Money of Moderate Size

Playing tricks on the dollar in Ecuador

[Editor’s Note: This essay was originally written in response to Mark Peterson’s “Big Money Comes to Boston: The Curious History of the Pine Tree Shilling,” (which also appears in this issue of Common-place*). Readers might want to begin with Peterson’s article. The essays were first presented at the conference “Object Relations in Early North America,” sponsored by the Omohundro Institute of Early American History and Culture and held at the Huntington Library, San Marino, California, May 21-22, 2004.]*

> All of sudden it seemed like Brer Wolf had all the luck and Brer Rabbit didn’t have a lick. Brer Wolf got fat and Brer Rabbit got lean . . . Brer Wolf felt healthy and Brer Rabbit felt sick all the time. After a month or so Brer Rabbit knew there was only one thing to do. He had to talk to Aunt Mammy-Bammy Big-Money.
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> —*The Tales of Uncle Remus: the Adventures of Brer Rabbit*, as told by Julius Lester

“Big Money Comes to Boston” follows a surprisingly modern plot. These days we would call it currency reform. Wampum had entered a sustained devaluation due to loose fiscal policy and declining productivity in a regional economy. Corruption had knocked the value from the pieces of eight and shaken markets in the West Indies. And cowries, while recovered off of South Asia, traded on exchanges in London and Amsterdam, and demanded on the eastern rim of the Atlantic economy, had no place in Boston. All these moneys had too little oomph for the colony. With economic growth at risk and political ambitions hanging in the balance, the General Court contracted with John Hull to create a more stable instrument for Massachusetts and its commercial interests. Hope rested in a big-money solution.

“Currency reform” jars, though. The words carry the baggage of central bankers and economists and a host of modern financial institutions. Reform also suggests a limited repair, addressing a functional failure. It confines itself to what economists describe as the four capacities of general purpose money: 1) a means of exchange, 2) a measure of value, 3) a store of value, or 4) a mode of payment to the state. To be sure, citizens of Boston desired money with most of these capacities. The city needed coins that could facilitate exchange between backwoods extractive industries and oceangoing enterprise. As commerce grew, its gains needed to be safeguarded in something more than beads crafted from clamshells. But for Bostonians, the new money’s political task broke two ways. The General Court needed to solidify Boston’s preeminence within New England’s economy, but it also needed to avoid rattling the Crown—the chief arbiter of English money—and attracting too much speculative interest from opportunistic merchants. In an effort to profit from trade in the new money, the latter could defeat the entire purpose of the enterprise by shrinking the money supply. Less an act of reform, the creation of Massachusetts’s money was thus an act of invention, pushing the boundaries of New England’s expansion without jeopardizing it.

Interestingly, while Massachusetts had big-money needs, it arrived at a money-of-moderate-size solution. John Hull’s coin matched the alloy of English sterling but shrunk its dimensions to dampen its circulation abroad. It matched the shape of serious money but lacked the human images favored by serious monarchs. When pressured by the crown, the Massachusetts government defended its mint not with coins but with corn and cod and cranberries. Supplemented by symbolic tribute payment, the Pine Tree Shilling showed itself to be less-than-big money. But it held its ground at home, sustained Boston’s expansive moment, and accommodated itself to the claims of truly big money.

Zoila Arias with son Fabian on her back tending to her corn. Photo courtesy of the author.

Sacajawea dollar. Courtesy of the United States Mint Website.

Peterson’s account of the birth and stabilization of Massachusetts’s money suggests to me a crucial capacity of all-purpose money that is often overlooked. In addition to the ability to measure, store, exchange, and affiliate, big money must achieve the active and ongoing displacement of other currencies. While I have not researched it, I suspect that no currency has ever emerged in virgin territory. The conditions fostering commodity exchange—product diversification, competition, and wide trade networks that exceed any single polity—also multiply potential objects that facilitate exchange as well as measure and store value. The cowry, for example, spread tenaciously in West African trade in the face of many currencies, including gold dust, silver coins, salt bars, and brass rods.

Money’s power of displacement need not rest on state backing. In twentieth-century China, for instance, the future success of the revolutionaries could be read from the growing strength of guerilla currencies. Originally issued in the 1920s, the revolutionary bills allowed armies to pay peasants and extract resources without technically looting them. In central zones, though, people grew to accept the Red Army. Peasants there insisted on guerilla currency and rejected national bills. The currencies launched by the state, by revolutionary armies, and even by colonial banks in the first half of the twentieth century created ties that could “dissolve and bind.” Amid competing currencies, the use of a particular kind of money marked—and shifted—socioeconomic and political boundaries.

