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Studies in central bank legitimacy, currency and national identity

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**Copenhagen
Business School**
HANDELSHØJSKOLEN

Studies in central bank legitimacy, currency and national identity

Four cases from Danish monetary history

Anders Ravn Sørensen

Doctoral School of Organisation
and Management Studies

PhD Series 22.2014

Studies in central bank legitimacy, currency and national identity

Four cases from Danish monetary history

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PREFACE

This dissertation is about the historical connection between the Danish central bank (Nationalbanken), the Danish currency (kronen) and Danish national identity. The above theme was conceived by researchers at the Center for Business History at Copenhagen Business School, who managed to convince Nationalbanken about the relevance of such a research theme. Not only was Nationalbanken persuaded that the topic was worth exploring, Nationalbanken also agreed to finance a Ph.D. project. While the research theme was conceived in advance no concrete research questions were developed. My task as a Ph.D. student on this project has been to compose a dissertation that, in some way or another, deals with the historical relation between the Danish currency, Nationalbanken, and Danish national identity. This means that I have been free to chose an approach and that it has been up to me to define a research framework and to develop appropriate research questions.

The dissertation is structured as an article-based dissertation. It comprises four individual articles written for publication in four separate journals. The four articles are accompanied by a ‘frame’ that sets the scene of the study and binds the articles together in a shared conclusion. In the frame I also offer some theoretical definitions and reflect on the commonalities that run through the different articles. The frame is meant to serve as a background structure that connects the findings in the articles and integrates the different elements into a meaningful whole.

Two of the articles have been published. In these articles “Monetary Romanticism” and “The Danish Euro”, I have retained the original layouts, the British spelling, and the original reference styles required by the two journals.

The four articles are in turn:

1. “Monetary Romanticism: Nationalist Rhetoric and Monetary Organisation in Nineteenth-Century Denmark”:
2. “The Danish Euro: Constructing a Monetary Oxymoron in the Danish Euro Debate”:
3. “‘Too weird for banknotes’: Legitimacy and Identity in the Production of Danish Banknotes 1947-2007”; and
4. “Banking on the Nation: A Cultural History of Central Bank Legitimacy and the Narratives of Four Danish Central Bank Governors.”

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This PhD thesis would not have been possible without the help and support from many people. First and foremost, I would like to thank my supervisor, Professor Per H. Hansen for being such an inspiration. Throughout the past three years, Per has offered me advice and encouragement so generously and lavishly, provided sharp criticism and pushed me always to improve my texts, clarify my arguments, and ‘get to the point’. But most importantly, Per has taken a genuine interest in me and my project. That, I think, has been most valuable: to have a colleague who truly cares about your professional development and personal well-being. I really appreciate this.

I must also thank my secondary supervisor, Associate Professor Mads Mordhorst, for his many comments and suggestions and for always taking the time to share some theoretical reflections (and frustrations) whenever I would knock on his office door

Also, in the past 18 months, I have benefitted from the many discussions with my fellow Ph.D. student Ellen Mølgaard Korsager, as we have gradually read through and commented on each other’s texts. Ellen’s sharp analyses and many ideas have, without a doubt, improved this dissertation. Furthermore, I would like to extend my heartfelt gratitude to all my colleagues here at the Center for Business History who have supported and encouraged me in the different stages of this project.

A particular thank you goes to Professor Youssef Cassis for allowing me to spend a short-term research stay with him at the European University Institute in Florence from August 2012 to November 2012. I would also like to thank Professor Leonard Seabrooke from Copenhagen Business School for taking on the role as supervisor in 2012. Also, I appreciate the feedback from Professor John Singleton from Sheffield Hallam University, who commented on my work.

I am also indebted to the discussants at my two work-in-progress-seminars: Dorthe Gert Simonsen from Copenhagen University, as well as Benedikte Brincker and Liv Egholm Feldt, both from the Department of Business and Politics here at Copenhagen Business School.

I would also like to thank Nationalbanken for supporting the project, allowing me to work in their library, and opening their archive to me. Without Nationalbanken's support, this project would not have been possible. Also, I must thank Michael Märcher from the Royal Danish Museum. I have benefitted from our conversations and your suggestions.

Lastly, my wonderful wife Anne and my kids Frida, Geske, and Alfred deserve a very special thank you: Thank you for putting up with me and for reminding me that there are indeed more important things to life than the monetary history of Schleswig-Holstein and deceased central bankers.

ABSTRACT

In this dissertation I examine the historical relationship between Danish national identity and monetary organization, defined as the Danish currency kronen and the Danish central bank Nationalbanken. The ambition of my analysis is twofold: firstly, I aim to understand the role of national identity in legitimating Danish monetary organization. Secondly, I analyze the importance of the Danish currency and Nationalbanken in the construction of national identity. As such, the dissertation focuses on the mutually configuring relationship between monetary legitimacy and national identity.

Following ideas from organizational institutionalism, one of the basic assumptions in the dissertation is that all organizations, including central banks, must be aligned with, or at least not contradict, the values, norms and symbols of the surrounding national culture. To analyze this potential alignment historically in a Danish context, national identity is applied as an analytical concept that conditions the actions and decisions of organizations placed in a national setting. In the dissertation, national identity is understood as the continuous reproduction and interpretations of the cultural elements of the nation as well as individual identification with these elements.

This definition of national identity allows for an analysis that involves more than how monetary organization become legitimate. Every attempt to align kronen and Nationalbanken with national identity constitutes, concurrently, a reproduction of national identity. Thus, while a central bank and national currency might require alignment with national identity to be perceived as legitimate, monetary organization also reproduces and bolsters national identity.

To examine this reciprocal relationship, I have selected four cases/themes from Danish monetary history where the legitimacy of monetary organization and issues of national identity have been particularly pertinent. These four themes are in turn:

- 1) The monetary and national conflict between Denmark and Schleswig-Holstein in the mid-nineteenth century;
- 2) The Danish euro-debate of 2000;
- 3) The design process of Danish banknotes through history; and
- 4) The narratives of and about Danish central bank governors during periods of transitions or legitimacy crises.

These themes have been analyzed in four individual articles that comprise four chapters in the dissertation. Overall, the findings in the different articles can be summarized in three main conclusions. Firstly, the different analyses show that the legitimacy of monetary organization, in the Danish context, has been conditioned by ideas of national community and national identity. In particular, proposed changes in existing monetary organization, as demonstrated in the Schleswig-Holstein and euro articles, were influenced by national identity: rather, monetary organization that failed to reflect national identity risked being deemed as illegitimate.

Secondly, taken together, the different articles underline the reciprocal relationship between legitimacy and national identity. In this dissertation I have demonstrated how this relationship has developed historically. The Danish currency and Nationalbanken were not merely feeding on the nation to become legitimate. When either the currency or the central bank were articulated in connection with national identity, the monetary organization simultaneously reinforced national identity.

Thirdly, I suggest that we must conceive the embeddedness of monetary organization in national identity as a result of a historical development. As Nationalbanken and the Danish currency were gradually consolidated, the alignment with national culture achieved a ‘taken-for-granted’ quality. Gradually, monetary organization became ‘national’ as Nationalbanken, the central bank governor, and the Danish currency were integrated in national identity. Instead of actively having to refer to national identity in the search for legitimacy, Nationalbanken and kronen were

configuring national identity in a process that reflects Billig's idea of banal nationalism. As such, I suggest that we must perceive the reciprocal relationship between national identity and monetary legitimacy as shifting in emphasis from the nineteenth century until today. Danish monetary organization transitioned from being dependent on national identity to banally reproducing national identity.

In the conclusion of this dissertation I propose an analytical middle ground, so to speak, between the focus on identity-construction and legitimacy-seeking. Finally, following this dissertation's focus on the mutually configuring relationship between national identity and legitimacy I suggest that scholars of nationalism should orient themselves towards and benefit from organizational institutionalism that could further our understanding of the process in which national identity is institutionalized through the banal nationalism of domestic organizations.

DANSK RESUME

I denne afhandling undersøger jeg den historiske sammenhæng mellem dansk national identitet, den danske valuta, kronen, og den danske centralbank Nationalbanken.

Afhandlingen har to overordnede analytiske målsætninger: For det første ønsker jeg at forstå betydningen af national identitet i forhold til valutaens og Nationalbankens legitimitet. For det andet analyserer jeg betydningen af den danske valuta og Nationalbanken i opbygningen af dansk national identitet. Således fokuserer afhandlingen på den gensidige konfiguration mellem monetære systemers legitimitet og national identitet.

Et centralt udgangspunkt for afhandlingens forskellige artikler er, at organisationer, for at blive opfattet som legitime, skal være i overensstemmelse med, eller i hvert fald ikke modsige, de værdier, normer og symboler der udgør den omgivende nationale kultur. Centralbanker er ingen undtagelse. For at analysere denne potentielle kobling mellem national kultur, Nationalbanken og den danske valuta betragter jeg i afhandlingen national identitet som et kulturelt system, der sætter rammerne for legitime handlinger og beslutninger for organisationer placeret i en national kontekst. I afhandlingen defineres national identitet som den kontinuerlige reproduktion og fortolkning af nationens kulturelle elementer samt individuel personlig identifikation med disse elementer. Denne definition af national identitet giver mulighed for en analyse, der ikke kun fokuserer på hvordan den monetære organisering opnår legitimitet. Fordi national identitet forstås som løbende reproduktion af den nationale kultur, udgør ethvert forsøg på at tilpasse kronen og Nationalbanken til disse kulturelle mønstre samtidig en reproduktion af den nationale identitet. På den måde både bruger og bidrager nationale monetære systemer til den løbende reproduktion af national identitet.

For at undersøge dette gensidige forhold mellem identitet og monetær legitimitet har jeg udvalgt fire episoder/temaer fra dansk pengehistorie, hvor pengemæssige anliggender er blevet artikuleret i forbindelse med national identitet.

Disse fire udvalgte temaer er:

- 1) Den monetære og nationale konflikt mellem Danmark og Slesvig-Holsten i midten af det nittende århundrede.
- 2) Den danske euro-debat i 2000
- 3) Dansk pengeseddeldesign i historisk perspektiv
- 4) Fortællinger om danske nationalbankdirektører i overgangsperioder og perioder med udfordret legitimitet.

Disse temaer er blevet analyseret i fire individuelle artikler, der udgør afhandlingens fire analytiske kapitler. Samlet set kan resultaterne i de forskellige artikler sammenfattes i tre hovedkonklusioner: For det første viser de forskellige analyser, at legitimiteten af den danske monetære organisering har været betinget af ideer om nationalt fællesskab og national identitet. Især i forbindelse med foreslåede ændringer i det eksisterende monetære system, har national identitet været af afgørende betydning. Som eksemplificeret i artiklerne om Schleswig-Holsten og den danske euro-debat, risikerede valutaer, der af den ene eller anden grund ikke afspejlede den nationale identitet at blive opfattet som illegitime.

For det andet, sætter de fire artikler en streg under det dialektiske forhold mellem legitimitet og national identitet. I afhandlingen har jeg empirisk demonstreret hvordan dette forhold er blevet konfigureret historisk i en dansk sammenhæng. Den danske valuta og Nationalbanken har ikke blot trukket på og refereret til national identitet for at opnå legitimitet. Når Nationalbanken og kronen er blevet artikuleret i forbindelse med nationale identitet, har de samtidig reproduceret dansk national identitet. Denne gensidige konfiguration udgør et tilbagevendende tema i de forskellige artikler, men er dog mest udtalt i forbindelse med design af danske pengesedler, hvor forestillinger om nationen er blevet materialiseret og formidlet visuelt gennem pengenes design,

For det tredje foreslår jeg, at vi skal forstå indlejringen af den danske valuta og nationalbank som elementer i den nationale identitet og som produktet af en historisk udvikling. Gradvist som Nationalbanken og den danske valuta blev konsolideret, opnåede pengesystemets indlejring i den nationale kultur en naturlig selvfølgelighed. Efterhånden som kronen og Nationalbanken blev selvfølgeligt "nationale", blev selve den monetære organisering og nationalbankdirektørerne integreret i dansk nationale identitet. I stedet for aktivt at skulle henvise til den nationale identitet i søgen efter legitimitet kom Nationalbanken og kronen til at konfigurere national identitet i en proces der afspejler Billig's ide om den banale nationalisme. Således foreslår jeg, at vi skal opfatte det gensidige forhold mellem national identitet og monetær legitimitet som have skiftet fokus fra det nittende århundrede til i dag. Nationalbanken og valutaen gik fra at være afhængig af national identitet til gennem en banal nationalisme at forstærke den nationale identitet.

Konklusionerne af denne afhandling bidrager til den eksisterende forskning i penge og national identitet ved at foreslå en mellemvej, så at sige, mellem et ensidigt fokus på konstruktionen af identitet og forsøgene på at opnå legitimitet. For eksempel hviler opfattelsen af det ønskværdige i lav inflation på den antagelse, at inflationsbekæmpende politik er til gavn for det fælles bedste; det nationale kollektive. Samtidig er inflationsdæmpende politik, f.eks. en national rentestigning, med til at styrke forestillingen om et nationalt fællesskab fordi befolkningen bliver knyttet sammen i monetært skæbnefællesskab.

Endelig foreslår jeg, jævnfør afhandlings fokus på den gensidige konfiguration mellem national identitet og legitimitet, at nationalismestudier i højere grad bør orientere sig mod og drage fordel af nyinstitutionel teori. En sådan teoretisk kobling vil kunne bidrage til forståelsen af den proces hvori national identitet bliver institutionaliseret og bliver et element af den banale nationalisme der udgår fra organisationer som f.eks. centralbanker.

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INTRODUCTION

THE NATION'S BANK

During the Napoleonic Wars, Denmark was on the losing side. After a heavy bombardment of Copenhagen in 1807, the nation's pride, the Dano-Norwegian fleet, was seized and confiscated by the British. In 1814, as a result of the war, Denmark had to cede Norway, which had previously been a part of the Danish Kingdom. The loss of Norway proved a formative episode in the development of Danish national identity, as Denmark was transformed from an empire to a small nation-state (Glenthøj, 2012).

The war not only resulted in a bitter military defeat and a forced redefinition of the national community: during the war, state finances had become increasingly unsustainable. The Danish King had used the bank of issue, *Kurantbanken*, to bankroll the Danish war efforts, which were primarily financed through excessive issue of inconvertible kulant notes. During the war, the amount of kulant in circulation increased by some 900% (Märcher, 2010) and by 1812 the rate had dropped to less than one-twelfth of silver parity value (Hansen & Svendsen, 1968:110). Kurantbanken's inflationary policy prompted outspoken distrust of the monetary authorities and the circulating banknotes.

In January 1813, an extensive monetary reform was devised to remedy the situation. The reform (which was, in effect, a state bankruptcy) included the establishment of a new bank of issue, *Rigsbanken* (meaning 'Bank of the Realm') and the introduction of new banknotes; the *rigsbankdaler*. To back the new notes, Rigsbanken was to hold a 6% priority liability on every property within the Danish state. Also, the reform set a maximum on the amounts of circulating notes, and the old kulant-notes were converted into new rigsbankdaler at a 6:1 ratio. As it turned out, Rigsbanken failed to sustain the silver value of the new notes, which hit a low of 9% in September 1813. In the following years, the value of the rigsbankdaler fluctuated

dramatically and, in 1818, yet another bank of issue was established in an effort to stabilize the monetary system.

The bank of 1818 was organized as a privately owned joint-stock company, outside government and state control but with a legally defined obligation to uphold a stable monetary system and to ensure that the rigsbankdaler reached silver parity. But what should be the name of this new bank? The commission overseeing the monetary reform decided to name it *Nationalbanken i Kjøbenhavn*, meaning the ‘national bank in Copenhagen’. From being a bank of the realm, the King, and the state, the bank was now symbolically linked to the nation – which, although the concept had a variety of different meanings in early 1800s Denmark – was used by the majority of the population to refer to a ‘people’ or a ‘people within a Fatherland’ (Glenthøj, 2010:137). Why this symbolic shift from state to nation?

I want to suggest, here, one potential explanation: the incorporation of the nation in the new bank name appealed to the commission members because they were in dire need of a new source of legitimacy. The state, headed by the absolutist Danish King, had exhausted its legitimacy in monetary affairs. To regain legitimacy and trustworthiness, the bank, after the period of hyperinflation, had to be associated with another symbol. To this end, the national community held more promise than the state. The monetary commission that devised this symbolic linkage consisted of personalities such as Minister of State Ernst Schimmelmann, Minister of Finance Johan Sigismund von Møsting, and former governor of Rigsbanken Ove Malling. These were bourgeois, educated civil servants loyal to the King and state, but were also inspired by the ideas of the German romanticist movement.¹ These individuals clearly realized that the concept of *nation* proved a potential source of legitimacy and, as such, it seems as no coincidence that the commission chose to associate the new bank with the nation rather than the state.

¹ See e.g. Mordhorst (2001)

I must confess that this interpretation remains an educated guess. Although I have searched in the archives of the monetary commission and the private archives of Schimmelmann as well as Malling, I have failed to find the kind of document contemplating the new name, nor any other semantic considerations regarding Nationalbanken. Nonetheless, I want to use this stipulation as a hypothetical take-off to set the scene of this dissertation. The very naming of Nationalbanken in 1818 serves as an intriguing point of departure that highlights the key theme, i.e., the potential relationship between monetary legitimacy and national identity. However, this is not only a story of how central banks become legitimate; it is also a story of how monetary organization contributes to the continuous reproduction of national identity. When Schimmelmann, Malling and von Møsting turned to the nation as a source of legitimacy, they were not only drawing meaning from it. They were also well under way to constructing the very same nation.

As have most central banks, the Danish central bank has gone through a series of different stages.² From its beginning as a state bank, it became a privately owned bank in 1818 with the responsibility of securing a stable monetary system. In addition, throughout the nineteenth century, Nationalbanken occasionally assumed the role as a lender of last resort. In 1936, the statutes were changed once again, and the bank was granted formal autonomy to pursue price stability. Today, the Danish central bank has an autonomous status within the government structure. It has an advisory role to the Danish government in monetary matters; it acts in the international money market and sets discount rates. As such, Nationalbanken has historically changed organizational structure and *raison d'être*.

In each of these stages, however, Nationalbanken was made to answer to a range of different interest groups. Whether in relation to the bank's own private shareholders, the political establishment, professional economists, society's creditors

² For an overview of the global historical trends in central banking, see, e.g., Fischer (1994) and Marcussen (2009).

and debtors, or different national communities within the Danish state, the actions and decisions of the central bank were required to be considered proper and appropriate by its constituency. Like all other organizations, the central bank must be perceived as legitimate to function and to survive.

What then, makes a central bank legitimate? Surely, this question has more than *one* answer. As I will detail in the below sections, issues such as formal independence, democratic oversight, and the scientific authority of central bankers constitute potential sources for central bank legitimacy. In this dissertation, with the above story of the founding of Nationalbanken in 1818 in mind, I set out to investigate yet another legitimacy source: the alignment of the national currency and central bank with national identity. I will do this through four historical case-studies of how the Danish central bank and the Danish currency has been entwined in, aligned with, and sometimes distanced from ideas about the Danish nation.

As such, the dissertation is not a traditional history of Danish identity, nor is it a contribution to the more technical aspects of central banking. I consider it a cultural history of the Danish central bank and the Danish currency with the aim of elucidating the cultural components of the legitimacy of monetary organization.

WHAT DO WE KNOW ABOUT THE RELATIONSHIP BETWEEN MONETARY ORGANIZATION, LEGITIMACY AND NATIONAL IDENTITY?

