! (For the especially curious the tokens are: a Boulton Macclesfield halfpenny, a Boulton halfpenny Druid, and a Lutwyche farthing private token.) I like to pass these around at seminars and lectures concerning my book-in-progress. But as for becoming a collector--well, let's just say that I've already got my quota of "unruly passions"! (I'm still accepting gifts, however.)

As for economics, my interest in it goes way back: I majored in economics (and zoology) in college (the late 70s), earned my doctorate at N.Y.U. afterwards, and have been teaching since 1985. I've specialized in monetary economics for some time, but had never heard of Conder or tradesmen's tokens until just a few years ago.

**Conder Tokens:** Hmmmm, sounds like your interest in the why of tokens far outweighs your interest in them as objects for collecting. What was the motivation for your current focus on private coinage? Is this effort the necessary logical progression of previous study you have done? Is there an issue in private coinage in economic circles that needed to be addressed and clarified?

**George Selgin:** I've been doing research for many years now on the role of private industry in supplying currency of various kinds. Economists generally favor competitive markets over government sponsored monopolies. But most draw the line when it comes to currency (including both coins and paper money), insisting that these are best supplied by government-controlled mints or central banks. Back in the 1970s F. A. Hayek challenged the conventional wisdom by claiming that private firms would do a better job supplying paper money than governments were doing (remember, this was a time of worldwide inflation). Hayek's argument inspired me to look into historical cases in which competing private banks supplied paper money in place of a central bank. I was surprised to find that generally speaking, these private currency systems worked very well. (The ones that didn't, like the pre-1914 U.S. system, were prevented from functioning smoothly by regulatory restrictions, including laws that prevented banks from

## GOOD MONEY

How a bunch of  
BUTTON MAKERS  
beat  
GRESHAM'S LAW,  
solved the most urgent  
ECONOMIC PROBLEM  
of their day,  
and cleared the way for the  
INDUSTRIAL REVOLUTION.

by  
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branching.) The conventional wisdom simply didn't square with the historical record, at least with respect to paper money. Eventually I published a number of works, including my first book (*The Theory of Free Banking: Money Supply under Competitive Note Issue*) aimed at explaining how competitive paper money systems work, and why they are actually more reliable than monopolistic ones.

I had long wondered whether conventional thinking was equally mistaken concerning coins and the best system for supplying them, but it wasn't until a few years ago that I began exploring historical instances of private coinage. That's when I came across the British token episode, which quickly became the focus of my research.

So my work on token coinage was indeed a "logical progression" from my earlier projects. But just as I was beginning my new project I came across references to the tokens and to Matthew Boulton's role in reforming Great Britain's coining methods in works by three other economists: Angela Redish (in her book *Bimetallism*), and Thomas Sargent and Francois Velde (in the manuscript version of their since-published book, *The Big Problem of Small Change*). These authors argued that Great Britain's 18th-century small change shortage was, in essence, the result of inadequate coining equipment, and that Boulton's steam coining press solved the problem. My own research suggested to me that this perspective was, to say the least, oversimplified; so I ultimately found myself trying to set the record straight concerning Boulton's actual contribution. A summary of my position has recently appeared in the *Economic History Review*, in an article entitled "Steam, Hot Air, and Small Change: Matthew Boulton and the Reform of Great Britain's Coinage." But my book will have a lot more to say on the matter.

**Conder Tokens:** Wilkinson, Boulton, Watt, the Parys Mines, Soho ... the people and places should be somewhat familiar to conder collectors but your writing puts flesh, bones, copper and steam to them. There appears to be an amazing amount of research behind what I have seen in "Good Money". How long have you been working on this topic, and on this book in particular?

**George Selgin:** I first became aware of the 18th-century token episode back in May 2001; until then I'd never even heard of Conder tokens. At the time I was planning an article surveying various historical episodes of private coinage. But the British episode fascinated me so much that I soon decided to write an article just about it. Then the article became a short book, which in turn became a long book. It's therefore hard to say just when I started the book project, but it was certainly no more than three, and probably closer to two, years ago.

