

## Political Money from Locke to Kwasi Kwarteng

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STEFAN Eich's *Currency of Politics* is bold and wide-ranging, yet also precise and carefully argued.<sup>1</sup> It offers insightful analysis of figures ranging from Aristotle to John Maynard Keynes. For readers with an interest in the history of early modern political thought, the book's second chapter, on John Locke and the English monetary crisis of the 1690s, deserves a review in its own right. Here, Eich offers a new perspective on a period of financial and political innovation which has long held a central place in the efforts by historians of political thought to trace the emergence of 'modern' politics and commercial society. In particular, Eich's chapter chimes with – and raises questions about – the narratives put forward by two major historians of political and commercial ideas, J.G.A. Pocock and István Hont. Since publication, it has also taken on an unforeseen topical relevance, thanks to the sudden political rise and fall of Eich's fellow scholar of the recoinage of 1695–97: one Kwasi Kwarteng, MP.

Eich's chapter contributes to a long tradition of giving the 1690s a prominent place within the history of political thought. This was the decade which saw the political workings out of the so-called Glorious Revolution of 1688, once seen as a founding moment of British liberal democracy. Though the Whig interpretation of 1688 has long been abandoned, the 1690s have retained their importance as a crucial period of transition. They are now often regarded as moment of Financial Revolution, with the foundation of the Bank of England in 1694 taken to have inaugurated a new age of credit-based finance. For J.G.A. Pocock, this period of intellectual clash between classical republicans and theorists of commercial society reshaped political debate, as modern understandings of political virtue challenged ancient ones.<sup>2</sup> For István Hont, this was the opening phase of a new effort to historicise human development, in which commercial society was recognised as a new stage of civilisation with its own distinctive challenges, and from which there was no turning back.<sup>3</sup> Pocock's *Virtue, Commerce and History* (1985) and Hont's *Jealousy of Trade* (2005) remain foundational accounts of the transition from early modern to modern politics and commercial society.

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<sup>1</sup> A version of this commentary was first presented on 20 February 2023 in New College College, Oxford at a roundtable on Stefan Eich, *The Currency of Politics: The Political Theory of Money from Aristotle to Keynes* (Princeton: Princeton University Press, 2022).

<sup>2</sup> See especially J.G.A. Pocock, *Virtue, Commerce and History: Essays on Political Thought and History, Chiefly in the Eighteenth Century* (Cambridge: Cambridge University Press, 1985).

<sup>3</sup> István Hont, *Jealousy of Trade: International Competition and the Nation-State in Historical Perspective* (Cambridge: Harvard University Press, 2005).

Crucially, these are not narratives which place much stock on John Locke. Peter Laslett's pioneering re-dating of Locke's *Two Treatises of Government* had already undermined Locke's significance as the major political theorist of the 1688 revolution, and the shift to focus on the Financial Revolution of the 1690s did not lead to any recentring of Locke's ideas. Instead, as Pocock put it, Locke suffered 'a double displacement'. For though Locke was 'a theorist of recoinage and an early investor in the Bank of England', he did not become one of the vocal 'defenders of the Financial Revolution'. According to Pocock this was because the financial revolution 'was attacked in the name of [ancient republican] values to which' Locke was 'utterly indifferent'. Locke could not, therefore, be the man to 'supply the language in which this attack was answered'.<sup>4</sup>

This is where Stefan Eich's *The Currency of Politics* makes a striking intervention, placing Locke back at the heart of events. On Eich's account, what made the 1690s such a crucial moment was not the political-constitutional upheaval that followed 1688, nor specifically the foundation of the Bank of England. Instead, Eich emphasises the economic and monetary crisis that accompanied William III's war against Catholic, absolutist France, which put strain on the already depleted monetary supply in England, encouraging rampant coin clipping and a collapse in trust in the currency.<sup>5</sup>

The spiralling inflation and debasement of the coinage that ensued demanded a drastic response. John Locke was among those who vied with his contemporaries to offer a solution. Most of those consulted (an illustrious list including Isaac Newton, Christopher Wren and Charles Davenant) advocated devaluation to reset the value of existing coins to match their now reduced metal content. Locke, however, successfully advocated for a more radical solution: a full recoinage to re-establish the link between coins and their original metallic content. This move effectively laid the foundations of the gold standard, which would dominate British monetary policy until its final abolition in 1931.