What is the status of the research on money, central banks, and national identity? In this section, I discuss the existing literature on central banks, currencies, national identity, and legitimacy. I review the existing work in a fairly detailed fashion to situate my own research theme and to sketch a framework that will allow the development of some relevant research questions. The review will start out by focusing on the literature on money and national identity more broadly. In the second part of the

review, I turn to the somewhat underdeveloped theme of national identity and central banking.

Today, the connection between monetary organization—a term that I have adapted from Gilbert (2007)—by which I understand the arrangement and organization of a currency system and central bank, nationalism, and national identity is well researched. The past two decades have seen an increasing interest in this connection. New studies on money, identity, and nationalism are published each year as the gradual incorporation of newcomers to the euro zone, the recent euro-crisis, and the ongoing discussions over a potential North American currency union have continuously fuelled the debate. Scholars have taken advantage of the statistical data generated by the euro-barometer or various euro-referenda to design quantitative studies to test the relation between currency and identity (Kaltenthaler & Anderson, 2001; Carey, 2002; Christin & Trechsel, 2002; Meier-Pesti & Kirchler, 2003; C. J. Anderson, 2006; Jupille & Leblang, 2007; Binzer Hobolt & Leblond, 2009)

Methodologically, the existing literature on currencies and national identity is defined by two strands of research: one that is quantitative, often based on statistical data relating to euro-referendums, and a qualitative strand focusing on the visual symbols *on* currencies. In terms of geographical and temporal variation, studies tend to focus either on modern monetary unions, such as the euro or the debate about the potential North American Monetary Union, while another analytical strand investigates money as nation-building tools, either in the context of the process of nation-state consolidations in the nineteenth century or in other types of emerging or otherwise contested nation-states, where state-elites have had an obvious interest in consolidating state legitimacy and national identity.

THE WAYS CURRENCIES CULTIVATE NATIONAL IDENTITY

In his 1998 article “National Currencies and National Identity” Eric Helleiner developed a theoretical framework to conceptualize the relationship between currency

and identity. Pointing to empirical examples primarily from the nation-state consolidations in the nineteenth century, Helleiner put forth a range of hypotheses and laid out a conceptual framework for understanding the ways in which currencies potentially contribute to a sense of national identity. Helleiner began by acknowledging the importance of currency iconography, but then went on to argue that the imagery emblazoned on notes and coins only constitutes one of several ways in which money functions to create identity. A national currency also functions as a medium of social communication, it creates collective monetary experiences such as inflation or devaluation that affect society as a whole and bind the population together, it plays to the quasi-religious cult of nationalism, and fosters a sense of popular sovereignty offered by the possibility of conducting independent monetary policy (Helleiner, 1998). Echoing Helleiner's first point about the importance of currency iconography as a way for emerging nation-states to disseminate their symbolic repertoires, Pointon (1998) underscored that the use of national currencies and their aggressive visualizations of the nation-state was a pervasive and potent way to build nations.

The very same year, in 1998, the currency-identity relationship was simultaneously addressed by the *Journal of Economic Psychology* (volume 19, issue 6). Prompted by the forthcoming implementation of the common European currency, the journal published a special issue devoted to the importance of national identity to public attitudes towards the euro. The volume featured a variety of social-psychological case-studies and international comparisons. On the whole, the articles in *Economic Psychology* demonstrated that national identity could account for opposition to the common European currency. Most telling was Müller-Peters' (1998) article on the significance of national pride and national identity to attitudes toward the common currency. This analysis, which was based on a survey of more than 15,000 individuals from 15 European countries on their attitudes toward the EMU, showed that national identity—and the prevalence of nationalistic feelings and efforts to demarcate the

national community—could explain public reservation towards the common European currency (Müller-Peters, 1998). Viewed in retrospect, Helleiner's (1998) article, Pointon's (1998) book chapter, and the above mentioned issue of *Economic Psychology* defined the contours of two different approaches within the currency-identity literature. One genre pursued the quantitatively oriented approach laid out in *Economic Psychology*, while another focused on the visual imagery of national banknotes and coins.

SYMBOLS ON CURRENCY

The idea that symbols, visual and other, contribute to the formation of national identity and a sense of nationhood is a recurring theme within nationalism studies and has been repeatedly accented by scholars of nationalism (Hobsbawm, 1983; Cohen, 1985; Smith, 1991; Mach, 1993; Billig, 1995). It is, therefore, not particularly surprising that the symbols and motives on national currencies have become analytical objects for studies of nationalism and national identity. When Benedict Anderson (2006:36), used the term “print-capitalism” to describe the new technology, which allowed people to relate themselves to others in new ways and to partake in imagined national communities, he was referring more broadly to the developments in printing technologies. However, the concept of print-capitalism can be applied very fittingly to the state-sanctioned circulation of banknotes that gradually developed from the seventeenth and eighteenth centuries and became common across European states in the last half of the nineteenth century. The printing presses within the nineteenth century proto-central banks constituted potent means of disseminating ideas about the nation-state and reproducing the idea of a distinct national community. Also, in terms of empirical availability, the study of currency iconography has the advantageous capability to use existing numismatic contributions on currency imagery.

The iconographic focus has resulted in a range of intriguing studies with a great deal of geographical and temporal variation. One type of iconographic study

focuses on the role of currency iconography in the formation of nation-states in the late nineteenth and early twentieth century. These studies include the work of Gilbert (1998, 1999) who sheds light on the deliberate attempts by Canadian policymakers to use the new national currency, and particularly its iconography, as a nation- and state-building tool. The same theme was accentuated by Galloy (2000) in a comparative analysis of Mexican and Central American currencies around the turn of the nineteenth century. Along these lines, Blaazer (1999) analyzed the words and pictures on British paper notes to show how British national currency became a symbol of national identity.

While these studies analyzed currency iconography in the context of Western nation-state formation, a parallel trend investigated the currency iconography of various colonial authorities. In a colonial setting, currencies were often used to convey the values of the imperial powers and tended to write out any references to the indigenous population (Hewitt, 1999). Mwangi (2000) has detailed how the banknote iconography of colonial Kenya reflected prevailing self-conceptualizations by the dominant classes, as well as shifting technological development and aesthetic trends. Studying the deliberate use of currency and stamps in British-ruled Palestine, Wallach (2011:1) argues that these symbolic artefacts played “a crucial role in shaping the very framework of nationhood”.

Similarly, although in a more modern context, a range of scholars have shown that policymakers still think of national currencies as potent tools to cultivate and reinforce national identity and community. Unwin and Hewitt (2001, 2004) have shown how the new national currencies of Eastern Europe, established in the wake of the disintegration of the Soviet Union, portrayed national identity by evoking references to a shared and romanticised national past. A similar conclusion can be found in a 2010 study on the self-perception that is portrayed through the most recent Danish banknotes series. In their article “Circulating Monuments”, Danish art historians Leth-Espensen and Kofoed Hansen investigated how national identity was

expressed through the different design proposals of the most recent Danish banknotes. Leth-Espensen and Hansen conclude that the banknote designs selected by Nationalbanken's governors expressed a timeless national romantic view of Danish national identity (2009).

Hawkins (2010) demonstrates the success of the now defunct Tunisian regime in using currency imagery to instill in the population a distinct and regime-positive perception of Tunisian history. Berezin (2006) has described the deliberate attempts by the European Commission to use the design of the euro banknotes and coins to cultivate a new supranational European identity. I have highlighted the attempts of Danish and Greenlandic policymakers to reinforce Greenlandic national identity by reintroducing Greenlandic banknotes, vividly illustrated with a range of ancient Inuit myths, as a direct attempt to evoke a common history and myth of origin. In the case of Greenland, the use of banknotes and coins as nation-building tools was challenged by different meanings ascribed to money by Danish authorities, Greenlandic policymakers, and the Inuit communities (Sørensen, 2012).

In line with the ideas of Pointon (1998) and Hobsbawm (1983), most of the above studies on currency iconography focus on the use of banknotes and coins as, more or less, deliberate means to cultivate national sentiments. The relationship between currencies and national identity becomes somewhat unidirectional, as it is the vague notion of 'state elites' that act as supreme pedagogues and use money to instill ideas of national community in the population.

Indeed, homogenous and territorial currencies are primarily modern phenomena (Helleiner, 2003). This may explain why most studies on currency iconography and nationalism follow a perception of national identity formation as bolstered by the development of modern state institutions and bureaucracies. The underlying assumptions that inform these analyses tend to follow the notion that industrialized society and modernity constitute the roots of nationalism (Gellner, 1984:35). National identity, in this account, is the collective sense of community that

results from structural transformations of agrarian society. As such, most of the above studies emphasize the identity-crafting element and downplay the process in which existing myths, collective memory, and symbols of community have primed the deliberate use of currency imagery as a nation-building tool. As Smith has argued, national elites who seek to promote the nation must carefully develop their symbolic repertoire. National symbols cannot be readily invented without possessing some degree of existing legitimacy and resonance within the population for which they are meant to induce national sentiments (Smith, 2009:21).

NATIONAL IDENTITY AND MONETARY LEGITIMACY

Although the intentional efforts to cultivate national identity have indeed been convincingly detailed in the above studies, recent empirical research has indicated that this view has to be nuanced. Risse (2006), echoing Müller-Peters (1998), describes how geographical variations in public attitudes towards the euro may be explained by differences in collective ideas about the nation and in patterns of identifying with Europe and/or the nation-state. According to Risse, “the causal arrows between the euro and collective identities flow in both directions” (2006:65). As such, the euro may work to cultivate collective European identity, but the acceptance of the euro also depends on existing national identities in different euro-zone countries. Kaelberer accentuated this reciprocal relationship between money and national identity by arguing that, although money may have served as an identity-cultivating tool during the processes of national monetary unification in the late nineteenth century, money fundamentally requires some level of collective identity to be perceived as legitimate and to function properly (Kaelberer, 2004:177). In the Danish case, this idea has been demonstrated by Marcussen & Zølner (2001, 2003) who show how a range of ‘foundational myths’ framed public campaigns leading up to the Danish euro-referendum in 2000. Because of these foundational myths, the pro-euro campaign to

legitimize the euro in a Danish context became very difficult (Marcussen & Zølner, 2001:384).

This notion of reciprocity between legitimacy and identity has translated even into the literature on currency-iconography; a body of literature in which the identity-cultivating perspective has been most apparent. Lauer (2008) shows how early United States (US) paper notes were applied as a medium of mass communication, conveying an iconography of nationalism. According to Lauer, however, the nationalistic iconography was just as much an attempt to legitimize the notes themselves as to cultivate national identity. The new money, as it were, drew sustenance from existing conceptualizations of the national community (Lauer, 2008).

In a large, historic, comparative analysis of banknotes from 15 European countries, Jacques Hymans challenges what he labels as the “state-as-pedagogue perspective” which he attributes, in particular, to Helleiner and Gilbert (Hymans, 2004:17). According to Hymans (2004), European currency iconography should not be considered an attempt to indoctrinate the public with a specific national identity. On the contrary, nationalistic symbols on money are to be understood as an attempt by the issuing authorities to legitimize themselves by drawing on symbols already fashioned by a Pan-European society. These symbols are, in fact, not national but trans-national in character and represent a certain European *zeitgeist*. The European issuing authorities thus seek to exploit the preexisting meaning of these symbols in an effort to promote legitimacy internally and externally.

Hymans’s (2004) analysis builds on a database of more than 1400 different banknotes from 15 European countries. Comparing the development in iconography across countries, Hymans finds that although banknote iconography of the respective countries has evolved substantially across time, remarkable similarities in iconographic choices exist in specific historic periods. Based on these findings, Hymans concludes that European states, historically, have incorporated pan-European symbols in their note-iconography attempting to capitalize on their already established meanings

(2004). The trends of banknote iconography must be understood as a form of symbolic isomorphism, in which note-issuing authorities, in the words of Meyer and Rowan, adheres to the prescriptions of myth in the institutional environment, and “demonstrate that it is acting on collectively valued purpose in a proper and adequate manner.” (1977:349).

Hymans’s suggestions have lately been substantiated by Penrose and Cumming (Penrose & Cumming, 2011; Penrose, 2011) who question the idea of powerful and deliberate state elites contemplating to construct national identity. Penrose and Cumming question why Scottish banknotes are emblazoned with nationalist iconography—even though, in the case of Scotland no state exists to support it? (2011:823). The answer is that issuing authorities tend to rely on already fashioned and widely accepted symbolism in an effort to promote their own legitimacy.

CENTRAL BANKS AND LEGITIMACY

Until now, most of the literature review has focused on national currencies. In the following section I widen the discussion to include the organizations that are responsible for the production and circulation of national currencies: the central banks. Although the importance of central banks as elements in modern nation-building has long been acknowledged (Giddens, 1996:155-158; Glasner, 1998; Greskovits, 2009:211), and despite the fact that Polanyi’s explicitly mentions that national identity is “vested in the central bank” (1957:205), scholars have turned attention only very recently to the cultural significance and symbolic practices of central banks and their organization.

As already mentioned, central banks’ organizational structures and prerogatives have changed and developed over time. Today, most central banks have formal independence; they secure price stability and act as lenders of last resort. Central banks have historically engaged in two interrelated levels of regulations. At the macro level central banks have had the responsibility of regulating the general

monetary conditions of the national economy. At the micro level central banks have overseen the regulations of individual banks within the financial system (Goodhart, 1988:5-7). In Denmark these two functions have, since the banking act of 1919, been divided between Nationalbanken and Banktilsynet. Nationalbanken was responsible for the macro regulation while Banktilsynet (later Finanstilsynet) has monitored the banking sector (Hansen, 1996: 13).

The point about central banks having gained independence from governments is an important one. Central bank independence is, today, an important precondition for legitimacy and credibility (Blinder, 1997). The basic rationale behind this organizational structure is an attempt to prevent politicians from using these monetary institutions to serve short term political ends. In fact, central bank independence has achieved a taken-for-granted quality in political life (Marcussen, 2005). Central bank independence has become, in the words of McNamara, a feature with important legitimizing and symbolic properties rather than an actual functional benefit (2002:48).

Also, central bank independence is not necessarily a 'one fits all' method to secure organizational legitimacy. This has been demonstrated by Johnson (2006) in the case of post-communist central banks. In Eastern Europe, central bankers lost legitimacy in the eyes of their national constituents upon convergence into western-style of central bank independence. Johnson ascribes this animosity towards the new central bank structure to the problem of embeddedness, arguing that the institutional transformation was not "pulled in" by the social actors (2006:366). Even if Eastern European central bankers became ideationally connected to a transnational community of central bankers (Johnson, 2006:366), their constituents rejected these new ideas. So, the backing of the change by national central bankers was insufficient. The changing of central bank organizational structure required a more broad and public appeal to become legitimate.

THE LANGUAGE OF SCIENCE OR THE LANGUAGE OF NATION?

Independence is not the only feature that potentially secures central bank legitimacy. Abolafia (2010) has shown how central bankers in the Federal Reserve from 1979-1993 constructed a range of narratives that guided their actions. These narratives fit with existing ideas or “plots” about monetary policies and were designed to control the supply of money and, ultimately, to maintain the legitimacy of the central bank (Abolafia, 2010:365). Also, recent studies have pointed to the epistemic authority that enables central banks to make legitimate claims about monetary phenomena. Rosenhek (2013) has, for example, demonstrated the importance of central bankers’ epistemic authority in diagnosing and explaining the 2008 financial crisis. Both the Federal Reserve and the European Central Bank offered a range of powerful interpretative plots that defined the frame for how the financial crisis could be understood. These studies parallel the earlier work of Marcussen (2000) who argues that elite ideas about the European Monetary Union, i.e. the ideas of central bankers, gradually diffused and eventually became institutionalized as the common European currency.

One of the elements that sustains the epistemic authority of central bankers is the perception that central banking is somehow beyond the political sphere. Central bankers have managed to occupy a distinct semiotic space of “independence” and neutrality that renders a self-evident legitimacy to these institutions as “guardians of money” (Lebaron, 2000:209). Central bankers are increasingly seen as apolitical technocrats who diagnose monetary phenomena and conduct monetary policies based on the logics of scientific rationality. Today, central bankers exert power and maintain legitimacy because they master the discourse of scientific economics. “When ideology is being replaced by science”, Marcussen argues, “central bankers gain legitimacy and authority by basing their views on, and applying, the language of science” (2009:375-376).

The notion that central bank legitimacy and authority rest on the apolitical language of science is starkly contrasted by a recent work by Tognato, who argues that

scholars must focus their attention to the dramatization of monetary affairs, i.e., the process in which monetary issues, in public discourse, are elevated from the economic realm and transformed into “a morality play about collective identity” (2012:3). Tognato suggests that studies of central bank stability cultures should follow a three-step analysis and, firstly, define what characterizes collective identity in a given society and, secondly, analyze how the symbolic embeddedness of monetary affairs connects money and central banks to the basic assumptions about the national collective. Thirdly, studies must address the “monetary affairs from a dramaturgic perspective” to elucidate the performative process in which money and central banking become linked to the symbolic center of society (Tognato, 2012:25-40). This may be accomplished by analyzing the language of central bankers, because “whenever independent central banks start to speak the languages that define the collective identities of their own societies, and when they manage to recast their own institutional identity into national identity, their basis for support within society becomes much broader, and it gets easier for them to deliver monetary stability” (Tognato, 2012:9). In his recent book, *Central Bank Independence. Cultural Codes and Symbolic Performances* (2012), Tognato applies this analytical framework to the cases of the Bundesbank stability culture and to the language of the FED during the 2008 financial turmoil.

Tognato’s suggestion partly echoes that of anthropologist Douglas Holmes, who argues that central banks must master their storytelling in order to enroll their constituents in obtaining monetary targets. To this end, “the public broadly must be recruited to collaborate with central banks in achieving the ends of monetary policy” (Holmes, 2013:1). Indeed, central bankers, today, have assumed a symbolic role, as “their spoken and written communications are obliged to model linguistically credible relationships with the public” (Holmes, 2013:4).

An obvious contrast exists between the suggestions that central bank legitimacy either stems from the apolitical “language of science” or the “language that

defines the collective identities of their own societies”. The answer probably lies somewhere in the middle and is dependent upon the specific historical and social context. The ECB, for example, has no *one* collective identity to evoke rhetorically and thus relies more on scientific speech.

RESEARCH QUESTIONS

In the literature review I detailed some general trends and assumptions within the literature on monetary organization, legitimacy and national identity. I will use these trends and assumptions to position my own research and research questions. Firstly, most of the existing literature on monetary issues and national identity focus on national currencies (and, in particular, the image content of these currencies). Few studies focus on the note-issuing authorities, the central banks, to ask how the legitimacy of these organizations more broadly relates to issues of national community and identity. This will be one of the explicit aims in the dissertation: to bring the central bank, its practices, its governors, and its symbolic importance back into the analysis of monetary organization and national identity.

Secondly, following the literature review, I suggest an analysis sensitive to the relationship between issues of legitimacy and national identity. As the literature review has detailed, the reciprocal relationship between monetary organization and national identity is key to understanding the perceived legitimacy of currencies and central banks. To paraphrase Risse (2006:65), the causal arrows between central banking and national identities appear to point in both directions. This reciprocal relationship will be the central theme of this dissertation, in which I set out to examine the processes in which national identity come to condition the legitimacy of central banks and currencies. How does national identity affect the legitimacy of monetary organization, and to what extent is monetary organization feeding back into these conceptualizations and reinforcing the idea of a distinct national community?

