

THE PERILS OF FUNNY MONEY

Angered by British currency, Roger Crombie has a theory

In the US monetary system, four coins predominate: the cent, nickel, dime and quarter. There are 50-cent and one-Dollar coins, but they are not much used. In Britain, however, a different approach is taken: 17 physically different coins currently circulate.



Pounds and pence: It's money, Jim,
but not as we know it.

If one added to that number different designs of the same coin (excluding the date), my guess would be that the total is nearer 50 coins. A whole set of additional coins will be introduced for the Olympics. Add to that Maundy Money (awarded to as many people each year for doing charity work as there are years in the monarch's age), which is legal tender, and the number increases. Add to *that* the gold and silver coins, which are technically legal tender, and you're looking at more than 100 different coins that you could in theory receive in change.

At least one British coin, to my knowledge, does not carry on either side or its edge any statement of its value. Good luck, visitors, trying to cope when you visit the UK.

Some of the coins do not even carry stand-alone designs. You need a whole set to understand what you're looking at. That's an insult to the Crown (the institution, not the coin called a crown). Here they are:



Funny money

Some of the British coins are very heavy, for coins. The one-Pound and two-Pound coins are like lead weights. A few of those in your pocket and you'll list as you walk down the street.

The size of the coins is not related to their value: the 5p coin is much smaller than the 2p, as is the Pound coin, although it is thicker and denser. Some of the 50p coins are bigger than all of them, and other 50p coins are thin and flimsy, to boot. The 5p coin is so small that people throw them away. If you take a bus ride in the UK, check the floor. You'll almost certainly find 5p coins, sometimes quite a few of them.

Allied to this nonsense, British bank notes are shoddy impersonations of actual banknotes. The £5 note (about \$8) is now the smallest in circulation. It's known as 'the soap coupon' because it's as badly made and worth about as much. It crumples on use.



Good for a bar of soap

There's a £10 note, a £20 and a £50, although good luck again trying to spend a £50 note. Shops won't take them. The entire national stock of £50 notes was recently replaced, to defeat drug dealers who collect them. Not much public noise was made: I didn't even know it had happened until a month later, when someone asked me to launder a whole bunch of them for him. I'm all-cash all the time, but I've never owned a £50 note, old or new, in my life. Cleverly, they are much too big to fit into a wallet.



The new £50 note (or perhaps the old one, who knows?)

So the design of British currency may be categorised, in sum, as unutterably stupid. Whoever is in charge of British currency is a cretin, or more likely a committee of cretins. Overlooking the importance of coins in everyday use, the committee has gone design-crazy, as if coins were art objects. Whoever these numbskulls are, they should be taken outside and pelted to death with the heavier coinage. It wouldn't take many.

Those are the facts, all of which have caused me to formulate a theory. (New readers may not know that I have more theories than Einstein had, and more of his are wrong (e.g. relativity and the speed of light. Some genius he was.).

The theory I offer is that changes in coinage and banknotes lead to the devaluation of the money they represent. In support of this theory, I shall cite anecdotal evidence and use common sense, which is more than can be said for the British currency committee.

I would guess that among the most stable currencies in the world over time, in terms of buying power, are the Swiss Franc and the US Dollar. I would also guess that these are among the currencies to which the fewest number of changes have been made in the past 100 years. I would also suggest that the British Pound, which is now worth only a small fraction of its value 50 years ago, is among the most frequently altered currency in the history of stable democracies.

The US one-Dollar bill was introduced on January 5, 1963. Its design is therefore unchanged in almost 50 years. You might be familiar with it.



The greenback: 50 years old next February

This unchanging banknote has three beneficial side-effects: being of small value, it makes changing money simple; it keeps the change in your pocket to a minimum; and it keeps inflation at bay. People value notes more highly than change (ignoring for these purposes their stated values). Wouldn't you prefer a \$10 bill to 1,050 pennies? Redesign the notes often enough and people will lose faith in the money they represent. Add incomprehensible designs and omit the stated value, and this process intensifies. The conventional wisdom says that devaluation of a currency leads to redesign of its banknotes. I say the reverse is also true. That concludes my theory.

More anecdotalism: my Swiss ex-girlfriend's brother Marius collected Swiss coins.



Swiss coinage: seriously unfunny money

The coins were introduced starting in 1879 and the design hasn't changed since — not once. Marius was therefore able to show me complete series of coins, one from each year since their introduction, whose style, shape and size had not changed in over 100 years. The Swiss Franc is among the world's most stable currencies. I rest my case.

Faith in currency is hugely important to our well-being: ask Germans who lived through the 1920s. As the currency was devalued, people would collect their weekly wages in a wheelbarrow in the morning and find that prices had risen so swiftly that they couldn't buy a loaf of bread with the banknotes in the afternoon. The wheelbarrow was a better store of value than the money. Notes were intermittently overprinted with new values. The largest in issue was nominally worth a billion Marks. Finally, a new Mark was introduced, worth one trillion old Marks.



100,000 Mark note, 1923:
eaten away by inflation

Why does any of this matter, apart from the aggravation factor? Look at what happened in Germany's case as a direct result of the money becoming less valuable so quickly. Look at inflation in the UK, which took off immediately after the basis of the currency was changed on February 15, 1971 and has barely relented since. Out went the farthing, shilling, half-crown and 10-bob note, some of them in use since the 13th century; in came inflation.



Ten bob; half a Pound.
My favourite banknote ever

The farthing, the smallest coin, was one-960th of an old Pound. Today's smallest coin, the new Penny, is nominally worth almost 10 times as much.



Then: four to the penny, which was
12 to the shilling, which was 20 to the Pound



Now: 100 to the Pound,
worth just about nothing

With currencies, as with governments and boyfriends, stability is critical. Mess around with the way the money looks and you will enhance the destruction of its value. Why I am the only person in Britain who knows this cannot be stated.

More importantly, why those who manage the currency do not know it can be stated: they are idiots. They might also be described as thieves. Their ignorance of the importance of the money on people's psyches has almost bankrupted the people who earn and spend it. Not a job well done, eh?

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