As Eich notes, this was an ingenious and, after an initial wave of economic upheaval, broadly successful solution.<sup>6</sup> But it also makes Locke something of the villain of Eich's book. Locke is the man who oversaw an apparent depoliticisation – which was really, in Eich's terms, a *de-democratisation* – of money. This helped obscure money's true political nature for centuries after. Importantly, Eich emphasises that Locke himself advocated a *knowing* de-democratisation of money. But his later acolytes lost sight of this nuance and started to believe that money really was apolitical – an error with consequences up to the present day.

This is a powerful contribution to our understanding of Locke's political thought, giving Locke's often overlooked monetary writings the prominence they deserve. It also raises questions which are left unexplored in Eich's book. In particular, it would be interesting to hear more about the relationship

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<sup>4</sup> J.G.A. Pocock, 'The Machiavellian Moment Revisited: A Study in History and Ideology', *The Journal of Modern History* 53, no. 1 (1981): 49-72, at p. 65.

<sup>5</sup> See also Brodie Waddell, 'The Economic Crisis of the 1690s in England', *The Historical Journal* 66, no. 2 (2023): 281-302.

<sup>6</sup> For the disruption, see Waddell, 'The Economic Crisis', 291-294.

between what Eich calls ‘the democratisation of money’, and the republican currents of the 1690s. As Pocock notes, Aristotle – whom Eich sees as the pivotal figure in recognising money’s democratic value – provided important inspiration to the critics of credit-based finance.<sup>7</sup> Such critics emphasised the political value of participation: the Aristotelian need to ‘rule and be ruled’. Set in the context of the debate over ancient versus modern liberty, there is there a danger that, in the end, calls for a new democratisation of money cannot go far beyond a call to turn back the clock to a simpler time of ancient virtue. On Hont’s account, this is a claim which is no longer feasible in the interconnected modern world and constitutes the ultimate gulf between pre-modern and modern political thought.<sup>8</sup>

In Eich’s suggestive but brief conclusion, it remains unclear what *type* of democratisation of money he is proposing, and how far his critique of monetary policy can be differentiated from the classical republican critique of finance. Does Eich see himself as in any way an heir to such critics, or does he see himself as doing something very different? How can we today conceptualise a new democratisation of money without running into the same problems of feasibility faced by eighteenth-century advocates of ancient virtue?

The question of feasibility brings us back to the erstwhile UK Chancellor, Kwasi Kwarteng. By strange coincidence, the ‘Political Thought of the Recoinage Crisis of 1695-7’ was the subject of Kwarteng’s Cambridge PhD, supervised by István Hont. It might have been hoped that Kwarteng’s acquaintance with a previous decade of British constitutional upheaval, European war, food shortages and rapid inflation would prove good preparation for government in the early 2020s, the age of Brexit and the Russo-Ukrainian War. In many ways, his short stint in government in September 2022 *did* reflect a recognition that money is always political, just as a good student of the monetary crisis of the 1690s should. But Kwarteng’s attempt to wrest political control from the markets soon crashed to earth. I would be interested to hear Eich’s view of the role of the international markets in swiftly dispatching Kwarteng and his plans. It is tempting to see Kwarteng’s failure as fundamentally undermining future movements for the democratisation of money, whether on the left or the right.

Kwarteng has not proven an excellent advert for Cambridge School history of political thought as an education for government (finally, Cambridge enjoys some share of the ignominy of Oxford PPE). Perhaps the stand-out lesson of his term of office is that his supervisor István Hont was right: international markets place limitations on politics that are here to stay. For all Eich’s careful analysis and bold ambitions, it is not clear how a ‘democratisation of money’ can work in the modern world. Does Eich want

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<sup>7</sup> J.G.A. Pocock, *The Machiavellian Moment: Florentine Political Thought and the Atlantic Republican Tradition* (Princeton: Princeton University Press, 1975), esp. Chs 13–14.

<sup>8</sup> For Hont’s characterisation of the modern political predicament, see Paul Sagar, ‘István Hont and Political Theory’, *European Journal of Political Theory* 17, no. 4 (2018): 476–500, esp. pp. 484–94; for an illuminating comparison of Pocock and Hont’s stances, see Lasse S. Andersen and Richard Whatmore, ‘Liberalism and republicanism, or wealth and virtue revisited’, *Intellectual History Review* 33, no. 1 (2023): 131–160.

us to draw a Pocockian lesson too: that the best – albeit unsatisfactory – response to the vagaries of the markets is to continue to battle for control as best we can, or, to put it in Machiavellian terms, to cultivate *virtù*? I am intrigued to hear more about how this would work in practice.