Finally, the existing literature on monetary organization and national identity offers little insight into the *historical* relationship between central bank legitimacy and national identity. To be fair, many of the studies referred to above deal with the development (and especially the design) of national currencies in historical perspectives. In particular, the literature has focused on territorial currencies as a nation-building tool in the consolidation of nation-states in the late nineteenth century. These studies display an emphasis on deliberate and elitist attempts to use national monetary organization to inculcate the masses with certain perceptions of the national community. However, except for Tognato's recent study, no analysis applies a historical perspective to examine how central banks have developed alongside national identity. This will be one of the aims of the dissertation: to bring back history into the analysis and offer a contextualized historical examination of the legitimacy-identity relationship.

To reiterate, the literature review has revealed three themes that are somewhat understudied in the existing literature. Overall, the review has pointed to the need for 1) an increased focus on central banks in the analysis of monetary organization and national identity; 2) analyses sensitive to the interrelation between central bank legitimacy and national identity; and 3) more studies focused on the historical development in which central banks evolved in concert with ideas of the national identity.

I perceive these themes as more than lacunas or knowledge gaps that must be filled. An increased focus on these three themes will further our understanding of the historical and cultural sources of the perceived legitimacy of monetary organization. Surely, modern central banks have become powerful 'apolitical' organizations; however, central bank power and authority have limitations as well. Some, but not all, of these limitations arise from formal rules and regulations. Central banks are, and have historically been, constrained by more informal rules that relate

very closely to their different cultural settings. A historical analysis focused on the co-construction of legitimacy and national identity will not only explain how things came to be, but will also be of interest to scholars and central bankers interested in the potential possibilities and constraints of future monetary organization.

With these themes in mind, my aim in this dissertation is to examine how Nationalbanken historically has used and drawn upon existing perceptions of national identity to legitimize its policies and decisions. Also, the dissertation examines how Nationalbanken and the Danish currency historically contributed to construction and reconstruction of Danish national identity. Finally, I set out to investigate how and to what extent Danish monetary organization has historically been constrained or enabled by national identity.

A REFLECTION ON THE RESEARCH PROCESS

At this point, I want to provide a short reflection on the research questions and on the process of writing an article base-PhD. Originally, as I initiated this project, I envisaged it very much as a contribution to the field of nationalism studies. My tentative working questions focused on how the Danish currency and Nationalbanken contributed to Danish national identity. As such, I perceived the project as focused on the nationalism of Danish monetary organization. Here, I would have been in good company with many of the above mentioned studies dealing with the identity-crafting aspect of national currencies.

However, as I began working on the different articles, submitting them for reviews, having them rejected or suggested revised, I gradually realized that the concept of legitimacy was of paramount importance for understanding the relationship between monetary organization and national identity.

The four papers were finalized in the order that they appear in this dissertation. Once I finished the article on the Danish euro-debate, which is the second article, it was clear that I was not only telling a story of how the Danish currency potentially reinforced national identity: I was also examining how national identity defined the limits for legitimate statements and ideas about monetary organization.

As such, following the analysis in the euro-debate article, I shifted the emphasis in the next articles, which examined banknote designs and Danish central bank governors. Instead of focusing on the identity cultivating elements, legitimacy now became a central theme. Although legitimacy had implicitly been an issue in the case-studies of Schleswig-Holstein and the Danish euro-debate, I brought the concept to the forefront of the analysis and let it guide the research questions in the two latter articles.

I mention this shift in emphasis for two reasons. Firstly, although an overall research question, such as the one above, is most commonly presented as a fait accompli, it is, of course, often the result of a gradual process of realization and the result of many revisions. By describing my gradual realization and continuously reflecting on the research process throughout the different chapters of this 'frame', I hope to increase the transparency of the choices and reflections that underlie the different articles and their focus. Secondly, I aim to explain the two stranded focus in the general research question, i.e. both legitimacy and national identity. Surely, the above research questions do indeed spring out of the literature review. I genuinely believe that the existing literature would benefit from an increased focus on central banks' legitimacy in historical perspective. But of course, I did not select and designate these three areas during the first couple of months of working on this project. In fact, I only gradually realised the fruitfulness of these themes as I engaged further in the literature and worked with the empirical material.

THEORIES AND DEFINITIONS

In the research overview, I discussed the existing literature on monetary organization and issues of national identity and legitimacy. In this chapter, I define *legitimacy*, *national identity*, and *nationalism*, and explain how these concepts relate to the different analyses. I outline a conceptual framework that combines ideas from organizational institutionalism, as well as theoretical developments within nationalism studies. I call it a ‘conceptual framework’ because it is meant to support the analytical focus in the different articles. It is not a stringent theoretical frame that is applied in an identical way in every case study, and it is not an attempt to make a theoretical contribution to institutional theory. My ambition is more modest and must be considered a pragmatic exercise to develop a framework that ground the different analyses and lend a common frame of reference to the articles. In the dissertation’s four articles, I apply different analytical strategies to analyze the symbolic components of central bank legitimacy. The combination of nationalism studies and insights from organizational institutionalism that I suggest below is meant as a background framework in which each article is theoretically situated.

Because the concept of *legitimacy* is central to this dissertation, a working definition is required to answer the research questions. In developing such a working definition, I have been inspired by ideas from organizational institutionalism. By *organizational institutionalism*, I mean the part of institutional theory that developed from the late 1970s and early 1980s with, amongst others, the works of Meyer & Rowan (1977), DiMaggio & Powel (1983), and Meyer & Scott (1983). I realize that a wide range of different ‘institutionalisms’ exist. These varying institutional approaches apply different ideas about the concept of institutions and include different ideas of how institutions develop and change. However, I perceive the above works as providing a conceptual foundation that will enable me to pose and answer questions of how central banks acquire, manage, and use legitimacy.

Having defined the concept of organizational legitimacy, I go on to discuss the concepts of *nationalism*, *nations* and *national identity*. Here I draw in particular on the work of Michael Billig and Anthony D. Smith and use insights from the ethno-symbolic approach to nationalism. I then suggest how theories of national identity and legitimacy can be reconciled and applied in a historical analysis of Danish monetary organization. As such, the chapter's last section constitutes a theoretical synthesis of elements from nationalism studies and organizational theory.

LEGITIMACY

Every organization must be perceived as legitimate or risk efficacy and basic survival. But how is legitimacy defined, and how do organizations become legitimate? For the purpose of this dissertation, I apply Suchman's broad definition of *legitimacy* as "a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs and definitions." (Suchman, 1995:574). This is a very open definition, which also hints at the degree of cultural support necessary for organizational legitimacy—or as Scott has formulated it, "a condition, reflecting cultural alignment, normative support, or consonance with relevant rules or law" (1995:45).

To gain this perceived appropriateness and to reflect cultural alignment, organizations can engage in a range of practices to become legitimate. Organizations may emulate the formal structures of other organizations within their environment as a ceremonial practice that renders legitimacy (Meyer & Rowan, 1977), and they may identify with other actors and symbols already perceived as proper and appropriate in an attempt to capitalize on existing legitimacy (Ashforth & Gibbs, 1990). This type of symbolic isomorphism has, for example, been detailed by Glynn and Abzug (2002), who demonstrate the evolving patterns of organizational names from 1800—2000. The study shows, not unlike Hymans's banknote study, that organizations historically have

aligned their names with symbols and values perceived to confer legitimacy in different historical periods.

In a later study from 2006, Glynn and Marquis examined specifically the names of American savings banks and argued that bank names underwent an evolution from more idiosyncratic names to names that reflected an alignment with broadly recognizable and legitimate symbols, such as First National Bank (Glynn & Marquis, 2006). This conclusion further lends credibility to my introductory hypothesis about Nationalbanken's naming.

LEGITIMATE TO WHOM?

The question remains as to who constitutes the actors for whom the organizations must be legitimate. Legitimacy is often assessed within a field of similar organizations that, taken together, constitute an organizational field (DiMaggio & Powell, 1983:148). The organizational field in which central banks operate is inherently complex, and central banks relate to a wide range of interest groups such as politicians, the transnational community of central bankers, employer organizations, unions, the banking industry, and, more broadly, the population. Central banks must come across as legitimate to this diversity of interest groups that do not necessarily share a homogenous perception of what is desirable and proper. Therefore, central banks face a heterogeneous constituency with diverging and sometimes conflicting ideas of legitimacy. Organizations that face such a complex legitimacy context may engage in a range of strategies to cope with conflicting demands. These include decoupling strategies, in which the organization displays a ceremonial adherence to symbols or practices that are broadly conceived as legitimate, but internally continues to function according to its own prescriptions of efficacy (Brunsson, 2003).

I want to suggest another option for central banks operating in a complex legitimacy context, i.e., to align with a range of deep seated cultural values and symbols that are perceived as legitimate in a wider cultural context. The nation is one

such larger sociocultural norm-producing system that potentially subordinates a range of diverging legitimacy prescriptions. This idea is, of course, inspired by the recent proposal of Tognato that central banks must align themselves with deep-seated cultural narratives and ideas of collective identity to become legitimate.³ I will elaborate on this idea in the final section of this chapter, in which I combine nationalism studies and theories of legitimacy.

Before I proceed to discuss the connection between elements from nationalism studies and theories of organizational legitimacy, we must examine the concepts of *nation*, *nationalism*, and *national identity*.

NATION AND NATIONAL IDENTITY

The meaning of the concept of *nation* is unstable and has changed over time. It is comprised of different components, and the emphasis on these components has varied and developed according to social and historical context (Glenthøj, 2010). As Hylland Eriksen (1998) noted, nations draw on a wide selection of cultural resources in an effort to construct common cultural denominators. According to Smith (2009:24-33), nations are not modern phenomena but must be understood as identity assemblages of myths, traditions, stories, and values that precede the emergence of modernity. In this ethno-symbolic perspective, scholars who wish to analyze nations must focus on the ethnic base and historicity of such communities, rather than consider nations as something that can readily be invented impromptu.⁴ However, according to Smith (2001), the concept of nation does have some fundamental characteristics that have been recurring across time and space. According to Smith, the *nation* can be defined as “a named human community occupying a homeland, and having common myths and a shared history, a common public culture, a single economy and common rights and

³ Here, Tognato is inspired by the analytical framework of ‘cultural pragmatics’ and its focus on how cultural texts are enacted in social life. See e.g., Alexander (2004, 2006).

⁴ See, e.g., Hutchinson & Smith (1996); Smith (1998, 2009); Özkirimli (2003).

duties for all members” (2001:13). Smith defines *national identity* as “the continuous reproduction and reinterpretation of the pattern of values, symbols, memories, myths and traditions that compose the distinctive heritage of nations, and the identifications of individuals with that pattern and heritage and with its cultural elements” (Smith, 2001:18).

Here, Smith sketches *national identity* as a concept that relates both to the cognitive system of individuals and to the continuous reproduction of a pattern of cultural elements. In this definition, *national identity* is understood as individual identification with the cultural patterns of nations. Hence, national identity is not inaccessible to analysis. Although it is a matter of individual identification, the concept also has a collective dimension, as it can be studied empirically through the concrete interpretation and reproduction of its cultural components: values, symbols, memories, myths, and traditions. As such, the definition outlines two different conceptual levels: a collective level in which national identity is continuously maintained but also reconfigured, and an individual level that involves personal identification with these contingent cultural patterns.

I want to use Smith’s definition of national identity as a working definition for two reasons. Firstly, the definition implies that national identity can be studied empirically through the concrete representations of the nation’s cultural elements. The definition allows for an empirical and historical examination of national identity. Secondly, the definition connects to Suchman’s (1995:574) notion of the value systems, in which entities become legitimate. As such, Smith’s definition also sketches a value system that defines the frames for legitimate and illegitimate actions and statements and invites a theoretical synthesis that view these cultural patterns (national identity) as comprising the value system that outline the legitimate actions of individuals and organizations.

NATIONALISM

Another important consideration that relates to the second part of the research question concerns the process in which national identity is created. Can national identity be strategically invented to serve political a purpose? According to Smith, nationalism is understood as “an ideological movement for attaining and maintaining autonomy, unity and identity for a population which some of its members deem to constitute an actual or potential ‘nation’” (2001:9). This ideology is based on a range of foundational assumptions regarding nations as the sole sources of political power, the natural categorization for humanity as a whole, the supreme object of loyalty, and the precondition for individual freedom and sovereignty. In this perspective, nationalism is the political side of national identity. Such a view on nationalism as a deliberate ideology is a recurring definition promoted by various nationalism scholars like, e.g., Hobsbawm and Hroch; the latter argues for a distinct three-phase development originating from an intellectual elite, later to be monopolized by conscious groups of bourgeois nationalist with their own economic and political agendas, disseminated and absorbed by the general population and transformed into a mass-movement rather than solely an elitist idea (Hroch, 1985).

THE LIMITATIONS OF DELIBERATE NATIONALISM

As Hall and Bruner have shown (Bruner, 2000, 2005; Hall, 1985), the limits of what may be considered legitimate statements about the nation are closely defined by the prevailing narratives and myths about the national community. Politicians, for example, who experiment with the hegemonic national narratives, are potentially punished if they transgress the legitimate rhetorical boundaries. This means that political elites who seek to redefine the idea of the nation are bound somewhat tightly by the limits of existing identity constructions. As Smith has put it in the context of elitist attempts to create transnational identities:

[The] national intelligentsia, have tried to reconstruct and reshape their heritages into 'old-new' national identities. This duality continues to inform recent visions and endeavors to reshape national identities into something 'beyond the nation'. It means that serious attempts to move beyond the nation have to start from its principles and use them to go further. The principles of the nation are those of nationalism. Hence it may only be possible to transcend the nation through a form of nationalism, one that is paradoxically broader than the compact nation that has usually been the object of its endeavors (Smith, 1991:171)

Smith's idea becomes, as will be clarified from this dissertation's article on the Danish euro-debate, particularly salient as the Danish political elite who promoted the common European currency was made to take the Danish nation as its ideational starting point. I suggest that political elites who seek to redefine and change monetary organization are, in a similar fashion, constrained by existing national identity and are bound to "the principles of nationalism".

But nationalism need not always be the result of a deliberate ideology. In his 1995 book *Banal Nationalism*, Michael Billig refines the notion of nationalist ideology not just to encompass the deliberate nationalism associated with political movements, but also to cover the symbolic performances of everyday practices and habitual sceneries. Billig creates the distinction between the hot and the banal nationalism as analytical categories to highlight the potency of banal nationalism, which works to situate people, although indeliberately, in a world of nations and also sustains national identity (1995:43). National identity, in this account, must not be understood as the result of deliberate political ideology tied to modernity or solely as a product of manipulatory strategies of conscious national elites. Instead, national identity is enmeshed in routine practices, the unnoticeable symbols of everyday life

and mundane national rhetoric that reinforces national identity. Every-day (economic) activities and popular culture are just as important in the formation of national identity as the occasional ‘hot’ nationalist expressions or official high culture (Déloye, 2013; Edensor, 2002). Consequently, an analysis of how monetary organization potentially reinforces national identity must be sensitive to both the banal and hot categories of nationalism.

RECONCILING NATIONALISM STUDIES AND THEORIES OF LEGITIMACY

In this chapter’s final section. I suggest a way to reconcile the rather self-contained paradigm of nationalism studies with the strand of organizational theory focused on the importance of national culture on organizational performance and structure. To do this, I will start out by contrasting two different views on the nation as expressed by two nineteenth-century commentators.

DOES A ZOLLVEREIN MAKE A PATRIE?

In his widely quoted essay from 1882, French historian Ernest Renan argued that a nation constitutes a spiritual principle and is made up of the sum of historical sacrifice reaffirmed in the present by a continuous and daily referendum (Renan, 2011:81-83). This entailed a much more voluntarist definition of the nation than that proposed by Renan’s contemporary colleagues, who favored more primordial explanation. Renan also dismissed instrumental and more modernist perceptions about the developments of nations. Renan argued that neither shared economic interest nor geographic particularities could account for the emergence of nations:

A community of interest is assuredly a powerful bond between men. Do interests, however, suffice to make a nation? I do not think so. Community of interest brings about trade agreements, but nationality has a sentimental

side to it; it is both soul and body at once; a *Zollverein* is not a *patrie* (Renan, 2011:82).

I want to dwell here on this particular quote by Renan, because it relates indirectly to the theme of legitimacy that underlines this dissertation. Renan clearly dismissed that common economic interests could cultivate national identity. Specifically, in this instance, he was talking about a customs union, but we could imagine other types of financial and economic interests such as homogenous territorial currencies managed by national banks of issue.

To contrast Renan's idea, let me quote, at length, a nineteenth-century Schleswig-Holstein nationalist who commented on the emergence of the Prussian customs union established in 1834 to create a free-trade area throughout most of present-day Germany. The bourgeois surveyor, Heinrich Tiedemann, is of particular interest for this dissertation, as he will reappear as a key figure in my article about the monetary and national controversies between Denmark and Schleswig-Holstein. Tiedemann, writing some forty years before Renan, in the separatist Schleswig-Holstein newspaper *Lyna*, very explicitly framed the Prussian customs union as an instrument for creating national unity and identity.

Mit seiner Entstehung ist für die Geschichte der Deutschen eine neue Epoche eingetreten, durch ihn werden alle in denselben aufgenommenen Staaten mit einem moralisch starken und segensreichen, in dieser Art noch nie gekannten Fürsten- und Volksfamilien-Bande umschlungen, daß die Theilnehmer zu einer großen Deutschen Familie vereinigt, deren Wohl und Wehe an gemeinsame, tief in einander greifende, aufs Innigste mit einander verschmelzte, Geld- und Gesellschaftsinteressen gefesselt ist; ja der Deutsche Zollverein wird über kurz oder lang bewirken, was weder der Deutsche Bund, noch ein sogenanntes junges Deutschland, noch irgend

einesonstige Assoziation herzustellen und zu schaffen vermag: die Nationaleinheit und die Wiedergeburt Deutschlands. (Tiedemann, 1842:1)⁵

In the words of Tiedemann, the *Zollverein* would act as a catalyst for national unity and forge the new German nation. As I explain in the article ‘Monetary Romanticism’, Tiedemann might have had his own personal and economic interest in tying the German *Zollverein* to the question of national unity. However, the difference in outlook between Renan and Tiedemann is worth some attention. To Renan, national identity emerged by individual commitment to a spiritual principle with a specific view about the nation. Tiedemann’s suggestion, on the other hand, was inherently instrumental, as he argued that the modern institution of a customs union would act as a catalyst for national unity and that shared economic interests would propel the emergence of a spiritually unified German *Volksfamilie*. The question here is whether a *Zollverein* is indeed not a *Patrie*, or if the *Zollverein*, as argued by Tiedemann, would gradually merge into a nation and, in the words of Eugen Weber, implicate citizens into a national community (Weber, 1977).

I have included these conflicting views on the nation because, taken together, they allow me to promote yet a third proposition that reconciles the two: undoubtedly, nationality has “a sentimental side to it”—as Renan formulated it—sentiments that stem from some kind of emotional investment and identification with the nation. Renan did not believe economic interests and institutions were sufficient to foster such emotions. Although Tiedemann wished to forge and cultivate a German nation by the means of a customs union, it is indeed worth noting that the proposed *Zollverein* antecedently included a specific group in this union. In fact, the German

⁵ My own translation of German into English: "With its creation, an entirely new era has arisen in the history of the Germans, in which all states and their inhabitants are bound together by morally strong and beneficial ties into one large German family. This family's fate will be determined by its shared and most intricately linked monetary and societal interests. Yes, the German customs union will eventually accomplish that which neither the German federal government, nor a so-called young Germany, nor any other, has accomplished: to usher in the national unity and the rebirth of Germany". (Tiedemann, 1842:1)

Volksfamilie was invited to join the union, not the people of France or Denmark. As such, Tiedemann's suggestion had a specific ethnic and national base as its prerequisite. He did not propose to cultivate the German nation completely anew. The German nation was envisaged *before* the customs union, and this imagined community of Germans legitimized the idea of a Zollverein.