Although I haven't been at this project all that long, I've had a lot of help. I was lucky to have contacted Harold Welch early in my research, while he was editing the *Conder Token Collectors' Club Journal*. Harold knows the token literature better than anyone, so he led me to all the key secondary sources. He also put me in touch with Richard Doty, who was then the CTCC's president. Richard has been extremely generous, replying to my frequent e-mailed questions, sharing his notes with me, reading and commenting on my chapter drafts, and giving me a personal tour of the Smithsonian's token collection. And of course his book *The Soho Mint and the Industrialisation of Money* has been indispensable.

**Conder Tokens:** The article in *Economic History Review* will reach economists and > the chapters being printed in the CTCC Journal will certainly reach serious conder collectors but

your writing seems like it would have a broader appeal. Have you considered an extract or maybe a condensed version for publication elsewhere, the Numismatist from ANA for example? Have you read "The Orchid Hunter" or seen the movie "Adaptation"? With all that Matthew Boulton and others were up to, there could be a great screenplay here!

**George Selgin:** I'd be very pleased indeed to see my work read by general readers, and not just by collectors or economic historians. For that reason I'm shopping around for an agent who can help me place the book with a major commercial publisher (or a university press that caters to the trade). Of course I also want numismatists and economists to be aware of what I'm up to, and of my "revisionist" take on Boulton and steam power especially. I've sought to get my work to them first, so that I might correct mistakes and otherwise improve the book. As for the movie version...well, much as I'm certain that Russell Crowe would jump at the chance to play Matthew Boulton, I think we shouldn't get his hopes up until I get my book published!

**Conder Tokens:** "Good Money" certainly advances your case for the reliability of "competitive money" and also clarifies the role of the steam coining press. Is there an immediately applicable lesson in economics here for us today? For collectors?

**George Selgin:** The small lesson for economists is that they should resist the common temptation to be awe-struck by inventions. When one looks back at the token episode, one finds the limelight beaming on Boulton's wiz-bang presses, leaving the subtler (and, I think, more important) innovations of the private token industry in the dark. Most economists never look beyond the limelight--they are like drunks searching for their car keys under lampposts. I think the big lesson for economists is that they must stop assuming, as they and other thinkers have done for centuries, that only governments are fit to produce coins and other forms of money. If one compares the performance of Great Britain's commercial token makers between 1787 and 1797 with that of the Royal Mint during that and surrounding decades, one cannot avoid reaching a conclusion just opposite the conventional one.

This isn't to say that the commercial token coinage was flawless--far from it. But there were clearly ways in which competitive coinage proved advantageous: it made the supply of small change more responsive to demand; it offered better incentives for producing counterfeit-resistant coins; it promoted technical efficiency and innovation; and it eliminated a great deal of bureaucratic waste and foot-dragging.

In short, economists need to get beyond centuries of government propoganda treating coinage as a "sovereign prerogative," and to start looking at it as a business like any other. While they're at it, they ought to do the same when it comes to paper money. To be blunt about it, it is frankly embarrassing to realize the extent to which 21st-century economists' beliefs about money remain mired in medieval superstitions, instead of being informed by sound empirical research.

With regard to collectors, although I don't pretend to have a thing to tell them concerning how to go about building their collections, I hope that my work may add to their appreciation of Conder tokens, if such a thing is possible. Yes, these coins are beautiful and fascinating objects in their own right. But their significance goes well beyond that, for their story causes us to rethink our most fundamental beliefs concerning the necessary and proper role of government in economic affairs, and the capacity of free enterprise to solve seemingly daunting economic problems.

**Conder Tokens:** When are you expecting that this work will be completed? Are there any other projects with such strong ties to numismatics that you are planning?

**George Selgin:** With luck I hope to have first drafts of all eight chapters written by the end of this year. Revisions might keep me busy for several months beyond that. I plan to do more archival research in England this summer, and will travel there again next year to finish my archival research and to speak before the British Numismatic Society.

When I finish "Good Money" I'm thinking of doing some research on another case of decentralized coinage--that of Merovingian France. In anticipation of that I'm going to spend a couple weeks in Tours this June brushing up my French (and drinking copious amounts of good, cool Chinon!). Oh the sacrifices one must make to get to the bottom of things!