“On the Origin of Specie,” by Francois Velde

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Background Questions

- Where does coinage come from?
- What explains its emergence?
Tokens, rings, ingots, precious metals bullion existed as means of payment long before coins.

What do we mean here by a “coin” - Webster dictionary: “Usually a piece of metal certified by a mark or marks upon it to be of a definite exchange value and issued by governmental authority to be used as money.”

Important aspects are

- issued by the government
- definite exchange value: standard
- to be used as money (?)

Candidate for first coins: Electrum coins
Electrum Coins

- Electrum: An alloy of (70 to 90 %) gold and silver
The Lydian Lion
Is the Lydian Lion the first coin?

- Strong presumption it is issued by the government: Lion stamp is the symbol of the Lydian kings (Alyattes and then Croesus)
- Its weight is rather standard: Lydian trite is around 5 grams – guarantees an exchange value
- Served as money?
Lydian Lion as Money?

What were these coins used for?

- Electrum coins were not found in the market place in Sardis (capital of Lydia) or outside of western Anatolia (so much for using it for “international trade”)
- The intrinsic value of each coin was very high
- Probably not the means of payment of choice – too precious
- Francois says there is evidence it circulated [?] - evidence of wear on coins as illustrated by Figure 2 [but it could be that lower valued coins were not produced with much care]
How do you pay for bread? You don’t. You keep a tab.

Would you risk losing your reputation/life over a small tab? Probably not.

Tab large enough: Need coins to settle your position.
Lydian Lion: The First LVTS?

We know silver was added

- Electrum contains 70-90% gold while the analyzed coins contain 50 to 60% gold

- Debasement? [Bolin’s theory of choice]. But electrum’s content is very variable [this was unknown to Bolin] although apparently not as much as what is recorded.

- It is likely people knew silver was added: Touchstone available, standard weight, standard size [?]
Lydian Lion: The First LVTS?

Could issuers be aiming for 50% or more gold?

- Electrum had 70-90% of gold. Add around 20% silver, and you get that distribution:

![Graph showing the distribution of gold content in electrum coins.](image)

Figure 10: Gold content of electrum coins in the Falghera collection (Vismara 1993).

- [Francois (p.16): royal coins varied from 50 to 60%.]
Lydian Lion: The First LVTS?

Why adding silver?

- Level of debt above which you would default? 1 week, 1 month, 1 year subsistence?

- Pure electrum may have been too valuable to cover just that level. Need to add silver. [testable]
Lydian Lion : The First LVTS?

Why not use other means of payment or just silver or gold?

- Relatively large value at stake: need a guarantee?
- Shortage of supply through trade? Too precious to be melted?
- Abundant quantity of electrum found in the Paktoulos river.
- Technology to separate gold from silver may not have been available at the time [still debated]
- Revealed preferences: Greeks (not much) later used silver and gold. So if they could have used silver/gold, they would have.
Questions

- Who used these coins?
- Could electrum coins be hoarded “good money”?
- If so, was the silver content of circulating coins even higher?
Lydian Lion: The First LVTS?

Other evidence pointing in the LVTS direction?

- Coins were not found in the market place in Sardis: They probably did not “circulate”

- Coins where found in the site of temple of Artemis, and cult bases surrounding the pre-Croesus sanctuary. But who do you trust more for storage?

- Absence of clippings: Likely that coins were weighted at each transactions

- Coins would also be a store of value (until time to settle) - need a guarantee

- Debtors and creditors meet at the temple (where the valuable coins are kept) to settle their debt?