So, I suggest that, instead of focusing on whether economic interests are sufficient to forge national community, the question should be turned around. The question would then be whether an ethnic and national base legitimizes (or perhaps renders illegitimate) economic, monetary, and financial interests and organizations?

MONETARY ORGANIZATION AS EMBEDDED IN NATIONAL IDENTITY

This leads us to the chapter's final section, in which I propose a way to theoretically conceptualize the connection between the legitimacy of monetary organization and national identity. I will do this by connecting ideas from organizational legitimacy with insights from nationalism studies.

Within organizational institutionalism, the social creation of meaning is a central theme as groups and individuals in different social contexts are perceived to construct concepts and representations of each other's actions, which potentially becomes institutionalized. When ideas and concepts are institutionalized, they prescribe templates and roles that are enacted and played out by actors, individuals, groups, and organizations (Højgaard Christiansen, 2012:28).⁶ To be perceived as legitimate, actors and organizations must adhere to these templates and roles. Or, as phrased by Suchman, they are confined by "a socially constructed system of norms, values, beliefs" (1995:574). Legitimacy becomes jeopardized if the limits of this system, whatever its institutional context, are transgressed.

Whereas earlier studies of organizational institutionalism focused on organizational fields, as in for example Powel & DiMaggio (1983), more recent

⁶ Following the ideas of Berger & Luckmann's (1989)[1966] influential work "The social construction of reality".

theoretical developments point to the idea that the logics of organizational fields are “nested within higher-order societal institutional logics” (Greenwood, Oliver, Sahlin, & Suddaby, 2008:21). As such, theorists from the institutional logics perspective have argued that *community* constitutes an important institutional order that provides actors and organizations with identities and sources of legitimacy (Thornton, Lounsbury, & Ocasio, 2012:68-75). The nation, I argue, constitutes such a socially constructed system that confines organizational actions.

Within organizational studies, some scholars have turned to the issue of national culture and investigated how such culture structures organizational and governance forms. For example, Licht et al. (2007:660-661) have operationalized what they labeled as “the cultural profiles of nations” to demonstrate how informal institutions of governance have their root in different national cultures. Generally, organizational scholars have come to acknowledge that national culture interface with organizational legitimacy. In the 2011 *Handbook on Organizational Cultures and Climate*, Sagiv et al. summarized this growing awareness in a quote that epitomizes an idea central to this dissertation:

Organizations are nested within societies. To function effectively, organizations must gain and maintain some public legitimacy [...] They must justify their activity as expressing (or at least not contradicting) the values that are important in their society. Organizations that fail to do so face criticism, pressure to change, an even denial of resources [...] Consequently, organizational cultures tend to develop and evolve in ways that are compatible with the surrounding national culture. (Sagiv et al., 2011:519-520)

As such, we must expect central banks to have evolved in a manner that signals compatibility with the broader cultural and institutional environment. So, the

central bank and its currency, in order to be perceived legitimate, must be considered desirable, proper, and appropriate within the system of norms, values, and beliefs that constitute the nation. Such an argument resonates partly with the ideas of Gilbert (2007), who argues that reformers of monetary organization must be sensitive to the constitutive relationship between currencies and citizenship and the latter's social, cultural, and political elements (Gilbert, 2007:142). Because the cultures of monetary organization over time have become "compatible" with national cultures they have also become more difficult to change for monetary reformers who, for some reason or another, envisage an alternative monetary organization.

When central banks are aligned and compatible with national cultures, they reinforce and reproduce the national system of norms and values through what Crane defines as "the symbolic embeddedness of economy in nation" (1998:64). In this fashion central banks become both the consumers and producers of national culture. Interestingly enough, nationalism studies and the part of organizational institutionalism that is focused on the importance of national cultures are very seldom combined. Organizational theorists rarely investigate the emergence of so-called national cultures. The nation-state is most often perceived as an "independent variable" that influences the choices and structure of organizations (Glynn & Abzug, 2002:278). Scholars of nationalism are, more often than not, content with investigating how national culture has been produced and reproduced historically. Fewer studies investigate how ideas of the nation legitimize organizational choices.⁷

My analytical emphasis in this dissertation will deal with the legitimacy of monetary organization as embedded in national identity. By this I mean the way that the desirability and appropriateness of monetary organization is potentially confined and defined by interpretations of the nation's cultural patterns. This being said, I will not neglect the other side of the coin, so to speak, that relates to the question of how

⁷ One recent exception is Egan (2014), who analyzes how national identity provides social movements with a discursive resource that may be invoked to reach political objectives.

central banks and national currencies potentially reinforce national culture. The nation-state is indeed not an independent variable: it is evolving, contingent in meaning, and reinforced by a range of different cultural and organizational practices.

REPRESENTATIONS OF LEGITIMACY AND NATIONAL IDENTITY: SKETCHING AN ANALYTICAL STRATEGY

AN ANALYSIS OF SYMBOLS

Having defined the theoretical concepts of legitimacy and national identity, the following questions remain: how does one actually study the connection between the two concepts to answer the general research questions? What should we look for, and where should we look?

Symbols, I argue, are the common analytical objects that connect the concepts of legitimacy and national identity. With its most basic definition, a *symbol* is a sign that stands for something else (de Saussure, 1983:66). Meanings and identities do not only exist inside one's head as mental phenomena; they "arise and develop by the mediation of material tokens or signs of some kind: words, images, sounds or other perceptible external marks organised into various forms of artefacts, texts, works, genres or discourses" (Fornäs, 2012:43). In this manner, symbols not only entail the visual, but must be understood in a broader sense to encompass both speech, ceremonies, and practices that are invested with meanings and convey meanings that exceed their immediate appearances through a process of signification.

As mentioned in a previous section, symbols are potential sources of organizational legitimacy. Organizational institutionalism had as its genesis the analysis of organizational myth and ceremony (Meyer & Rowan, 1977). To be sure, the observation that symbolic isomorphism legitimates was one of Meyer and Rowan's most important insights. However, symbols are not central only to the analysis of

organizational legitimacy. As noted by Cohen, no social or political order is sustainable without the “mystification of symbolism” (1985:219). Communities employ symbols as bonds of affiliation: “people construct community symbolically, making it a resource and repository of meaning, and a referent of their identity” (Cohen, 1985:219). Hence, symbols are emblems and identifiers of a specific community or groups. The continuous representation of the national symbolic repertoire reinforces the identification of individuals with the nation’s cultural patterns (Smith, 2001:18). Thus symbols both delineate social and national communities and are sources of organizational legitimacy.

Consequently, as the aim of this dissertation is to investigate how monetary organization draw legitimacy from and configure national identity, such an examination must highlight instances where the representations of monetary organization become symbols of the Danish national community and national identity and vice versa. By *representations*, I refer to the concrete instances where historical actors have described or portrayed the connection between national identity and monetary legitimacy. This connection, I argue, can be studied empirically and historically. But where should one look for such representations?

WHERE TO LOOK FOR SYMBOLS?

The above discussion, regarding symbols as the common analytical denominators, pointed toward representations as central to the analysis. Now, we must think about where to search practically and empirically for such representations.

As I mentioned in the introduction, this project started out as a study of how monetary organization potentially contributed to national identity. As such, I had the idea that I could designate episodes from Danish monetary history where debates about, or challenges to, national identity had been evident. In particular, the national

and monetary conflict between Denmark and the duchies of Schleswig and Holstein as well as the euro referendum of 2000 seemed to hold great promises as case studies. Also, Nationalbanken's archival disclosure offered the opportunity to conduct an investigation into the presumed identity-crafting aspirations associated with Danish banknote designs. Thus, my original strategy was to investigate the symbolic construction of community in these three case-studies and then use the cases to confirm or reject existing ideas of how currencies and central banks create national identity.

However, as I worked with the literature and empirical material related to these three cases, the issue of legitimacy became increasingly relevant. Whenever I found, what I thought to be, obvious examples of identity construction, it was always accompanied by some form a legitimacy seeking, or legitimacy dilemma.

So, instead of investigating and testing the identity-crafting associated with these three cases I now use them to suggest some more general themes, in which the legitimacy of monetary affairs is potentially connected to issues of national identity. Below, I suggest three themes that wield potential for such analyses. This does not mean that I have discarded the original cases. By developing the below themes, I aim to show that the rationale behind the initial selection of cases has changed. Although the themes may very well be suited for analyses of identity-construction, I am now able to justify theoretically why the themes are useful for the study of the relationship between legitimacy and national identity. I argue that monetary organization potentially actualizes and feeds upon national identity in the following three instances:

- 1) In the face of a fundamental restructuring of monetary organization
- 2) When designing and circulating national currencies, and
- 3) When central bankers engage in public debate to justify their actions and convince the national constituency of the appropriateness and desirability of such actions.

Some of these three themes are indeed overlapping and I claim no clear-cut boundary between them. Nor are they necessarily homogenous in terms of the level of analysis. However, the three themes all point to instances where the legitimacy of monetary organization and the decisions of the central bank are potentially challenged by ideas of the nation. In the sections below, I briefly explain the theoretical motivations for narrowing in on these specific themes.

MONETARY REORGANIZATION

Central banks' activities relate to perceptions of popular sovereignty and accountability (Gilbert, 2007:151); both of which are themes pertaining to issues of legitimacy and nation. Also, as Peebles has argued, the existence of centralized national banks alludes to the promise of a shared national future:

With the disappearance of the individual hoard in favor of banks, modern subjects and their futures are specifically tied to the well-being of a vast array of specific people, whereas the 'cosmopolitan' metal of the individual hoard had allowed individuals to maintain separation from these potential compatriots (Peebles, 2008:259).

On an everyday basis, this idea of accountability, sovereignty and the prospect of a shared national future is not challenged severely. However, when monetary organization faces an extensive reconfiguration, these ideas and feelings are readily articulated. They might even be exploited and mobilized for political purpose by different groups in pursuit of certain political ends or economic goals.

These above ideas direct us to an area where we might look for representations of national identity and monetary legitimacy, i.e., when existing monetary organization is undergoing substantial changes and issues of sovereignty,

accountability and economic fate becomes particularly pertinent. So, I suggest that studying substantial changes in monetary organization could prove particularly useful for understanding the symbolic linkage between money, central bank legitimacy, and the national identity.

DESIGNING BANKNOTES

One of the most direct ways in which people are exposed to the decisions and preferences of the central bank is through the physical money that we handle every day. In Denmark, as in most countries, the central bank has the final say in selecting appropriate symbols and designs for the national banknotes. As detailed in the literature review, banknote design cannot be considered solely a question of identity-crafting, as it relates closely to the question of legitimacy of the issuing authority (Hymans, 2004; Penrose & Cumming, 2011; Penrose, 2011).

Nonetheless, the legitimacy aspect of currency iconography has, by and large, been overlooked in existing studies. For this reason, Penrose calls for a more detailed analysis of the actual motivations and negotiations that are involved with new banknote designs (2011). In these processes of choosing specific motives and iconographies, appropriate banknotes are negotiated and discussed, and it is here that diverging opinions are expressed and eventually reconciled in the final banknote designs. Afterwards, when a new banknote series is eventually put into circulation, the new notes are evaluated by the constituents of the issuing authority. These domestic constituents include the general population, politicians, the media, and art reviewers. However, banknotes also have an international audience as the notes signal national values to an audience that is beyond the nation-state (Hymans, 2010).

A potential conflict lies in these internal and external negotiations regarding appropriate banknote designs. In the Danish case, the issuing of a new banknote series has always sparked debate, which attests to the strong emotions

banknote designs may evoke. As one Danish newspaper remarked when a new banknote series was released back in 1954:

The new 5 and 10 kroner notes have been received with extraordinary good will—and should we perhaps say something as unusual as goodwill. New banknotes are as new stamps, something that concerns us all. We are gripped by emotions, we tend to only have the first day with new wallpaper in the living room. (n/a, 1952:10)

Here, in this short quote, we get a sense of the tensions and diverging prescriptions of legitimacy that relates to the issuing of new notes. Following this, I suggest that debates over banknote designs—both internally within the central bank and in public discourse—make out promising empirical entries to the connection between legitimacy and national identity.

THE LANGUAGE OF CENTRAL BANKERS

Juliet Johnson dubbed central bankers “the priests of prosperity” thereby pointing to their religious associations (2007). In an earlier paper, Tognato even referred to central banking as a kind of secular religion (Tognato, 2004). Such theological references underscore the point that a quasi-religious aura connects the central bankers. Indeed, the religious mysticism of central bankers was accented by William Greider in *Secrets of the Temple*, when he described how the immensely important yet unintelligible character of central banking worked to mystify the Federal Reserve: “the governors of the Federal Reserve decided the largest of questions of the political economy, including who shall prosper and who shall fail, yet their role remained opaque and mysterious” (Greider, 1987:12). In this framing, central bankers attained a role as semi-deities who, in Greider’s narrative, (almost) decided between life and death.

I refer to these ideas because they hint at the great importance of the central bank governor persona. Central bank governors are the ones who allegedly decide who shall prosper and who shall fail, and they are also the ones who often incarnate the central bank organization and authoritatively speak on its behalf. Although the personality of the individual central bankers per se may not secure price stability, most scholars agree that the language of central bankers has become increasingly important for the legitimacy of the organization (Mehrling, Moss, Pixley, & Tavlas, 2007). As mentioned, a surge has been observed in the literature focused on the language of central bankers and central banks. I will follow and expand on these studies to analyze the language of and about central bankers, because such language constitutes representations of central bank legitimacy and its connection to national identity.

THE DANISH CASES

Now, instead of just selecting a series of cases in which I believed issues of identity and monetary organization were articulated in relation to each other, the research process and the introduction of the legitimacy concept has allowed me to theoretically justify why my original cases were indeed suitable for analyzing the connection between legitimacy and national identity. Following the three above suggestions I argue that, because my analytical focus has shifted toward legitimacy, the following four cases are suitable for such analyses.

- 1) The national conflict between Schleswig-Holstein and Denmark in the nineteenth century: As I mentioned, substantial changes in existing monetary organization potentially highlights issues of popular sovereignty, accountability, and the sense of a shared economic fate. This is why debates over monetary reforms could prove particularly well-suited cases for analyses of legitimacy and national identity. Since the late eighteenth century, the Danish conglomerate

state, *Helstaten*, managed different currency systems. The duchies of Schleswig and Holstein had their own rather stable silver standard, whereas the paper-based currency in the rest of the Kingdom was characterized by endemic instability. In the period from 1813 to 1864, Copenhagen legislators continuously sought to homogenize the Danish currency while, at the same time, reintegrating the separatist duchies into *Helstaten*. The explicit interrelation between issues of nationhood and monetary legitimacy makes the period between 1813 and 1864 a particularly promising case. Also, the monetary reform of 1854 can be seen as the first serious attempt to establish a single territorial currency within the Danish state. As such, the reform may be viewed as the creation of *the* Danish currency and, hence, makes an obvious starting point for my analysis.

- 2) The Danish euro-debate of 2000: The Danish euro-referendum of 2000 marks what could have been the end of the Danish currency. In this respect, the euro-referendum is very different from the Schleswig-Holstein case, where policymakers unsuccessfully tried to promote one single territorial currency. Some 150 years later, Danish politicians, at large, were ready to abandon the krone and implement the euro. The euro-debate preceded a referendum on whether or not to keep the national currency. Therefore, we must expect that, if any place, this would be the case to look for the connection between the legitimacy of monetary organization and representations of national identity. Taken together, the two articles on Schleswig-Holstein and the euro-referendum both relate to major monetary reforms and, therefore, offer the opportunity for comparative analysis.
- 3) The design processes and public reception of Danish banknotes through history: As mentioned, I view the debates and decisions made about 'suitable' banknote iconography as promising entries to understanding the relationship between

central bank and national identity. In connection with my PhD project, Nationalbanken has granted me full access to their archives—which include internal memos, reports, and evaluations on banknote designs. These sources elucidate the negotiations over suitable banknote motives. Since 1908, Nationalbanken has hosted four design-competitions. The jury evaluations and internal communication relating to these competitions offer detailed insights into the often conflicting representations of the national identity. Also, Danish newspapers have continuously evaluated the different designs and reported on public attitudes toward new banknotes. Such public material as newspapers and magazines are valuable sources of public reception and interpretation of Nationalbanken’s attempt to become legitimate through banknote designs. This analysis is featured in this dissertation’s third article, titled: “‘Too weird for banknotes’”: Legitimacy and Identity In the Production of Danish Banknotes 1947-2007”

4) The narratives of and about Danish central bankers in a historical perspective:

This fourth article was the last to be researched and written. Therefore I have been able to use the ideas and accumulated insights that I gained from the earlier studies to sharpen its focus on legitimacy. As such, “Banking on the Nation” represents the article with the clearest focus on the historical development between national identity and central bank legitimacy. But why would I focus on narratives of and about Danish central bankers? As argued by Tognato, central bankers are in a position that enables them to speak the language that connects monetary affairs to fundamental ideas of collective identity; however, the language of central bankers is not just accepted by their constituents without resistance. Therefore, the analysis of central bank language must be supplemented by an investigation of how this language is received in a broader public discourse to focus on the narratives of and about Danish central bank

governors. I apply a processional historical approach to this analysis to explain the temporal development of the narratives that connect central banking to national identity. I analyze four periods in Danish monetary history (and the language of four prominent Danish central bankers) to explain the development and resilience of these narratives.

DIFFERENT CASES AND EMPIRICAL MATERIAL

In terms of temporal focus and chronology, the four cases are very different from one another. Two of the cases demand longitudinal studies than span more than a century (the cases regarding banknote designs and the narratives of central bank governors). The articles on Schleswig-Holstein and the euro-debate have a narrower time frame, ranging from 50 years to 6 months, and are chronologically separated by more than 150 years. These variations raise considerable challenges in terms of methodology and empirical data. What do these four articles have in common? How should one analyze these different cases to evaluate whether Nationalbanken did, in fact, draw on and reproduce the Danish nation?

The articles on the euro and Schleswig-Holstein are connected by a common theme; the proposed restructuring of existing monetary organization. As such, they offer the possibility for comparison as two distinct configurations of national identity and monetary organization separated by 150 years. However, such punctual comparisons offer only a static picture of limited situations: they cannot explain the happenings between the two periods. Therefore, they are fittingly supplemented by the wider timeframe in the two additional articles on banker-narratives and banknote designs. These two studies potentially contribute to a more process-oriented understanding of the identity-legitimacy connection and should open up for an understanding of how the relationship changes over time. I briefly discuss, in the next section, the variations in the four articles, in terms of analytical objects and empirical

material, and highlight the overarching analytical commonality that exists in all four articles despite their differences.

RHETORIC, NARRATIVES AND VISUAL SYMBOLS

In the four articles below, I apply use of different theoretical concepts. In the articles on Schleswig-Holstein and the Danish euro-debate, I use the concept of *rhetoric* to analyze the arguments and debates over the potential restructuring of existing currency systems. Such a rhetorical analysis involves an examination of claims and the underlying assumptions and backings that sustain these claims. These rhetorical claims relate to the employment of symbols, visual and other, for translation and interpretation (Phillips, 2004:3; Bruner, 2011:404). As such, these two analyses investigate how the national symbolic repertoire was employed by political elites to legitimize, or render illegitimate, alternative monetary organization.