With its capacity to displace, money adds a negative power to its positive ones. It achieves effectiveness by stymieing contending currencies and the merchants and tax agents empowered by them. Like the vessels of their trading fleets, the heft of rival Atlantic currencies can be measured in the magnitude of their displacement. And as with ships, a failure of money to maintain the power to displace is nothing short of catastrophic, a point I will turn to below in a modern American case.

The idea of displacement leads me back to the problem of Boston’s autonomy. Peterson lays it out: “Their desire as a Puritan colony for autonomy and brotherly interdependence would be severely tested by the incessant reach of empires and by the corrosive power of trade to measure all values in cash.” Boston’s Puritans stand out here as desiring agents, seekers of self-determination to achieve a collective brotherly and spiritual good. Trade, in this view, laid Boston’s values low with its base leveling of all nonmaterial goods. Yet after the creation of the Pine Tree Shilling, Boston seems less bent on preserving the *freedom to* be Puritan, than on achieving the *freedom from* Imperial powers. That is, autonomy itself is a form of displacement, a “negative liberty” in Isaiah Berlin’s famous term, signifying both the freedom from constraints and the necessity of choice.

El Sucre, a newspaper edited by leaders of the indigenous movement in the wake of the dollarization. Photo courtesy of the author.

So now to replay these ideas of money, autonomy, and displacement in a modern case. Here I shift to an instance when money no longer could displace its rival and sank. The case involves the recent dollarization of the Ecuadorian economy and the demise of its national currency, the sucre. Despite its state-sponsored status, the sucre fits the little-money bill. In today’s global economy, little money comes from southern nations and is adorned with exotica like helmeted anticolonial generals and blue-footed boobies. Little money fluctuates widely in value, has lots of zeroes, is carried between the breasts of market women, and smells of overripe fruit, diesel smoke, sweat, and flesh. Big money, on the other hand, flashes around the world 24/7 on computer screens, comes with instructions in a hundred different languages on how to recognize the genuine article, and literally finds a home in any backwater.

In 1998, Ecuador’s largest private bank unraveled through mismanagement, corruption, and a run by depositors. In a cascade of negative effects involving additional banking failures, a national freeze on all bank accounts, and the failure of the federal deposit insurance program, the sucre lost half of its value in six months. Government paralysis gave way to unwarranted boldness as the administration of President Mahuad voiced plans to abandon the currency altogether and adopt the U.S. dollar in the fall of 1999. Mass popular protest followed. In January 2000, leaders of the national indigenous movement organized weeks of street demonstrations against the dollarization program. Their efforts culminated in an unprecedented alliance between Indians and a faction of dissident army colonels and a coup that removed President Mahuad from power on January 20. In an abrupt about-face, the military switched sides twelve hours later and restored the vice president to power. Within months the dollarization plan was implemented. With revenue from oil exports, the Ecuadorian state began to pay seigniorial fees to the United States government. In return, plane loads of pennies, nickels, dimes, and quarters began to arrive at Quito’s Mariscal Sucre airport.

A year later, I embarked upon research into the economic consequences of the dollarization, by interviewing indigenous small factory owners and handicraft exporters about their experiences. For most artisans “dollarization” signified the harsh new condition of their market, involving three elements: falling sales, the new high costs of material and energy, and price stability. As one sweater maker said, ” . . . with the dollarization things have increased a lot. They say, outside the country, one can’t vary the prices much. Before the dollarization, it was crazy; the prices went up each month, each week. It was crazy. Well with the dollarization the prices have more or less stabilized.” For another producer, this new price stability was, in fact, part of the trouble with the dollarization. As he explained, “The problem is totally the dollarization . . . Before, when it was sucres, I did not complain. When it was sucres, costs could rise and we could still earn. It is not like that anymore. This whole country is damaged.” If these comments were explicitly economic, they also captured a collective feeling of what it means to succumb to someone else’s big money. In the wake of home-grown fiscal chaos, a Pax dollarizada prevailed. Stability came twinned with subordination—less earnings, fewer opportunities, and the end of trickster economics. Ecuadorians could no longer coax surprising windfalls from little money’s misalignments with big money. My respondents did not dwell so much on having to live according to others’ (monetary) values, though, as on the lost ability to live by their own. They were “damaged” lesser people within the emerging global order.

