A Nation of Counterfeiters: Capitalists, Con Men, and the Making of the United States. *By Stephen Mihm.* Cambridge, Mass.: Harvard University Press, 2007. xii + 457 pp. Illustrations, notes, index. Cloth, $29.95. ISBN: 978-0-674-02657-5.

Reviewed by Edward Balleisen

A Nation of Counterfeiters represents the genuine article. Drawing on legislative debates, extensive newspaper and periodical coverage, memoirs by counterfeiters and their nemeses in law enforcement, collections of counterfeit banknotes, and the extensive records of criminal prosecutions from across the northern United States and eastern Canada, Stephen Mihm has produced an absorbing and likely a definitive monograph..

Much of the book's appeal rests in its captivating biographical capsules of the individuals who created and refined strategies of monetary imposture—characters such as Stephen Burroughs, a celebrated early nineteenth-century con man and banknote forger; Lyman Parkes, the elusive impresario of a leading Canadian-based ring in the 1820s and early 1830s; James Brown, the king of midwestern counterfeit gangs; and Waterman Ormsby, a New York City inventor and banknote engraver who alternated between counterfeiter and anticounterfeiting reformer. Mihm uses this narrative technique to trace the evolving geographic hubs of counterfeiting, which shifted from rural New England to the "Cogniac Street" of rural Quebec and then to isolated areas of the old Northwest and New York City, and to describe the shadow banking economy's growing sophistication.

The book teems with compelling interpretive arguments. As Mihm shows, distinguishing real antebellum banknotes from fake ones challenged the capacities of even the savviest merchants and consumers, especially after the demise of the Second National Bank. Hundreds of state-chartered banks produced thousands of different notes that often circulated far from their place of issue, while periodic bank failures rendered many originally legitimate notes worthless. At the same time, political opponents of banking frequently lambasted financial institutions as illegitimate frauds on the public. The resulting financial terrain was filled with ambiguities, risks, and uncertainty, which bands of counterfeiters readily exploited.

The most important efforts to guide Americans through the bewildering array of real and bogus currency were published counterfeit detectors, but these compendiums of ostensibly good and bad currency often only worsened the situation. The detectors used space-saving codes that often left users struggling to glean their meanings, and since many of their publishers doubled as note-brokers, their ratings and warnings were often compromised by conflicts of interest. Counterfeiters, moreover, quickly learned that they could send out a small initial batch of fake notes with the intent of attracting attention from prominent detectors, thereby paving the way for successful distribution of a different print run. As a result, antebellum Americans increasingly scrutinized the people with whom they transacted business rather than the bills those individuals proffered—a strategy similarly fraught with the risk of mistaking the spurious for the trustworthy. By the 1840s and 1850s, the confusions bedeviling domestic currency markets in the United States led many people to prefer well-done counterfeits on well-known banks to genuine notes on doubtful institutions, since the former were far more likely to receive a ready circulation.

Counterfeiting became so commonplace in the United States, Mihm persuasively argues, primarily because American law enforcement before the Civil War suffered from serious debilitations. Beset by paltry budgets and limited professionalization, police and prosecutors struggled to build evidentiary cases against tightly knit networks of counterfeiters, a challenge only made greater by the legal requirement of demonstrating that individuals who passed bogus notes did so with criminal intent. Divided jurisdictions—between individual states, between the states and the federal government, and between the United States and Canada—only compounded the difficulties. So too did the tendency of many isolated communities to protect the counterfeiters in their midst, since they generally treated the locals well while increasing the money supply to regions typically starved of capital. Counterfeiting-related convictions disproportionately ensnared "shovers," the small fry who passed bad notes, rather than higher-ups; and when more senior members of a counterfeiting gang did run afoul of the law, usually because of evidence furnished by an insider playing both sides of the legal street, they often either beat the rap on appeal or were able to arrange a pardon through corrupt politicians. In such circumstances, laws against counterfeiting often became, in practice, little more than license fees.

The most substantial antebellum enforcement efforts were funded not by the public treasury but by influential banks, especially in the Northeast. Leading financial institutions raised sufficient resources to break up Lyman Parkes's organization in 1833 and 1834, sending special detectives across the eastern U.S. and into Quebec in search of their quarries. But such initiatives proved short-lived, beset by collective action problems and jurisdictional wrangling.

Given room to maneuver, Mihm demonstrates, North American counterfeiting evolved in directions that paralleled those of legitimate retailing and banking. In the 1850s, the shadow banking system had attained the trappings of other profitable "industries"—clear distribution channels; standardized business practices, such as markups for wholesalers; close attention to technological advances like electrotyping; strategies to make the best of cyclical downturns; even consolidation to achieve economies of scale. In such circumstances, the line between legitimate and illicit money creation proved to be startlingly elusive. Counterfeiting, moreover, may even have served to heighten overall economic growth in the first six decades of the nineteenth century, compensating for restrictions on banking that limited the supply of credit and paper money to a capital-poor populace.

The narrative ends with an incisive account of the eventual nationalization of currency during the Civil War era. Pressed by military exigencies to create greenbacks and a new federal banking system to distribute them, the national government began to take counterfeiting seriously. As a result, bureaucratic entrepreneurs such as William Patrick Wood could count on sufficient resources to build the Secret Service, a new agency whose enforcement campaigns dramatically curtailed the counterfeiting industry. This development, Mihm notes, cemented centralized authority over the economy, even amid a period ostensibly devoted to laissez-faire.

Mihm unnecessarily connects his story to a thinly explained framework of "market revolution." He also skirts the question of how antebellum private banking intersected with the world of counterfeiting, and he downplays the continued impact of counterfeiting culture in the postbellum world, when frauds related to the sale of fake currency, often by mail, proliferated across the country. Nonetheless, his analysis of the confounded nature of confidence in nineteenth-century American money, made all the more perplexing by newfangled alchemists for a paper age, serves as a model for historical explorations of North American economic culture. *A Nation of Counterfeiters* deftly exposes contradictions and ambivalences at the core of

America's evolving capitalism, and it deserves a wide audience both within and outside the community of business historians.

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