Although I focus on the conscious use of symbols to promote defined policy aims, I also argue that existing identity constructions defined the frame and possibilities for the rhetorical actors, and that these actors were confined and enabled by the existing ideas about monetary organizations, as well as national identity. This idea resonates with the central argument in the article on Danish central bankers, in which I use the concept of *narratives*. Here, I define narratives as a symbolic representation, linked in time and framed by a certain theme (Mordhorst, 2013:4). Again, as with the definition of rhetoric, the employment of symbols is central to the concept of narratives. A narrative analysis, as laid out in the article “Banking on the nation”, is less focused on the structure of specific arguments. Instead, such an analysis is sensitive to the way that a narrative potentially conditions and frames the possibilities and decisions of actors and organizations. Finally, in the article “Too weird for banknotes”, I analyze the designs of Danish banknotes and Nationalbanken’s considerations of which visual symbols it should employ on its notes.

Although these different approaches may not be completely compatible they do indeed share one key commonality. Whether I analyze the narratives of central bankers, outline different rhetorical strategies or focus on banknote iconography as objects of analysis, the deliberate or unintentional employment of symbols in securing legitimacy and reinforcing national identity remain as parts of the recurring analytical focus. Visual images, rhetoric, and narratives are all symbolic representations from which legitimacy is sourced, and they are all three elements of the continuous reproduction and reinterpretation of the nation and the individual identification with it.

The empirical material varies in the four articles. Each article will feature its own reflections on the quality and limitations of the material used. However, common to the four papers is the ambition to analyze and interpret historical representations. As such, the only access to such representations is through historical texts. Over the next four chapters, I engage in these analyses of representations in different historical texts.

The four Papers

MONETARY ROMANTICISM: NATIONALIST RHETORIC AND MONETARY ORGANISATION IN NINETEENTH-CENTURY DENMARK

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Abstract

Recurring debates on the common European currency illustrate that monetary organisation and issues of national identity and community are closely interlinked. National sentiments and ideas about the nation continuously inform public attitudes towards currencies. This article addresses the interrelation between monetary organisation and nationalism. In the conflict between the Danish state and the Duchies of Schleswig-Holstein in the nineteenth century, banks and currencies were mobilised as political symbols to promote an agenda of regional nationalism. The local Schleswig-Holstein currency and the local Schleswig-Holsteinische Landesbank became symbolic antagonists to the Danish central bank and to the official state-sanctioned currency – which by Danish policy-makers were considered key elements in the attempt to consolidate the Danish state and curtail Hamburg's economic influence. The analysis highlights the symbolic qualities of monetary institutions and points to the entwinement of economic motivations and nationalist ideology that consequently affected the possibilities for Danish monetary organisation and nation-

building; it thus contributes to our understanding of currencies and banks as nation-building tools and symbols of national community.

1. Introduction

Money has a funny way of winding people up; the symbolic qualities of national currencies can evoke strong feelings of collective identity and lingering popular nationalism. In later years, the intimate relationship between monetary institutions and national identity has been discussed in connection with the problems facing Europe's single currency. Thus, Financial Times columnist Gideon Rachman recently argued that the euro's 'true and fatal flaw' seems to be its lack of common identity.⁸

This article deals with the connection between monetary institutions, nationalism and national communities. Focusing on the conflict between Denmark and the duchies of Schleswig-Holstein in the nineteenth century – during which an ideology of Schleswig-Holsteinian separatism gained momentum – my objective is to demonstrate how the regional currency and bank, i.e., the Schleswig-Holstein *courant* and the *Schleswig-Holsteinische Landesbank*, on the one hand, were juxtaposed with the currency sanctioned by the Danish state and the Danish central bank on the other. In this conflict, the monetary institutions were transformed into political symbols that buttressed ideas of nationalism and feelings of national identity. I argue that, as national tensions between the duchies and the Danish kingdom increased in middle of the nineteenth century, economic interests and nationalist agitation gradually merged into a distinct rhetorical form, which I refer to as 'monetary romanticism'. I also highlight the fruitless efforts of Danish policymakers to enforce monetary unification and I demonstrate how monetary institutions not only co-configure territory and state but can also be hijacked as political symbols to promote an agenda of nationalism.

⁸ Rachman, 'The Single Currency's True and Fatal Flaw' (2011).

As scholars of monetary history are aware, territorial currencies are a relatively new phenomenon tied to the process of modernisation and state-consolidation in the nineteenth century.⁹ Two hundred years ago, commodity money was not formally linked to territorial borders and national monetary systems were often heterogeneous and fragmented. This was particularly true within the Danish kingdom, where policy-makers struggled in vain to enforce monetary uniformity and to displace competing currencies within the southern region comprised of the Duchies of Schleswig-Holstein. For this reason, Denmark offers an interesting case of the development of national currencies because of its historically heterogeneous monetary system, which policy-makers sought to reform, and because of its development from a heterogeneous composite state to a fairly homogeneous nation-state.

The process of nineteenth-century monetary unification is well studied, and much of the research has been informed by econometrics and currency-area calculations.¹⁰ The creation of the Latin Monetary Union in particular (and later the Scandinavian Monetary Union) has attracted significant academic attention because it offers insight into the economic and political considerations that motivate the desire for monetary unity.¹¹ While some work has been done on the political economy of monetary unification in the early modern period, for example by Carl-Ludwig Holtfrerich, who shows that German monetary unification in the nineteenth century preceded political unification in 1871,¹² little empirical work has been conducted to investigate the interrelation between nineteenth-century romanticist nationalism, on the one hand, and monetary and financial institutions such as currencies and central banks on the other hand. The goal of this article is to analyse currencies and banks as

⁹ See for example Dodd, *Sociology* (1994); Eichengreen, *Globalizing Capital* (1996); Spahn, *Gold* (2001); Helleiner, *Making* (2003).

¹⁰ Flandreau/Maruel, 'Monetary Union' (2005) and Foreman-Peck, 'Lessons' (2006).

¹¹ Reis, *Monetary Systems* (1995); Einaudi, 'Franc' (2000); Einaudi, *Money and Politics* (2001); Øksendal, 'Norwegian Debate' (2006).

¹² Holtfrerich, 'Monetary Unification' (1993), 523.

national symbols, and to put these symbols in the context of Danish nation-state consolidation and monetary homogenisation.

To do this, I use a wide range of source material related to the monetary issues in Schleswig-Holstein from around 1830 to 1864. The analysis builds on different archival sources such as parliamentary debates, monetary legislation, newspaper articles from Denmark and the duchies as well as a range of smaller debate publications. Additionally, I use the existing literature on the monetary history of Schleswig-Holstein and Denmark including the works of Carsten Rubow, Svend Aage Hansen, Werner Pfeiffer and Michael Märcher.¹³ The connection between nationalism and monetary institutions in Schleswig-Holstein have already been acknowledged by Ove Hornby in his account of the Flensburg branch of the Danish central bank, by Hans Schultz Hansen in his work on national sentiments and ideologies and finally by Inge Adriansen in her study of Danish national symbols, in which a short section is devoted to the Danish currency.¹⁴ In these studies, however, the connection between monetary organisation and national sentiments is mentioned only briefly or as appendage to the history of either monetary developments or nationalist movements. In this article, in contrast, I focus specifically on this interrelation and combine primary and secondary literature on Danish monetary history to offer a semiotic analysis of hitherto unused material on the monetary disputes between Denmark and Schleswig-Holstein.

The article is structured as follows: first I sketch a theoretical framework on the symbolic importance of money and banks. In section two, I provide a brief overview of the existing literature on monetary organisation and nationalism. I also reflect on the tension between issues of economic self-interest and expressions of

¹³ Rubow/Danmarks Nationalbank, *Nationalbankens historie* (1918); Hansen et al., *Pengehistorie* (1968); Pfeiffer, *Geschichte* (1977); Märcher, *Møntsteder* (2012).

¹⁴ Hornby, *Striden* (1975); Schultz Hansen, *Danskheden* (1990); Schultz Hansen, *Hjemmetyskheden* (2005); Schultz Hansen, 'Patria' (2009); Adriansen, *Symboler* (2003).

national romanticist ideology; and more specifically what this means in terms of interpreting the source material. In section three, I attempt to do justice to the fairly complex Danish monetary system from the early 1800s until 1864. Section four sheds light to the monetary elements that were resourced for the national romanticist movement in Schleswig-Holstein. In sections five and six, I analyse the political mobilisation of banks and currencies respectively to show how they were used to further a nationalist agenda or as tools to consolidate the Danish state. The analysis is thematically rather than chronologically structured into these two larger sections on banks and currencies. Finally, in section seven, I draw my conclusions.

2. Currencies and banks as national symbols

Historical research has already been conducted on the use of currencies as nation-building tools, delineators of communities and symbols of national identity.¹⁵ Many of these studies stress that the collective understanding of boundaries between social communities is mediated and sustained by a repertoire of symbols. As Anthony P. Cohen has pointed out, the boundary that marks the beginning and the end of any community are rather symbolic than physical.¹⁶ Along these lines Zdzislaw Mach argues that symbols comprise vehicles of meaning and cultural values, which are without material form and can only be conceived and communicated through the use of symbols.¹⁷ Because symbols potentially demarcate boundaries of community they have frequently been politicised as nation-building instruments. State and national

¹⁵ To mention but a fraction: O'Malley, 'Species' (1994); Pointon, 'Money and Nationalism' (1998); Gilbert, 'Ornamenting' (1998); Gilbert, 'Forging' (1999); Helleiner, 'National Currencies' (1998); Helleiner, *Making* (2003); Rowlinson, 'The Scotch' (1999); Hymans, 'Color' (2004); Colella, 'Monetary Patriotism' (2003); Lauer, 'Money' (2008).

¹⁶ Cohen, *Construction* (1985), 13.

¹⁷ Mach, *Symbols* (1993), 37.

elites continuously attempt to monopolise the use of powerful symbols in an effort to control how they are used.¹⁸

The importance of cultural and symbolic components of communities has been accented by Anthony D. Smith's ethno-symbolic approach to nationalism. According to Smith, ethnic myths and symbols of community are important elements in the construction of nations. These symbols, which include flags, hymns, anthems – and most notably coins¹⁹ – can be invested with meaning and significance and serve as powerful motifs of nationalism that sustain a national community. Inspired by Smith's approach I perceive monetary institutions as symbols that can serve to demarcate community boundaries and contribute to the configuration of a collective identity.²⁰ Such symbols are not merely to be understood as unnoticeable, hibernating components of national communities. Symbols may be monopolized by ideological movements who draw sustenance from a repertoire of existing myths, traditions and symbols to promote an agenda of nationalism. However, Smith argues, powerful symbols and traditions cannot readily be 'invented' as Hobsbawm has proposed.²¹ Even though socio-economic elites may try to alter or seriously distort existing myths and symbols in an attempt to engage in 'top-down' myth construction – these myths cannot be invented impromptu. Instead, political elites promoting a nation must carefully select and wield a range of symbols that have a degree of resonance in the population they seek to influence.²²

Gertude Stein once banteringly asked people to make up their minds; whether money is money or money isn't money?²³ Following the symbolic focus of the aforementioned studies I propose that money is both. Sometimes money is actually 'just' money in the traditional quantifiable economic sense – something we earn and spend every day – a means of exchange, a unit of account or a technology

¹⁸ Hobsbawm/Ranger, *Invention* (1983); Mach, *Symbols* (1993), 105.

¹⁹ Smith, 'Ethno-symbolism' (2005), 28.

²⁰ Smith, 'Ethno-symbolism' (2005), 23.

²¹ Hobsbawm/Ranger, *Invention* (1983).

²² Smith, *Ethno-Symbolism* (2009), 21.

²³ Stein, 'Money' (1996), 236.

for storing wealth. At other times, money is a symbolic sign that stands for something else, something unrelated to economic value. It is a signifier, to use the vocabulary of Saussure,²⁴ which denotes an arbitrary relationship between the real world and the sign. Thus, a central bank – like the Danish Nationalbanken – may be invested with meaning that has little to do with the monetary duties it performs. It may be the physical headquarter of a bank offering a range of financial services. But it may also be construed as a symbol of something intangible – e.g., as an embodiment of a certain political ideology. Symbols convey metaphysic abstractions through physical, tangible objects²⁵ and as such, both currencies and headquarters of central banks can be understood as symbols with the ability to bolster the identity of regional or national communities because they embody ideas and are invested with meaning.

Self interest versus romanticist ideology

To be sure, the above focus on symbols does not imply that the monetary and financial disputes between Denmark and Schleswig-Holstein can be completely severed from the underlying economic interests that motivated different socioeconomic groups. Ethno-national mobilisation indeed often results from the conscious efforts of economic elites to consolidate control over certain political or economic resources.²⁶ I recognise that national symbols alone might not explain collective action. As economic historian Carsten Hefeker has shown by analysing a series of nineteenth-century monetary unions, the economic policies leading to monetary unification depend on the influence of the potential ‘gainers’ and ‘losers’.²⁷ The restructuring of monetary organisations tends to favour some societal groups while others risk losing money, power and influence. As Schultz Hansen has recently

²⁴ de Saussure, *Course* (1983), 66.

²⁵ Adriansen, *Symboler* (2003), 30.

²⁶ See for example Hroch, *Preconditions* (1985) or the Marxist-inspired analysis by Hobsbawm and Ranger, *Invention* (1983).

²⁷ Hefeker, ‘Interest Groups’ (1995).

argued, identification with national movements in Schleswig was largely defined by class, profession and economic influence. People simply tend to sympathise with the nationalist ideas that seem most economically rewarding. This accounts for a correlation between rational economic expectations and expressions of national identity.²⁸

Consequently, even though my analysis is most adequately described as a qualitative semiotic approach, in which I focus on the meanings attributed to the monetary institutions of Denmark and Schleswig-Holstein, a certain amount of background information is necessary. Because the nationalist discourse cannot be analysed independently of the economic and political structures within which it was articulated, I shall clarify Schleswig-Holstein's economic interests. Moreover, although I provide examples of how the general population responded to these attempts in an effort to hint at their impact, my main analytical focus is the rhetoric of the elites.

3. Monetary and financial issues in Schleswig-Holstein

From the cession of Norway in 1814 until 1864, the Danish state was composed of the kingdom of Denmark, the southern duchies of Schleswig, Holstein, Lauenburg, as well as a range of overseas possessions. The term Helstaten is often used to describe this peculiar geopolitical arrangement that was characterised by immanent economic and political tensions. The duchies accounted for about half of the total land and two fifths of the total population. Due to political arrangements dating back to the late Middle Ages, the duchies had been under the formal rule of the Danish king, however, culturally, the duchies stood out from the rest of the Kingdom. Holstein was completely German speaking, and High German was the official language although almost half of the population in Schleswig spoke a Danish dialect.²⁹ Moreover, the

²⁸ Schultz Hansen, 'Patria' (2009).

²⁹ Carr, *Origins* (1991), 34.

duchies were economically and geographically removed from the Danish capital of Copenhagen on the eastern island of Zealand. Consequently Schleswig-Holstein agrarian commerce was oriented not north and east, towards the Danish kingdom, but towards the German cities south of the Holstein border – Hamburg in particular – which also opened the door to the English market.³⁰ This agrarian export made the Schleswig-Holstein farmers and landowners interested in keeping close commercial connections with the German regions south of Holstein. On the other hand, merchants and grocers in the larger cities, such as Flensburg, turned to Helstaten as a bulwark against German competition, in hopes of retaining the prosperous trade routes with the Danish West Indies.³¹

Various currencies circulated within Helstaten. Courant coins and banknotes were produced in the Copenhagen *Kurantbanken*. In addition, a range of foreign coins of varying silver content flowed in from the German cities south of the border (including Prussian *thalers* and Hamburg *banco-daler*). Within Schleswig-Holstein, the silver-based Hamburg *banco-daler* was in fact often preferred as unit of account.³² Due to their relatively autonomous status within *Helstaten*, the duchies had acquired their own monetary privileges in 1788.³³ As a result, the Altona-based Schleswig-Holstein Specie Bank (located in the outskirts of present-day Hamburg) produced specie notes based on silver reserves and had strict rules for issuing notes.³⁴ The silver content of the Schleswig-Holstein specie equalled that of the Hamburg *banco-daler* and thus reduced transaction costs. The Specie Bank in Altona had a rather restrictive credit policy and a low impact on the credit supply to the regional business community.³⁵ According to Danish banking historian Axel Nielsen, the bank played no role as a credit institution as its only lending was limited to discounting

³⁰ Wilcke, *Specie* (1929), 22; Carr, *Origins* (1991), 36.

³¹ Schultz Hansen et al., *Sønderjyllands historie* (2009), 88.

³² Hornby, *Striden* (1975), 19.

³³ The intimate economic relationship between Hamburg and the duchies had prompted Danish politicians to accept a Schleswig-Holsteinian silver standard, since future tax revenues from the duchies would be delivered in a stable currency in a fixed rate to the Hamburg *banco*. Hansen et al. *Pengehistorie* (1968), 81.

³⁴ Märcher, 'Banking' (2010), 135.

³⁵ Hornby, *Striden* (1975), 20.

short-term (three-month) bills of exchange.³⁶ The mint in Altona also produced silver specie and courant coins. The exchange rate between courant and species was defined by a fixed ratio of 100 species to 125 *courant*.³⁷

These financial and monetary arrangements meant that *Helstaten* was forced to manage different monetary systems since the duchies *de facto* had a stable silver standard, whereas the Copenhagen Courant Bank issued notes with fluctuating values. Moreover, the economic and political structures of *Helstaten* also posed considerable barriers to the establishment of a homogeneous territorial currency. Eric Helleiner defines the nation-state and industrial technology as two structural preconditions for monetary homogenisation.³⁸ Although *Helstaten*'s minting technology was arguably quite evolved, it definitely lacked the first structural condition, namely a culturally homogeneous nation with strong links between state and society. Instead, existing monetary arrangement intensified national difference as one societal group (people in the duchies) relied on commodity money with intrinsic value while another group was left with a fiduciary currency, which depended largely on the state's ability to cultivate the trust of the population in its ability to manage monetary policy in a responsible way.³⁹

During the Napoleonic Wars, in 1807, the English navy bombed the Danish capital heavily in order to prevent the Danish fleet from falling in the hands of the French. Large parts of Copenhagen were destroyed, and the British confiscated the fleet. The war also had severe economic ramifications as it led to widespread monetary chaos and inflation within the Danish kingdom. Large-scale production of Copenhagen courant banknotes eventually resulted in a collapse of state finances. From 1800 to 1809 the amount of courant notes in circulation rose steadily. However,

³⁶ Nielsen, *Bankpolitik* (1923), 287.

³⁷ Hornby, *Striden* (1975), 20.

³⁸ Helleiner, *Making* (2003), 42-43.

³⁹ As argued by Giddens, *Nation-State* (1996), 155-158.

the market was eventually swamped with debased paper money from 1810 to 1812⁴⁰ as the Danish war expenditure had been primarily funded with the use of the printing press. The number of circulating courant notes increased by almost 900% and in 1812 the rate of the courant dropped to less than one-twelfth of its silver parity value.⁴¹ In 1812, notes from the Schleswig-Holstein Specie Bank were declared inconvertible to prevent foreign speculation from causing a run on the silver reserve.⁴²

In 1813, a sweeping monetary reform was implemented in an effort to resolve the monetary situation, including among other measures, a new homogeneous currency and unit of account for the whole country (*rigsbankdaler*), a pledge to make these new notes reach parity by gradually withdrawing notes from circulation, and the establishment of a new note-issuing bank, *Rigsbanken*. The bank was founded as a private enterprise based on privately held shares. The *Rigsbank* notes were backed by a 6% compulsory priority silver mortgage on the property of the landowners of both the kingdom and Schleswig-Holstein. This mortgage was to be amortised at 6.5% per year until the notes reached parity, at which time the bank would begin to pay dividends to its shareholders. In all, a liability of 14 million rigsbankdaler was imposed on the duchies – with another 18.9 million on the kingdom.