Throughout the dollarization and its immediate aftermath, it was the Indian defense of the national currency that surprised me the most. The Ecuadorian indigenous movement had scored victory after victory in the 1990s. Beginning with a national uprising in 1990 and culminating with constitutional reforms in 1998, the movement had won formal recognition for native cultures and legal traditions. They rejected the idea of a single unified Ecuadorian nation and made progress towards pluriculturalism, based in regimes of autonomy for indigenous communities in the Amazon, the Andes, and the Pacific coastal region. But then, when the nation’s elite, the descendents of Mariscal Sucre and his class of Creole nationalists, formulated plans to abandon the national currency, indigenous peoples led the popular movement to preserve this core symbol of national sovereignty.

This fight for the sucre underscores a crucial dimension of native autonomy as it is coming to be in Ecuador. When indigenous leaders advocate for territorial autonomy, they insist they do not want a system of reservations like the one that has prevailed in the United States. Rejecting isolation, indigenous communities seek connection to and influence within the national government. Concretely, this has meant forming a broad electoral movement, supporting the inclusion of Indians in the cabinet and even taking positions within the foreign ministry. With deep concerns about the national debt, international trade, and treaties concerning intellectual property, indigenous leaders require a powerful national vehicle to protect their less-than-national communities. The stronger Ecuador's international self-determination, the more meaningful local indigenous autonomy will be.

Internally, a different call for national cohesion crops up. Even as the Achuar, Shuar, Hoarani, Quichua, and other Ecuadorian indigenous peoples gain independent legal standing, they strive to preserve the pan-Indian connections that gave the mass mobilizations of the 1990s such force. No group has wanted to have its authority stay entirely local or restrict its circulation across "narrowly confined geographical areas," to borrow language from Peterson's description of little money. That is, no modern indigenous people (some in Ecuador number in the millions) want the political or economic equivalent of "little money." Their political, cultural, and economic fortunes lie somewhere between some small coin of local community and the big money of global interaction. And if the sucre seems little money in the world of international capitalism, it was usefully sized for Ecuador's long subordinated but newly powerful indigenous people. It was a money of moderate size that displaced North American markets and free trade ideologies and contributed to indigenous people's expansive moment in the 1990s.

And so now to the tales of Uncle Remus. When Brer Rabbit no longer trusted his luck, he turned to Big-Money. She, on the other hand was wary of him. So Aunt Mammy-Bammy Big-Money set two tasks as conditions for her aid. In these, Brer Rabbit succeeded: he fooled a squirrel into a bag and lassoed a rattlesnake. Then he went home without asking anything of Big-Money. He had decided he could depend again on the currency of his own tricks. This is where Peterson's account of Boston's money leaves me, thinking of the tricks to be played on Big-Money. Pine Tree Shillings, cowries, and sucres, when managed with cunning, can keep in play a diversity of rivalrous goods—imperial values of outward looking peoples, commercial acumen, community loyalty, and opposition to empire. Moderate-size money holds open some of the most adventurous cultural and political ground where the magnitudes of these values are rethought and courses of actions are pursued and disputed. On the face of it, these currencies fare poorly against big money. But they are not without tricks of their own. The sucre disappeared but not before undermining the value of the dollar in Ecuador at a time when the greenback was appreciating throughout the world. Between 1900 and 1960, French Colonial authorities banned the cowry and pushed the franc. Yet during the same time, the cowry appreciated and the Franc lost its value seven hundred and fifty times over. Massachusetts eventually yielded its shilling to the crown. Yet, the lessons learned from its management informed Bostonians about making their own way in the Atlantic world.

Further Reading:

Julius Lester, *The Tales of Uncle Remus: The Adventures of Brer Rabbit* (New York, 1997) offers lots of other trickster tales, along with "Aunt Mammy-Bammy Big-Money." For two discussions of tricksters and forms of exchange, both by Lewis Hyde, see *The Gift: Imagination and the Erotic Life of Property* (New York, 1983) and *Trickster Makes This World: Mischief, Myth, and Art* (New York, 1998). My definition of the four capacities of general purpose money comes from Jonathan Parry and Maurice Bloch, eds., *Money and the Morality of Exchange* (New York, 1989). On cowrie shells' shifting value in modern Africa, see Saul Mahir, "The Dominance of the Cowrie Relative to the Franc in West Africa," in C. Werner and D. Bell, eds., *Values and Valuable: From Sacred to Symbolic* (Walnut Creek, Calif., 2003). In this same collection, see Beth Notar's "Ties that Dissolve and Bind: Competing Currencies, Prestige, and Politics in Early 20th-Century China" for a discussion of revolutionary currency's displacement of official money. Isaiah Berlin's concept of "negative liberty" can be found in *Four Essays on Liberty* (New York, 1969).

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