

### A Nation of Counterfeiters: Capitalists, Con Men, and the Making of the United States

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## Review

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**Mihm, Stephen** *A Nation of Counterfeiters: Capitalists, Con Men, and the Making of the United States*. Harvard University Press, \$29.95 hardcover ISBN 9780674026575

### Counterfeit Capitalism in the Antebellum Era

The history of antebellum counterfeiting, supplemented with a brief sojourn into the latter part of the nineteenth century and the beginning of the twentieth, is amply detailed in this book by Stephen Mihm. Historians will be interested in how Mihm integrates numerous processes of American history into this narrow subject: the economic history of engraving, the social history of the counterfeiting community, the story of antebellum banking, the feebleness of the police power in the early republic, and the rise of bureaucracy and national power. Written in an engaging style, Mihm entertains readers with arresting narratives of individual counterfeiters—if for no other reason than it is a welcome escape from other scholars' heavy-handed emphasis on virtue in the first decades of national life. As economic history, however, Mihm's work has some unsettling aspects.

Mihm provides a basic history of counterfeiting from the 1790s to the 1860s, and it interestingly intersects with famous national events. Between 1789 and 1862, the reason for counterfeiting remained the same: the United States failed to create a standard currency and a central bank; because the citizens craved credit and currency, the void created by national abdication of monetary duty was filled by hundreds (and even thousands) of state-chartered banks, each producing its own special bank notes. The situation was ripe for criminals to step in with fake banknotes. Mihm shows how lax law enforcement allowed counterfeiters to escape detection and continue to ply their trade. The counterfeiters drew upon hard-pressed workmen who were losing their positions and income due to division of labor and technological change. While counterfeiters also created communities of like-minded people, they also were

thoroughly duplicitous and treacherous. Mihm has tracked down a wealth of primary sources, criminal court proceedings, and Secret Service records to give us some amazing glimpses into these people—individuals who will probably never inhabit the pages of standard textbooks or even general era histories. Interestingly, counterfeiters played an important role in the Bank War, and Nicholas Biddle spent a considerable effort to put his national bank notes beyond the capacity of counterfeiters to debase. During the Civil War, the North and the South went on different paths to finance their efforts, the South relying on an easily copied paper money, and, indeed, the counterfeit money was even preferred over that printed by the Confederate government. But the North changed its banking system altogether, seeking the elimination of state bank notes and the creation of a national currency. The intent to centralize the currency and to eradicate the mass of differing bank notes led to the creation of the Secret Service, the rise of a bureaucratic arm of the federal government, and the generally successful suppression of counterfeiting by 1870. Mihm details all these developments profusely, and readers who wish to dive into the material need to consult the work. But this book's larger generalizations merit careful consideration.

A striking theme is the incapacity of governments to enforce their laws. Counterfeiters openly defied the law. They could afford to because a national police force was nonexistent, while local officers preferred to arrest drunkards and petty thieves who could not put up a fight. Counterfeiters easily escaped the court system by posting bail and then absconding to another locality. Mihm's work reinforces the view that self-government in the early republic had a dimension that far exceeded the practice of electing legislators.

A second theme that emerges from the work is the intense hostility the public had toward bankers and paper money. Contemporaries did not necessarily harbor grudges against counterfeiters because they looked upon legal banks as essentially doing the same thing: printing rag money to enrich themselves while pauperizing the community. Mihm reports that governors often pardoned counterfeiters without public outcry and juries frequently would not convict them because many citizens had such a low opinion of bankers in general.

Mihm stresses the Civil War as a transforming element in American life. With the virtual disappearance of state-chartered banks, and the rise of a national system of banking, a new currency—a national bank note—became standard. Likewise he details the rise of the Secret Service as a national police devoted to

destroy counterfeiting and to protect the sanctity of the new national currency. Thus the old problems of law enforcement were ended, the counterfeiters arrested and imprisoned, and a complete bureaucratic structure, replete with complicated rules and reports, set up—a striking difference from antebellum times. The transformative role of the Civil War is more debatable than many of his other interpretations. The Secret Service was not a massive arm of the government; its focus was very precise, and, interestingly as Mihm shows, the bureaucratic rules were necessary to stop the service from violating civil liberties. Finally, the Republican legislation on banking during the war had much in common with antebellum thinking on banks, and structurally the banking system in the United States would not modernize until Congress established the Federal Reserve System.

Mihm's presentation of economic activity, however, is troubling. He certainly gives interesting details of the engraving industry and the way technology deskilled artisans, yet he tends to overestimate the transformation in the economy. In particular, in the large cities, unemployment and marginal workers may have existed because of simple oversupply of people rather than vast changes in technology and organization; there are more complicated factors at work than Mihm acknowledges. But the most dubious interpretation that Mihm offers is that counterfeiting was a pure capitalist enterprise: Indeed, what the counterfeiters practiced was capitalism, stripped of its pretenses and dubious claims to morality, and reduced to its fundamental impulses and motives (101). These kinds of statements litter the book; their purpose is evidently to show the author's disdain for capitalism. The book should have stayed on its primary focus: the mess that was antebellum finance and its invitation to duplicity. It is one thing to belittle a game (capitalism) whose outcomes one finds morally repulsive, and another thing to find people who obey the rules of the game the same as the people who disobey the rules of the game. Counterfeiters broke the rules of the game, produced nothing of value, and openly sought a redistribution of income by cheating. They are indeed different from those people who stayed within the rules of the game and actually produced something.

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