Throughout Schleswig-Holstein the monetary reform was considered inconvenient and extremely unfair, since during the period of Danish inflation they had managed to sustain a stable monetary system based on the silver specie. The use of inconvertible notes from the Copenhagen Courant Bank had not been compulsory in the duchies. Instead, silver coins had dominated circulation in Schleswig-Holstein and the number of notes issued by the Schleswig-Holstein Specie Bank had been relatively low; around two million *rigsbankdaler*.⁴³ Despite this regional monetary prudence, the landowners of Schleswig-Holstein nonetheless paid a heavy price for

⁴⁰ Wilcke, *Specie* (1929), 233.

⁴¹ Hansen et al., *Pengehistorie* (1968), 110.

⁴² Hornby, *Striden* (1975), 21.

⁴³ Märcher, 'Banking' (2010), 135.

the reconstruction of the Danish monetary system, through the compulsory priority mortgages. Furthermore, the planned introduction of a common currency throughout *Helstaten* was considered inconvenient since it would entail a withdrawal of the silver-based Schleswig-Holstein *courant* – a currency that also circulated in Hamburg and thus reduced trans-border transactions cost.⁴⁴

Officially a homogeneous currency had now been introduced for all regions of *Helstaten*, but in Schleswig-Holstein almost no daily transactions were accounted in *rigsbankdaler*; instead, the Schleswig-Holstein *courant* remained the preferred unit of account at an exchange rate of 1 *courant* to 1.6 *rigsbankdaler*.⁴⁵ Through repeated petitions to the Danish king, often referring to a statute from 1460 stating that the duchies were allowed to partake in a currency union with Hamburg and Lübeck, the Schleswig-Holsteinians managed to reverse the introduction of the *rigsbanksdaler*.⁴⁶ Instead the silver-based *courant* was reestablished as legal tender. Despite these accommodations, the turbulence of 1813 had severely undermined the credibility of Danish financial and monetary institutions in the eyes of the regional citizens. This animosity proved persistent when Rigsbanken was reorganised in 1818 as a private company with a new name: Nationalbanken.

In an attempt to accommodate critics in Schleswig-Holstein, landowners in the two duchies were in July 1818 presented with three alternative solutions devised by a special monetary commission. The landowners of Schleswig-Holstein could either (1) remain under the existing provisions and pay an annual interest of 6.5% thereby keeping their right to convert the mortgage into shares. Four per cent of the liable debtors chose this solution. (2) Repay the total mortgage in notes or bonds – which at that time meant a 20% discount due to fluctuating rates – but at the same time renounce their right to subscribe. Seven per cent chose this solution. (3) Pay an annual interest of 6% until the accumulated payments equalled the proportion of

⁴⁴ Hansen et al., *Pengehistorie* (1968), 159-161.

⁴⁵ Hansen et al., *Pengehistorie* (1968), 159.

⁴⁶ Hansen et al., *Pengehistorie* (1968), 134-135.

Nationalbanken's decreasing note-debt that fell upon this particular landowner. The remaining 89% of the debtors who chose this latter option did not have to repay the mortgage in full, but they did have to renounce their right to convert their mortgage into Nationalbank shares.⁴⁷ Calculations made by Danish bank-historian Rubow indicate that the debtors most likely had been better off holding on to their subscription rights.⁴⁸ However, due to the rather complicated arrangement, the fluctuating interest rates, and the notes' silver value, the advantage of choosing option number one might not have been completely clear to the Schleswig-Holsteinian landowners. The apparent eagerness with which the Schleswig-Holsteins distanced themselves from Nationalbanken can be interpreted as a result of the aforementioned antipathy towards Danish financial and monetary authorities. Their motivations notwithstanding, the arrangement effectively alienated the majority of Schleswig-Holstein landowners from Nationalbanken. Instead of becoming stockholders, they had reduced themselves to mere bystanders – and sometimes even ardent critics of – Nationalbanken, which they now considered a purely Danish institution.

4. The rise of nationalist sentiments

Beginning in the early 1830s, an ideology of Schleswig-Holsteinian nationalism and independence gained momentum within the duchies.⁴⁹ The Schleswig-Holstein nationalist movement was inspired by the ideas of Johann Gottfried Herder, Friedrich Schlegel, and Johann Gottlieb Fichte and promoted the establishment of an independent Schleswig-Holstein state with German culture and language as the common denominators. Especially the population of Schleswig and its main city Flensburg was divided by language and culture into German-oriented and loyalist groupings. During the 1840s, regional nationalists and Danish royalists struggled to

⁴⁷ Rubow/Danmarks Nationalbank, *Nationalbankens historie* (1918), 121.

⁴⁸ Rubow/Danmarks Nationalbank, *Nationalbankens historie* (1918), 24-26.

⁴⁹ Frandsen, 'Breakup' (2009), 13-16.

sway the population for their cause. Until the outbreak of the first Schleswigian war in 1848, they primarily fought on cultural grounds. The ideological differences between the two groups resulted in a quest for cultural supremacy and became expressed through a variety of activities. Public picnics, fairs, the establishment of national associations and the creation of new national songs and symbols became weapons in the attempt to consolidate and differentiate different national sympathies.⁵⁰ When a war for independence finally broke out in 1848, as a part of the complex series of events that comprised the revolutions of 1848, Prussian forces prevented the Danish army from intervening as the new Schleswigian provisional government in Kiel began to create an independent state apparatus.⁵¹ However, due to international political pressure, Prussian forces eventually had to retreat from the region. In 1864, another Schleswigian war erupted and both duchies were finally annexed by Prussia in 1866.

The national mobilisation in Schleswig-Holstein had a particular monetary and economic twist to it. The German-minded politician and historian, Friedrich Christoph Dahlmann, generally considered the ideological founder of Schleswig-Holsteinian nationalism, eagerly criticised the monetary reform of 1813, defended the monetary system of Schleswig-Holstein and defined economic and monetary issues as important elements in the establishment of a sovereign and culturally conscious nation.⁵² Such a combination of monetary issues and nationalist ideas was not new but had been invigorated by German romanticists Adam Müller and Johann Gottlieb Fichte some years earlier.⁵³ Indeed, the measures following the Danish state bankruptcy had very much highlighted the economic tensions between

⁵⁰ Hornby, *Striden* (1975); Schultz Hansen, *Hjemmetyskheden* (2005).

⁵¹ Dill, *Germany* (1961), 110-111.

⁵² Dahlmann, *Erstlingschrift* (1877), 32-41. Dahlmann was not only inspired by the rising ideology of German national romanticism (Schultz Hansen, *Danskheden i Sydslesvig 1840-1918* (2005), 115-119). As a result of the 1813 collapse, Dahlmann's salary as a professor at the university in Kiel had been severely diminished (La Cour, *Sønderjyllands Historie* (1930), 100), a fact that might explain some of his personal animosity towards Danish monetary and financial institutions.

⁵³ Fichte, *Handelsstaat* (1800); Gray, 'Economic romanticism' (2003). In this article, Gray sheds light on Fichte's somewhat overlooked work on the significance of homogeneous fiat money as a tool for promoting national sentiments and consolidating the national community.

Denmark and the duchies – which agitators such as Dahlmann used as key elements in developing their nationalist ideology.⁵⁴

Dahlmann's thoughts inspired a younger group of Schleswig-Holstein liberals, including surveyor Heinrich Tiedemann along with lawyers Wilhelm Beseler and Jakob Gülich, who were elected to Schleswig's regional assembly in 1840/1841. As we will see in the section below both Beseler, Gülich and Tiedemann repeatedly used both currency and banks as part of their political rhetoric. Nationalbanken, they argued, was in direct opposition to the national character of Schleswig-Holstein, whereas the local court represented its unique spirit.

5. Filialbanken, loved and loathed

In the beginning of the 1830s credit was scarce within Helstaten where Nationalbanken constituted the only major credit institution.⁵⁵ Following the 1813 financial collapse Nationalbanken had pursued a contractive monetary policy in an attempt to gradually make the new rigsdaler reach silver parity. This contractive policy led to shortage of money, both in the duchies and in Denmark. Even though private lenders and small savings banks accommodated some capital needs, merchants and industry often had to rely on financial connections in Hamburg.⁵⁶ More often than not, Nationalbanken favoured lending to people from Copenhagen and snubbed loan applications from other parts of Helstaten.⁵⁷

Nationalbanken's focus on reaching parity made it economically unattractive for the bank to open regional branches in order to stimulate credit in northern and southern parts of Jutland, where credit needs were particularly

⁵⁴ This entwining of monetary and nationalist logics parallels the discussion of the potential establishment of a Norwegian bank in 1770-1790; and later the discussions at Eidsvold in 1814. Norwegian nationalists generally assumed that Norwegian exports, primarily timber, contributed a net surplus to *Helstaten's* finances. These ideas of Norway as a net contributor fuelled the demands for an independent Norwegian bank. See for example Feldbæk, *Nærhed* (1998), 81-82, and Rimehaug, 'Kravet' (1976). Later on, in the Norwegian constitutional debates from 1814, Norwegian nationalists such as Jacob Aall repeatedly argued for a functionalist type of patriotism, in which the establishment of a new national bank could contribute to Norway's cultural and material development. See Burgess and Hyvik, 'Ambivalent' (2004), 626.

⁵⁵ Hansen, 'Growth' (1991), 23.

⁵⁶ Hornby, *Striden* (1975), 27.

⁵⁷ Märcher, 'Jylland' (2005), 94.

pronounced. Even as the bank was subject to considerable political pressure from the Danish king and his advisories, and although courant coins continued to dominate circulation in Jutland as a whole, it was not until 1837 that Nationalbanken used its statutes and opened a branch in the city of Århus.⁵⁸ Even then, the bank ensured that the branch was defined as an ‘experimental scheme’ that could be closed down if operating costs proved too high. The bank also made sure that the branch name ‘det jyske Bank-Contoir i Aarhus’ bore no references to the Copenhagen mother-bank.⁵⁹ The new organisational structure of Nationalbanken from 1818 seemed to have curtailed political influence on its decision; the bank was now a profit maximising business rather than a political tool in the hands of a sovereign king.

Local merchants and industrialists in Schleswig had long wished for a regional bank of their own to remedy the continued credit vacuum in the southern regions and to stimulate trade and investment. However, deep disagreements existed within the duchies as to the ownership structure and functions of such a commercial bank. In 1835, the Flensburg merchant and influential loyalist politician H.C. Jensen officially proposed to establish a local branch of Nationalbanken in the city of Flensburg.⁶⁰ In the following years, Jensen actively lobbied for such an institution, commonly known as *Filialbanken*. From the point of view of the German-oriented landowners, the proposed branch opening was considered a means of indirect economic exploitation, since most of them had renounced their subscription rights. Potential *Filialbanken* profits would benefit the Copenhagen subscribers, not the people of Schleswig. Nationalbanken had originally dragged its feet in establishing regional branches out of fear that they would prove economically unprofitable. However, after the *rigsbankdaler*-notes reached silver parity in 1835 the Flensburg branch was eventually considered an opportunity to expand business and pre-empt the establishment of local note-issuing banks. From a political perspective, according

⁵⁸ Märcher, ‘Jylland’ (2005), 94-97.

⁵⁹ Märcher, ‘Jylland’ (2005), 91.

⁶⁰ Jensen, *Handel* (1835).

to the royal bank commissioner serving as adviser to the king, the branch could be considered an opportunity to limit Hamburg's economic influence and to promote the proliferation of Danish *rigsbankdaler*.⁶¹

The establishment of a Flensburg branch of Nationalbanken was widely discussed in the duchies from 1840 to 1845 in government offices, at political rallies, in newspapers and at public meetings. Proponents and opponents of the new bank promoted their arguments with posters, petitions, speeches and economic countermeasures. The separatist newspaper *Lyna* noted in an editorial from 1841 that the projected opening of Filialbanken would permit the stockholders of Nationalbanken to engage in a veritable conquest of the duchies.⁶² The regional Schleswigian assembly repeatedly petitioned the Danish king in an effort to foil or postpone its opening. A local politician remarked in a regional-assembly debate that Nationalbanken, situated far away in Copenhagen, was managed without any influence from either of the two duchies and that, as far as Schleswig-Holstein was concerned, it lacked 'national character'.⁶³ Monetary matters, he argued, were not just about money but were elements in an ongoing national struggle.

In early 1843, Tiedemann, together with a group of like-minded compatriots, founded the *Verein für die Errichtung einer schleswig-holsteinischen Landesbank* [Society for the Creation of a Schleswig-Holsteinian Regional Bank] as a reaction against the projected Flensburg branch. Instead they proposed to establish a distinctly Schleswig-Holsteinian bank – a Landesbank – directly controlled by the regional assembly. The following years, Tiedemann continuously agitated for such an institution. In Tiedemann's rhetoric *Filialbanken* was framed as a symbol of breached national integrity. 'Would not the people of Schleswig-Holstein', Tiedemann had

⁶¹ Hornby, *Striden* (1975), 37.

⁶² Schlus, 'Die Filialbank' (1841), 1.

⁶³ *Tidende* (1842), 234.

asked at the same assembly in 1842, ‘respond in a similarly unfavourable fashion as would the Belgians, if a London bank tried to establish a branch in their country?’⁶⁴

It must be clarified that Tiedemann, a key stakeholder in the potential *Schleswig-Holsteinische Landesbank*, had a personal economic interest in preventing Filialbanken from opening its doors. However, with this exact wording, Tiedemann framed the Filialbanken as a national (or anti-national) symbol, which drew sustenance from existing conceptualisations of the Schleswig-Holsteinian nation and its conflict with the Danish state. In doing so, even though Tiedemann might have been motivated by personal economic gain he simultaneously contributed to the symbolic construction of the Schleswig-Holstein community by supplying Nationalbanken with a specific anti-Schleswigian meaning. As such, economic interests and national rhetoric were intertwined and became mutually configuring. The plan for the Landesbank might have emerged out of economic interest, but as a national symbol the bank became an element in a broader discourse and helped sustain a nationalist ideology, from which entrepreneurial Schleswigian businessmen such as Tiedemann stood to gain.

In the winter of 1843, Tiedemann, a gifted public orator, toured the region denouncing Nationalbanken and Danish economic and monetary policies in general while attempting to raise 1.25 million courant for the projected Landesbank. Speaking at more than 60 public meetings in a couple of months, Tiedemann successfully raised the required capital with subscriptions originating from all classes of society.⁶⁵ As Danish historian Schultz Hansen has shown, founding capital contributions to the Landesbank originated from all parts of Schleswig, not just from

⁶⁴ *Tidende* (1842), 1165. In his quote, Tiedemann was referring to a similar debate in the Belgian context. In 1822, the King of the Netherlands had founded the *Société Générale* as the single bank of issue. Around 1835, the bank was accused of anti-national attitudes. In an attempt to counter the Orangism of the *Société Générale* a new national bank of issue was founded, the *Banque de Belgique*. During the crisis of 1839 *Banque de Belgique* eventually collapsed and plans were formed for the creation of a new competitor to the *Société Générale*. Once it became clear that British capital was involved in the operation of the new *Banque Anglo-Belge*, patriotic rhetoric was evoked to counter the alleged British colonisation of Belgian banking. As a result the establishment of the *Banque Anglo-Belge* was eventually foiled. Even though the *Banque Anglo-Belge* was indeed controlled by Belgians, nationalist rhetoric was nonetheless used to discredit its reputation. See Chlepnier (1943) *Belgian Banking*; Brion and Moreau (1998) *The Société Générale*.

⁶⁵ Carr, *Schleswig-Holstein* (1963), 192.

the city of Flensburg.⁶⁶ Based on this broad public interest it seems that Tiedemann had picked a symbol with a high degree of resonance within the general population. From an ethno-symbolic perspective, following the framework of Anthony D. Smith, the Landesbank project can be seen as an attempt to use existing antipathies against Nationalbanken to mobilise a new national symbol, the Landesbank, which could fill a financial void and at the same time serve as a powerful vehicle for cultural values. This mobilisation might have started out as an elitist project driven by economic gain, but the symbols seemed to invoke such a degree of popular resonance that they nourished a mass- movement rather than the mere rhetoric of a bourgeoisie Schleswig-Holstein elite.

Tiedemann's vision of the new Landesbank was that of a truly popular and national monetary institute with strong ties to the local community. In order to raise the necessary initial funds, Tiedemann originally proposed mandatory contributions from the population as a whole based on their proportional tax burden. The Landesbank-project had to gain popular support if it was to succeed. 'It is my honest wish', Tiedemann wrote:

that the bank in question, which will carry the euphonious name, Landesbank, not only directly but also indirectly benefit the whole country [. . .] this will only be possible if every town, every hamlet, every manor and every village devotes itself to the above described foundation of the Landesbank.⁶⁷

The new Landesbank would serve two ends; as it satisfied the credit needs of the prudent businessman, it simultaneously illuminated the citizens' *Vaterlandsliebe* –

⁶⁶ Schultz Hansen, *Hjemmetyskheden* (2005), 215.

⁶⁷ Tiedemann et al., *Schleswig-Holstein* (1845), 57.

patriotic love.⁶⁸ In other words, the shareholders in the Landesbank would signal their love of country while meeting financial needs.

There is a remarkable difference between the Landesbank project as envisioned by the Schleswigian nationalists and the way in which the landowners of Schleswig-Holstein were effectively alienated from Nationalbanken back in 1818. Tiedemann's idea of enrolling every Schleswigian taxpayer in the Landesbank-project contrasted with the foundation of Nationalbanken and the plan devised in 1818 by the monetary commission. Whereas the somewhat opaque offer from the monetary commission in 1818 had de facto excluded the majority of the population in Schleswig-Holstein from becoming shareholders in Nationalbanken, the Landesbank-project oriented itself – by offering a seemingly attractive economic alternative – towards an explicitly popular and integrating scope. Apparently, Tiedemann had learned the lesson from 1818 as he sought to tie his new bank to the national community, proposing that future dividends should be used to fund projects of local value such as road building and the regional assembly.

In August 1843, another opponent of Filialbanken and member of the regional Schleswig assembly, Christian Rönnekkamp, published a strong critique of Filialbanken in the local newspaper, *Flensburger Wochenblatt*.⁶⁹ Rönnekkamp's arguments were so popular that an anti branch parade was planned in his honour. Danishminded proponents quickly arranged a counter parade in favour of H.C. Jensen's views. Accompanied by marching bands the crowd marched the streets and cheered for Jensen who 'so bravely had defended the interest of the country and the city'.⁷⁰ In the late afternoon, the two parades clashed in a veritable brawl resulting in several arrests. The debate, already heated and emotional, was intensified when

⁶⁸ Tiedemann et al., *Schleswig-Holstein* (1845), 61.

⁶⁹ *Flensburger Wochenblatt*, 'Rönnekkamp' (1843). Rönnekkamp's contribution appeared as a separate appendix to the 12 August 1845 issue of *Flensburger Wochenblatt*.

⁷⁰ Schultz Hansen, *Danskheden* (1990), 47.

Wilhelm Beseler, at a public meeting accused Jensen of committing *Vaterlandsverrat* – treason – because of his pro-branch sentiments.⁷¹

A local newspaper described in 1844 how new Landesbank shareholders did not subscribe to the bank because of the potential profits but ‘solely out of love for their country and to defend themselves from Rigsbank notes, which would flow to the region together with the new Flensburg branch’.⁷² Even though the new shareholders were originally driven by economic incentives and the prospects of potential dividends, the Schleswig-Holstein Landesbank was framed as a symbol of patriotic love and defiance against the Danish currency and state. The notion that the people of Schleswig-Holstein had to ‘defend themselves against the *Rigsbank* notes’ designates the Landesbank and the Danish notes as the kind of boundary demarcating symbol described by Cohen. The new Landesbank shareholder did not merely buy into a private company, but was in fact at the same time subscribing to a distinct, national community, as the Landesbank came to symbolise the ‘love of country’.

The Schleswig-Holstein nationalists under Tiedemann’s leadership were aware of the symbolic qualities of both the regional currency and bank, which were articulated as elements of a distinct Schleswig-Holstein nation. At a classical national sing-along,⁷³ a so-called *Liedertafel*, in January 1843, with both Tiedemann, Beseler and G.F. Claussen attending, Schleswig politician Jacob Gülich defined the Danish monetary institutions as in direct opposition to the popular spirit of Schleswig-Holstein:

The strength of the people of Schleswig-Holstein [and the] determination
and healthy

⁷¹ Schütt, *H.C. Jensen* (1956), 46.

⁷² *Sønderborger Ugeblad* (1844), 2.

⁷³ The *Liedertafel* was a form of gathering and political rally where people came to hear speeches, sing and dine. These festive gatherings became important institutions and outlets for nationalist sentiments in Schleswig-Holstein (Unverhau, *Gesang* (2000), and were also of great importance in the process of German political unification. See for example Düding, *Nationalismus* (1984) for a comprehensive account.

spirit that lives in our people has been defeated by the Danish currency, the Danish bank, and the Danish propaganda, together with certain anti-national trends and inappropriate means.⁷⁴

Here, Gülich sought to use currency and bank to evoke the quasi-religious sentiments associated with nationalism. In doing so, he echoed Helleiner's theoretical suggestion that currencies play into a national faith and spiritual unity of the nation.⁷⁵ With these remarks Gülich articulated Nationalbanken and the Danish currency as symbols of an explicit anti-Schleswig-Holsteinism with the capacity to erode the popular spirit of the region, and delineating the borders between two opposite national communities. Gülich actively sought to redefine them as boundary symbols that marked both a cultural and political differentiation between the Danish kingdom and the duchies of Schleswig-Holstein.

In May 1844, Filialbanken opened its doors for the first time. Just prior to the inauguration of the Flensburg branch, Tiedemann successfully established a private banking company as a predecessor to the projected Landesbank. The Flensburg branch bank became a contested symbol of Danish nationalism and the imperialistic efforts of the central government. It was really no wonder, as a group of Landesbank-proponents declared in 1845, that 'Nationalbanken, its mockery of a paper currency and its unit of account gradually developed into loathed objects within the duchies'.⁷⁶ The agitation against Filialbanken framed in romanticist rhetoric successfully established the branch as a contested symbol within Schleswig. The enmity was clear to the branch employees as well; in 1844 a local Filialbanken accountant reported back to headquarters in Copenhagen and described the 'pure hatred and malice' that has been mobilised against the new bank.⁷⁷

⁷⁴ Gülich cited in Unverhau, *Gesang* (2000), 326. - my own translation German to English.

⁷⁵ Helleiner, 'National Currencies' (1998), 1426.

⁷⁶ Tiedemann et al., *Schleswig-Holstein* (1845), 9. It is worth noting that the same year, 1845, the banknotes were in fact made exchangeable to silver as their value had reached par seven years earlier. See Jensen, 'Numismatic' (2010).

⁷⁷ Hornby, *Striden* (1975), 81.

6. A fictitious currency

The Rigsbank formed in 1813 – and later Nationalbanken – controlled coinage through the mints in Copenhagen and Altona. Initially the Copenhagen mint produced *rigsbankdaler* tokens made of copper. These were only produced in Copenhagen since they were meant to circulate in the kingdom but not in the Duchies, while the Altona mint continued to supply coins for the silver based circulation in Schleswig-Holstein.⁷⁸ However, ever since the state bankruptcy of 1813 Danish politicians had pondered how to implement one homogeneous currency in all regions including the southern duchies.⁷⁹ This drive towards monetary unification was by no means a unique Danish phenomenon. The goal was common to political elites all around Europe who were motivated by the prospects of trade integration, seigniorage, and controlling fiscal policies.⁸⁰ In the case of Denmark, the government also considered monetary unification a strategic tool to reduce the economic and political influence of Hamburg and Lübeck.

From 1833 the Department of Finance (*Finansdeputationen*) actively pursued a strategy of diminishing the *courant* circulation. In an attempt to promote the *rigsbankdaler*, authorities established a secret programme intended to displace the *courant*. Without attracting public attention, more than five million *courant* in large and smaller coins were successfully remelted in Altona and Copenhagen between 1833 and 1848,⁸¹ and the withdrawal of the *courant* accelerated especially after the Rigsbank notes reached silver par in 1838. In comparison, the two mints produced between 18 and 20 million *rigsbankdaler* as main coin. The majority of these coins (around 12 million) were minted in Altona.⁸² The circulation of rigsdaler banknotes within the duchies remained limited until 1845, when it slowly started to increase.⁸³

⁷⁸ Märcher, *Montsteder* (2012), 174.

⁷⁹ Hansen et al., *Pengehistorie* (1968), 228.

⁸⁰ Hefeker, 'Monetary Union' (1995); Helleiner, *Making* (2003).

⁸¹ Märcher, *Montsteder* (2012), 181.

⁸² Wilcke, *Specie* (1929), 404-405.

⁸³ Märcher, *Montsteder* (2012), 188-191.

Schleswig-Holstein politicians argued strongly against the consolidation of *Helstaten's* monetary system, contending that people generally accounted in *courant* and that a shift in the monetary regime would foster a widespread distrust of Danish representatives. In the duchies, they reasoned, the money of Nationalbanken was nothing but '*eine fingierte Muntze*' – a fictitious currency – that overburdened the local population.⁸⁴ In 1838, the Schleswigian regional council proposed that the Danish authorities declare the *courant* the official unit of account, but the government in Copenhagen government eventually denied the request due to 'general state concerns'.⁸⁵

Gradually, as national tensions increased from the 1830s and onward the 'currency question', as it was often labelled, became laden with nationalistic rhetoric. Adherence to one currency often defined and articulated national sympathies. Public interest in this question proved immense; in some towns, societies were formed for the sole purpose of preventing the circulation of Danish *rigsbankdaler*.⁸⁶ In 1842, more than 70 local merchants in the city of Tønder signed a declaration denouncing Danish currency, pledging that they, from now on, would only do business in *courant* from Hamburg and Lübeck.⁸⁷

It is clear that the Schleswig-Holsteinian merchant elite had a paramount interest in preserving their distinct monetary system, which linked them to their main trading-partners in the German cities of Hamburg and Lübeck. These obvious economic interests were not understated by the Schleswig-Holsteinian elite but were overtly and repeatedly brought forth as an argument to resist Danish financial and monetary policies, by for example the aforementioned agitators Dahlmann in 1814 and later by Johann C. Ravit in 1848.⁸⁸ However, elitist myth-making efforts are bound up in existing conceptualisations of the nation and its symbolic repertoire. So,

⁸⁴ Wilcke, *Specie* (1929), 382.

⁸⁵ Hansen et al., *Pengehistorie* (1968), 228.

⁸⁶ Carr, *Schleswig-Holstein* (1963), 192; Adriansen, *Symboler* (2003), 262.

⁸⁷ Schultz Hansen, *Hjemmetyskheden* (2005), 193.

⁸⁸ Ravit, *Müntzuzstände* (1848); Dahlmann, *Erstlingschrift* (1877).

even if the rhetoric of the Schleswig-Holsteinian bourgeoisie was – at least initially – motivated by economic interests, this rhetoric built on existing myths and then gradually entwined in a nationalist discourse to the point where the economic motivations and national sentiments became, if not undistinguishable, then at least configured into a mutual relationship. The currencies were rhetorically framed and juxtaposed to embody certain nationalist ideologies.

In 1838 August Flor, a politician, professor of Danish literature in Kiel and a strong proponent of a unified Danish state, wrote an emotional pamphlet in defence of the *rigsbankdaler* as unit of account (Flor later became an influential figure in the development of Danish national romantic nationalism. He was part of the Danish constitutional assembly in 1848 and served as member of the Counsel of State from 1856). According to Flor, who realised that existing social tensions within the duchies could be used for national mobilisation,⁸⁹ critics of the existing monetary order of dual currencies were often accused of being ‘servile and unpatriotic’; accordingly he claimed that his pamphlet was motivated by the ‘unjust and hateful’ statements made by local journalists and publicists against the *rigsbankdaler*.⁹⁰ With a flair for the dramatic, Flor introduced his defence by quoting the sixth-century bishop of Seville, Isidorus, ‘*Unus imperator, una lex, una moneta*’ thereby setting the scene for a confrontation with the liberals of Schleswig-Holstein who wished preserve their distinct currency. Flor’s final contribution was a strategy for eradicating all foreign currencies within the duchies and implementing a single homogeneous Danish currency; after one month’s notice, all foreign coins were to be confiscated ‘without the slightest compassion or mercy’ and remelted into Danish *rigsbankdaler*.⁹¹ These proposals were obviously not solely based on rational calculations and his suggestions and analysis must be viewed in the context of his ideal of a unified Danish state and his explicit agenda of Danish nationalism. Flor overtly promoted his

⁸⁹ Schultz Hansen, *Danskheden* (1990), 26.

⁹⁰ Flor, *Müntz-Zustände* (1838), ix.

⁹¹ Flor, *Müntz-Zustände* (1838), 98–99.

ideas as editor of the Danish-minded Schleswigian newspaper *Dannevirke*, founded in 1838, whose name referred to an ancient fortification in southern Schleswig constructed in 737 to defend Denmark against the Frankish Empire.

In 1842, as a culmination of the gradual and secret elimination of the *courant*, the Danish Department of Finance presented the regional assemblies of the duchies with a proposal to abolish the dual-currency system once and for all. However, the gradually diminishing circulation of the *courant* had not mitigated attitudes towards the *rigsbankdaler*. Instead the regional assemblies approved a counter-proposal; that the *rigsbankdaler* be abolished in the duchies. One major concern cited by regional assembly members was the difficult calculations needed to convert *courant* into *rigsbankdaler*.⁹² One regional representative argued that ‘the new homogenisation only served as means to exploit the duchies through the Flensburg Filialbank’.⁹³ Others remarked that the aspirations of the government in Copenhagen would prove futile since the resulting difficulties in calculating from *courant* to *rigsbankdaler* would result in a ‘hatred’ of the new monetary system.⁹⁴

6.1. Quell the rebellion with Danish money and language

When civil a war for Schleswigian independence eventually erupted in March 1848, it took the newly established Schleswigian government only three days to abolish the currency issued by Nationalbanken.⁹⁵ Not only did the new authorities abolish Danish *rigsbankdaler*, they made sure that even postage was accounted in *courant* instead of *rigsbankdaler*. This was done explicitly ‘in view of the existing aversion towards the Danish coins prevalent in Schleswig’, as articulated in the official decree.⁹⁶ When they had defeated Schleswigian aspirations for independence in the First War of Schleswig (1848-1851), Danish politicians once again turned to the question of

⁹² Wilcke, *Specie* (1929), 393-394.

⁹³ Wilcke, *Specie* (1929), 392-393.

⁹⁴ Wilcke, *Specie* (1929), 393.

⁹⁵ Die provisorische Regierung, ‘Verfügung’ (1848a).

⁹⁶ Die provisorische Regierung, ‘Verfügung’ (1848b).

monetary integration of the duchies. In November 1853, the Danish minister of finance, and later director of Nationalbanken, W.C.E. Spønneck, introduced to parliament a bill to homogenise the currency system of Schleswig, Holstein and the rest of the Danish kingdom. Spønneck introduced the bill as nothing more than a change of the name of the currency, in order to ‘pave the way for a solution on the crucial issue of establishing a true and genuine currency throughout the whole kingdom’,⁹⁷ Spønneck proposed to change the currency from ‘*rigsbankdaler*’ to ‘*rigsdaler*’. By omitting the reference to the central bank he was most likely attempting to counter local resistance to the currency. However, as some members of parliament suggested during the debate, the law had implications that went beyond mere semantics.⁹⁸ It was in fact a question of local sovereignty and of the territorial integrity of the Danish state. By leaving out the word ‘bank’ in the new name, semantically, the currency shifted from being a bourgeois symbol connected to a specific bank and was instead transformed into a state-oriented symbol that only referred to the kingdom (the word *rigs* meaning realm or kingdom).

The monetary law was passed on 10 December 1854 and made the new Danish *rigsdaler* the only legal tender in both Schleswig and Holstein. The law went into effect on 1 April, but *courant* and various coins from Lübeck and Hamburg continued to circulate in Schleswig and Holstein. The Haderslev-based and loyalist newspaper *Dannevirke* remarked on 14 April that nothing seemed to have changed but a small depreciation of the existing *courant* and other foreign coins. According to *Dannevirke*, local inns, bakers, grocers and contractors gladly did business in *courant* without the slightest concern for the new legislation. If people did not voluntarily embrace the new currency, *Dannevirke* argued, the government would be forced to coerce the circulation of the *rigsdaler*: ‘As long as the government does not use its

⁹⁷ *Rigsdagstidende*, ‘Forhandlingerne’ (1853), 403.

⁹⁸ *Rigsdagstidende*, ‘Forhandlingerne’ (1853), 419-420.

stick, we will never learn [. . .] no one here is afraid of mere legislation – harsher methods are necessary’.⁹⁹

In the following years Danish politicians did in fact, with limited success, increase efforts to homogenise the currency system and suppress competing currencies. Following a proposal made by Moritz Levy (Department of finance envoy to the Altona mint and later governor of Nationalbanken), Danish troops on the Holstein border were paid part of their allowance in small coin. Soldiers were instructed to keep and hand over to the authorities any *courant* coins they received in change.¹⁰⁰ A steady flow of legislation was devised by the central government in order to implement and naturalise the new currency and the government repeatedly stressed through decrees and legislation that any kind of goods or merchandise, throughout the kingdom, was to be listed in *rigsdaler*.¹⁰¹ Schools were instructed only to use *rigsdaler* as unit of account in calculus classes, and pupils were to be told that *rigsdaler* were the only official legal tender of the state.¹⁰² Police authorities in Holstein were instructed to confiscate any *courant*,¹⁰³ and local government officials were threatened with suspension if they did not, with ‘due zealouslyness’ ensure the swift introduction of the new state-sanctioned currency.¹⁰⁴ The monetary transition did not come about as smoothly as parliament might have hoped. Schleswigian *courant* continued to circulate in the duchies and the Danish Minister of Finance had to postpone the scheduled phase-out of the *courant*.¹⁰⁵

Danish officials considered the currency question crucial to the stability and integrity of the state. Even though the *rigsdaler* had not overtly been construed as a national symbol, as the *courant* was in the duchies, the implementation of the new *rigsdaler* was indeed important in consolidating the Danish state. In 1855, the

⁹⁹ *Dannevirke*, ‘Rigsmøntens’ (1854), 1.

¹⁰⁰ Märcher, *Montsteder* (2012), 209.

¹⁰¹ Ministeriet for Hertugdømmet Slesvig, ‘Bekjendtgørelse’ (1854), 218-219.

¹⁰² Algreen-Ussing, ‘Cirkulære af 6. marts’ (1862).

¹⁰³ Scheel, ‘Bekanntmachung nr. 126’ (1855).

¹⁰⁴ Scheel, ‘Bekanntmachung nr. 27’ (1856).

¹⁰⁵ Ministeriet for Hertugdømmet Slesvig, ‘Cirkulære af 19. juni 1854’ (1854), 566.

permanent secretary of the Ministry of Finance, Edvard Collin, wrote a staunch defence of the *rigsdaler* and of the policies of his superior, Spønneck. Collin blamed Schleswig-Holsteinian representatives for ‘defending a worn out currency with worn out phrases’.¹⁰⁶ The new currency was in fact not, claimed Collin, an attempt on the part of the Danish government to conduct cultural policy and make the duchies more Danish.¹⁰⁷ The currency law of 1854 should merely be considered an attempt by the state to assert its currency monopoly and reach ‘the natural state of any monetary system’, i.e., one country with only one circulating, legal currency.¹⁰⁸ Collin argued that the inhabitants of Schleswig would soon enough come to appreciate the benefits of a single homogeneous currency. Eventually people in the duchies would ‘Come to cherish and uphold the currency. Then, eventually, the good cause will have prevailed. For [the currency] might be initiated and promoted by the executive branch, but it must be supported and protected by the people’.¹⁰⁹

The people of the duchies of Schleswig and Holstein never really supported nor protected the Danish currency as Collin had imagined. On the contrary, the currency continued to serve as a symbol of Danish supremacy and cultural influence, while the local currency became a sign of defiance and patriotism. In 1856 Moritz Levy, now commissioned to the Altona mint as a silver-trader, noted that the *rigsdaler* had become ‘a commodity in its own home – in relation to the Prussian *thaler* – while it should rightfully have been the other way around’.¹¹⁰ The *rigsdaler*, which was meant to circulate freely in its natural ‘home’ (Denmark and the duchies), had been stifled by the intruding Prussian *thaler*.

In 1860 *Fædrelandet*, another loyalist newspaper, remarked regretfully that even though the legal tender was officially *rigsdaler*, nothing had really changed in southern Schleswig. In the cities, local merchants sometimes did business in

¹⁰⁶ Collin, *Om rigsmønt* (1855), 64.

¹⁰⁷ Collin, *Om rigsmønt* (1855), 64.

¹⁰⁸ Collin, *Om rigsmønt* (1855), 69.

¹⁰⁹ Collin, *Om rigsmønt* (1855), 70.

¹¹⁰ Levy, *Forslag* (1856), 4.

rigsdaler with Danish customers, but in the countryside the locals clung to the *courant*. The paper proposed that the Danish government mobilise all available resources to quell the nascent rebellion in Schleswig. To this end, government officials were to impose Danish language and the Danish *rigsdaler* on the duchy. Thus, the newspaper explicitly drew a parallel between language and money, both considered potent political tools with which to reintegrate Schleswig into the kingdom.¹¹¹

The reintegration of Schleswig-Holstein that *Fædrelandet* had hoped for never took place; neither did the creation of a homogeneous territorial currency. By the time the final war broke out in 1864, Prussian *thaler* had become the most commonly used currency in the German minded parts of the region.¹¹²

7. Concluding remarks

In this article, I have demonstrated how the state-sanctioned *rigsbankdaler* (later *rigsdaler*) vis-à-vis the regional *courant* of Schleswig-Holstein, became a signifier of national allegiance during the national conflict. Similarly, the Danish central bank, Nationalbanken, and its opposite the Landesbank of Schleswig-Holstein were mobilised as symbols of national community. These findings parallel and develop existing ideas within the literature on nations and money. In particular, the romanticist rhetoric invoked over *courant* and *rigsdaler* substantiates the suggestion that monetary organisation coalesces with the quasi-religious sentiments and perceptions of a shared national faith often associated with nationalism.¹¹³ Also, the article expands on the idea of rational calculations of economic gain as being important for individual identification with different national communities.¹¹⁴

¹¹¹ *Fædrelandet*, 'Hvad der kan' (1860), 365-366.

¹¹² Hansen et al., *Pengehistorie* (1968), 302; Rubow/Danmarks Nationalbank, *Nationalbankens historie* (1918), 366.

¹¹³ Helleiner, 'National currencies' (1998), 1426-1429.

¹¹⁴ As brought forth by Schultz Hansen, 'Patria' (2009) - in the context of Schleswig 1840-1848.

I have shown how Schleswig-Holsteinian elites, who had a particular economic interest in preserving the monetary status quo, successfully fused monetary organisation with romanticist ideas of the nation as an eternal community, the presence of a unique national spirit, and an emotional faith in the nation. In so doing, they mobilised banks and currencies as national symbols. Instead of being a mere question of economic statism, the bank and currency debates were permeated by a distinct form of ‘monetary romanticism’. Love of country, the popular spirit and national character of Schleswig-Holstein were framed as elements directly connected to the regional monetary system. The romanticist rhetoric, which might originally have been motivated by economic interests, took on a form of its own and developed into a hybridisation of economy and nationalist ideology. Even though similar tendencies can be observed on the Danish side, most prominently in the work of August Flor, the rhetoric never really reached the same nationalist heights. As it turned out, in his attempt to frame the *rigsbankdaler* as *Helstaten*’s only rightful currency Flor seemed to have reinforced the currency dichotomy and strengthened the *courant* as a Schleswig-Holsteinian symbol. Indeed, it proved impossible for the Danish policy-makers to control the meaning of the different currencies.

The Danish currency was actively applied as a measure to consolidate *Helstaten* and to reintegrate the separatist duchies of Schleswig-Holstein. Countering these aspirations, Schleswig-Holstein liberals successfully turned loyalty to local monetary institutions into a question of regional loyalty and a display of patriotism. Danish policy-makers’ attempt to impose the state currency in a territorially disputed region underlines how a currency can be used as an instrument to claim a certain region as part of the state. However, the highly emotional debate surrounding the implementation of Danish currency in Schleswig-Holstein illustrates how monetary institutions and nationalism are potentially interconnected. Instead of reintegrating Schleswig-Holstein in *Helstaten* the currency monopoly unintentionally contributed to positioning the existing local currency as a symbol of regional alliance. Similarly,

the regional branch of the Danish central bank became a highly controversial symbol of Danish supremacy. This case shows that although monetary policy can be used as a nation-building tool, its success depends on the specific meaning attributed to national and regional monetary institutions.

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THE DANISH EURO: CONSTRUCTING A MONETARY OXYMORON IN THE DANISH EURO DEBATE

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Abstract

In this article, I analyse the political debate leading up to the Danish euro referendum in 2000. I show how the euro-positive government unintentionally reinforced the arguments of the euro-sceptics by framing the euro as something belonging to the nation-state. I argue that this paradoxical campaign strategy stems from the Danish conceptualisation of nation and state and from the close connection between national currencies and feelings of community and citizenship more general. The analysis confirms the suggestion made by Gilbert that new monetary organisation, such as European Monetary Union, potentially reconfigures the feelings of belonging, popular sovereignty and social welfare rights.

1. Introduction

On the evening of 28 September 2000, a 53.1 per cent majority of the Danish electorate rejected a proposal to introduce the European currency within Danish borders. The decision constituted a serious blow to members of the political establishment who had invested many resources and prestige in convincing the population to vote affirmatively. Prior to the referendum, Europhiles and Eurosceptics had campaigned intensely to sway the electorate to either embrace or

reject the euro. However, as it turned out, the Danish population, in general, did not share the euro-enthusiasm of the members of parliament and the political establishment. In the end, they turned down the common currency.

Throughout the political debate which led to the Danish euro referendum of 2000, the close connection between the national Danish currency and ideas of national community became defining elements that framed the rhetorical possibilities of Europhiles and Eurosceptics. Both the political parties and grassroots organisations rejecting the common currency and the euro-positive parties in government framed the concept of currency as something belonging to the nation-state. The staunch Europhile Minister of Economic Affairs, Marianne Jelved, even planned and endorsed a small publication speaking of the ‘Danish euro coin’ thereby using the very same discursive strategy as the eurosceptic parties. The ministry actively sought to frame something, as intrinsically novel and supranational as the common currency, as nothing but a natural (and national) continuance of Danish monetary history.

In this article, I examine the debate culminating in the euro referendum and show how identical rhetorical strategies in the Danish euro debate were adapted to diametrically opposed political purposes as the Danish Ministry of Economic Affairs sought to tie the euro to the Danish nation. I argue that this apparent paradox stems from the connection between national currencies and issues of national identity and community. I draw on the proposals of Gilbert (2007) in particular to conceptualise the currency–identity interrelation and use the Danish debate as an exemplary case of one whose rhetorical premise was defined by this relationship. The analysis shows that national belonging, political sovereignty and social welfare rights were key elements of the Danish euro debate, highlighted by the political elites in an effort to strike a chord within the population. The findings also underline Gilbert's point about the close relationship between citizenship and monetary organisation. In fact, in the Danish case, this relationship proved to be so strong that proponents of the

euro failed to articulate the euro as something that transcended the logics of the nation-state.

The article is organised as follows: this introduction will be followed by an examination of the existing research on money and national identity in order to inform the forthcoming analysis. In Section 3, I reflect on empirical sources and outline an analytical strategy and in Section 4, I briefly contextualise the Danish euro referendum. Section 5 constitutes the empirical analysis of the different rhetorical strategies in the debate which tended to tie the Danish currency to issues of collective history and origin, sovereignty, and social rights. In the last section (Section 6), I conclude on the analysis and argue that the construction of the conceptual oxymoron, the Danish euro, can be explained by the connection between national currencies and issues of community and identity and by the specific Danish interpretation of *nation* and *state* that constrained the rhetorical options of the political elite who sought to change monetary organisation.

2. Currencies, nations and identity

In an increasingly globalised world, it still seems, as argued by Ingham (2004, p. 57), that monetary space is sovereign space and that currencies continue to co-configure territories and states, as well as to play a constitutive part in the formation of the national identity of the mass public within these states (Helleiner, 1998, 2003). As a consequence, the interrelation between national currencies and national identities has a substantial impact on the political aspirations of monetary unions. As Gilbert (2007) has argued, the restructuring of monetary organisation must take into account the constitutive relationship between currencies and citizenship. Monetary unions, whether North American or European, substantially reconfigure the three key elements of national citizenship. Specifically, they change the idea of political belonging and membership of a nation-state, alter the sense of political sovereignty

and accountability, and potentially weaken monetary organisation as an instrument to secure social citizens' rights (Gilbert, 2007, p. 155).

The past two decades have seen an increasing volume of literature on currencies and nation-states. The identity-cultivating qualities of national currencies have been acknowledged by various scholars – most prominently Polanyi (1957, p. 205), Hobsbawm (1983, p. 281), Billig (1995, p. 41) and Pointon (1998). Today, the idea of a co-configuration between national currencies and national identity appears academically uncontroversial. A broad range of studies have shown that currencies work in different ways to create identity and to co-configure national community. Some scholars have focused on the imagery displayed on notes and coins, including Gilbert (1998, 1999), Hewitt (1999), Mwangi (2002), Unwin and Hewitt (2001, 2004), Raento, Hämäläinen, Ikonen, and Mikkonen (2004), Berezin (2006), Hymans (2006), Lauer (2008), Hawkins (2010), Wallach (2011) and Penrose (2011). Hymans (2006) and Berezin (2006), in particular, point to the careful considerations of the European Commission that went into the design and iconography of the new European currency. The European Commission explicitly viewed new euro banknotes as powerful symbols that would help cultivate a new European identity. In contrast, all European countries were given the opportunity to mint coins with national motives. This symbolic separation between coins and paper money, relates to a more general distinction between coins which were traditionally used as commodity money and banknotes, which are intrinsically worthless and hold value more on the perceived trust in the issuing authority. For more on this discussion, see Carruthers and Babb (1996), Davies (2002) and Lauer (2008).

More quantitatively oriented studies have taken the advantage of Eurobarometer statistics and data from various euro referenda to test the relation between currency and identity. For example, Risse, Engelmann-Martin, Knope, and Roscher (1999) and Risse (2006) describe how geographical variations in public attitudes towards the euro can be explained by differences in collective understanding

and in patterns of identifying with Europe and the nation-state. Studies based on Eurobarometer data show how national identity (or the fear of losing it) vis-à-vis European identity can account for public attitudes towards the common currency (Anderson, 2006; Carey, 2002; Christin & Trechsel, 2002; Kaltenthaler & Anderson, 2001, p. 163). An example of such an analysis is Jupille and Leblang's study from 2007. Here, the authors draw on the Danish euro referendum in 2000 and the Swedish referendum in 2002 to show how affiliation to community negatively correlates with support for the euro. While the Swedish decision to reject the euro was primarily based on rational calculation and the potential disadvantages of switching to a fixed exchange rate regime, Danish voters seemed to base their decision more on the prospect of weakening national community.

Many scholars have acknowledged the symbolic importance of money, beyond considerations of iconography, and have sought to understand the currency–identity relationship and the political economy of the monetary unions (Cohen, 1998; Marcussen & Zølner, 2001, 2003; Kaelberer, 2004; Gilbert, 2005; Marcussen, 2005; Helleiner, 2006; Anderson, 2006;). Kaelberer (2004, p. 11), for example, points to the institutionalised trust of modern societies that sustains a monetary system and contends that trust constitutes a far more important element than iconography in the currency–identity relationship. In a Danish context, Marcussen and Zølner have shown how Danish attitudes towards the euro were informed by certain foundational myths about what constituted the Danish nation. The protagonists in the Danish euro debate were constrained by a set of informal rules that restricted the rhetorical possibilities of Danish political elites (Marcussen & Zølner, 2003, p. 102).

One of these fundamental myths relates to the concepts of ‘nation’ and ‘state’ which, due to specific historical circumstances, are almost inseparable in the Danish context. In the period from the late eighteenth century until 1864, the Danish state underwent a transformation from constituting a large conglomerate state to a small and culturally heterogeneous nation-state. In the same period, most Danish

historians agree that the traditional state-centred patriotism developed into a nationalist ideology with Danish language and culture as common denominators (see for instance Damsholt, 2003; Lyngby, 2001; Rerup, 1991).¹¹⁵ In 1848, at the outbreak of the First War of Schleswig, Danish nationalism had morphed from an elitist idea to a mass phenomenon (Brincker, 2003, p. 419). Although disagreement exists about the transition from cosmopolitan patriotism to Danish nationalism most historians point to the loss of Norway and the Southern duchies of Schleswig and Holstein as formative events in the development of Danish nationalism.

When Danish territory in 1814 and again in 1864 was significantly diminished, the Danish nation had to redefine itself. This reconfiguration was characterised by what is commonly known as the ‘inward turn’ (Adriansen, 2003, p. 275). Danish politicians and writers advocated a kind of cultural nation in which the people were imagined to possess a natural bond to the true nature of the nation. Language, birth and Danish culture became key aspects of what constituted the national community. Since 1864, the Danish perception of ‘nation’ and ‘state’ has been influenced by this congenital cultural view (Hansen & Wæver, 2002, p. 58).

Following the inward turn, ‘the people’ – understood as the ‘nation’ – became an influential linguistic category in the construction of the Danish national identity. Echoing Herder’s perception of the *Volk*, both conservatives and liberals claimed that the true meaning of the nation was to be found in the common people, who were defined by opposition to the ruling elites. Hence, ‘the people’ was institutionalised as a meaningful categorisation which gained a privileged position over the political elite. As such, in the Danish context, the concepts of ‘nation’ and ‘state’ are very much overlapping – but the idea of the ‘nation’ carries an inherent antielitist potential that can be readily articulated if the state-elite fails to appear legitimate (Hansen, 2001, pp. 118–119). Consequently, in a legitimising effort, many

¹¹⁵ Not all Danish historians agree on this temporal distinction between patriotism and nationalism. Feldbæk (1991, 1996) argues for the existence of a distinct Danish national identity that preceded the early modern period. For a comprehensive review of Danish historians’ attempts to date the Danish nation, see Brincker (2009).

Danish institutions and organisations have semantically associated themselves with 'the people', as have many political parties and, most relevantly in the context of this article, the People's Movement Against the European Union (PMAEU), an anti-EU umbrella organisation that coordinated the anti-euro campaign in 2000.

The potential distance between 'the elite' and 'the people', in the Danish context, raises considerable challenges for Danish political elites trying to convince the electorate to support specific policies, especially regarding the common currency, which is closely related to conceptualisations about the nation. As Marcussen and Zølner (2003, p. 102-103) put it, 'the challenge for the [European Monetary Union] EMU-supporting elites is that the EMU cannot be 'sold' in Denmark if it is framed as an elitist project based on elitist ideas'.

3. Data and analytical strategy

The goal of this article is to analyse how the EMU-supporting elites sought to overcome this dilemma and 'sell' the common currency to the Danish public, and to analyse how Eurosceptics tried to convince Danes to refrain from buying it. To do this, I analyse the different rhetorical strategies applied in the 2000 referendum.

As Bruner (2011, p. 404) recently argued, in this journal, all human subjectivity is inherently rhetorical because it presupposes the translation of 'symbolic worlds'.¹¹⁶ Public memory and our sense of collectivity do not reside within the individual. Instead, these phenomena arise through a process of interpreting symbols and signs, and the way such symbols are employed, either to foster cooperation, to achieve understanding, or to offer dissent (Phillips, 2004, p. 3). It is through this interpretive process of our symbolic environment that we are able to make sense of our surroundings and conduct ourselves accordingly. This interpretation needs rhetoric as mediator. According to Bruner (2011, p. 403),

¹¹⁶ See Bruner (2005, 2011) for a comprehensive review on rhetorical analysis and national identity construction, and the apparent gap between U.S. scholars of rhetoric and European studies of national identity.

perceptions of national community ‘come to life through the medium of rhetoric, or the incessant clash of relatively persuasive discourses’.

Following these ideas, the below analysis of the Danish euro debate can be described as a rhetorical analysis. It constitutes an investigation of claims and the underlying assumptions and backings that sustain these claims (Toulmin, 2008). The analysis is inspired by the works of authors such as Blair, Jeppeson, and Pucci (1991), Carrier (2000) and Cionea (2007) that include both the analysis of semiotic elements and the different rhetorical negotiations, articulated in public and political spheres. I aim at an inclusive understanding of rhetoric that encompasses a larger symbolic environment that is understood as a conglomerate of both speech and symbols. Lately, studies of the banal nationalism of visual culture have accented the importance of symbols in the configuration of ‘state’ and ‘nation’ Raento & Brunn, (2005, 2008). In particular, Cionea's (2007, pp. 89–91) concept of ‘visual rhetoric’ proves useful in the context of a political campaign analysis in which images and symbols printed on posters and pamphlets are presented in concert with traditional speech. According to Cionea, visual symbols such as flags and monuments have a rhetorical function and must be considered elements of a broader nationalist discourse that covers both speech and symbols. Similarly, in their seminal article on the commemorative qualities of the Vietnam War Memorial, Blair et al. (1991) speak of the ‘rhetoric of the Memorial’. Here, the term ‘rhetoric’ is to be understood in broad sense to encompass a range of symbolic practices.

I use the above insight to argue that an analysis of the Danish euro debate pertaining to the relationship between national currency and national community must include a reading of the visual illustrations and symbols that often accompanied different campaign texts. The broad definition of rhetoric sketched above allows for such an analysis – one that is sensitive to the meanings of visual symbols as well as ordinary text. The analysis is performed as a close reading of the different campaign publications in order to identify the different narratives about the national community

that were evoked in the debate. I focus on how these narratives are used as inventional resources that provide backing for claims made about the Danish currency and the euro. This is done in order to understand the currency–identity relationship and to suggest its implications on the possibilities of reconfiguring national monetary organisation. I do not pretend that the rhetorical strategies identified can be formally generalised into a well-defined model of monetary-identity cultivation. The analysis describes how they were expressed in the Danish context, formed by distinct historical developments. However, although the analysis reveals insights into Danish attitudes towards the euro, the ultimate goal is to understand how transnational currency organisation relates to ideas of national monies.

Also, by ‘rhetorical’, I do not just mean the analysis of intentional speech. Even though the analyses focus on how the political actors tried to persuade the Danish electorate, I also aim to highlight the unintentional variety of rhetoric articulated in the Danish euro debate. By using the phrase ‘unintentional’, I stress that rhetorical actors are always bound up in existing identity constructions that set the frame for what can be considered legitimate statements about the national community. Such a view on subjects being interpellated by discourse is inspired by the works of Althusser (1971), Charland (1987) and Hall (1985). To be sure, not anything goes, when it comes to rhetorical strategies about nationhood. Instead, prevailing discourses constitute subjects and define limits of possible statements (Bruner, 2000, p. 162). Existing narratives of citizenship tend to constrain the public articulations of national identity, as public speakers are potentially punished if they transgress these boundaries (Bruner, 2005, p. 314). Instead, identity entrepreneurs pursuing policies that seek to reshape identities beyond the nation, must assemble these new political identities out of an existing pool of cultural resources (McGee, 1975; Smith, 1991, p. 171).

3.1. Campaign material

The empirical material consists primarily of campaign material from the various political parties and groups that engaged in public debate prior to the 2000 referendum. I obtained the material from a number of sources. First, I gathered materials directly from the eight national political parties and from the archive of the eurosceptic umbrella organisation, PMAEU, which sought to collect all printed materials used in the campaign. Furthermore, I made a query to the Danish Ministry of Economic Affairs to obtain all relevant campaign material produced by the ministry prior to the referendum. Unlike the political parties, the ministry was subject to the Access to Public Administration Files Act of 1985, which afforded access to a 15-page internal strategy paper from the Ministry of Economic Affairs. Finally, I used the website of the eurosceptic Danish People's Party (DPP), which was designed as part of their campaign to preserve the Danish currency. Taken together, these different sources cover the full spectrum of opinion in Denmark, at least as expressed within the mainstream.

Altogether, I collected 36 pieces of campaign material (folders, pamphlets, brochures and the internal strategy paper) ranging from 1 to 15 pages. This might, at a first glance, seem a surprisingly limited number of publications, considering that the campaign lasted several months (from June until late September 2000) with a broad range of participants. However, while the yes-parties primarily produced their own material, most of the no-parties and organisations delegated this task to the umbrella organisation, PMAEU, which produced the bulk of the eurosceptic campaign material. I read this material alongside the newspaper coverage published during the campaign period in the major national dailies across the political spectrum. I searched specifically for articles that pertained directly to the campaign materials collected. Most likely, my material does not include every single piece of campaign material produced prior to the referendum, as no central archive exists that

contains the complete data. Some publications may have eluded me, either because the parties failed to hand over all of their material, or because some materials were simply not preserved. However, as the aim of the article is to investigate the national identity–currency relationship in a Danish context, I contend that the 2000 euro debate, indeed, is the place to direct such an inquiry. A debate over abandoning national money is, for lack of a better word, the empirical ‘ground zero’ for articulations on currency and identity. Thus, even if my collection of campaign material should prove incomplete, it is still sufficiently comprehensive to identify different rhetorical trends and pattern, and it constitutes, in any case, a most promising empirical entry to the study of Danish attitudes towards the euro.

4. Contextualising the Danish euro debate

During the past 20 years, the Danish public has repeatedly debated the issue of joining the EMU. However, Danish opposition to the euro has been significant since the idea was originally introduced in the beginning of the 1990s and has grown in recent years as a consequence of the increasing monetary turbulence in the Eurozone (Ritzau, 2011). In the 1992 referendum, 50.7 per cent of Danish voters rejected the Maastricht Treaty, whose goal was to strengthen further European integration. As a consequence, the Danish parliament agreed on a national compromise, which included a number of conditions for Danish support of the Maastricht Treaty. The conditions were presented at a summit in Edinburgh at the end of 1992, and were codified in four Danish opt outs to the Edinburgh Agreement, including Denmark's right to refuse participation in a common EU currency (Abildgren, 2010, p. 210). In a second referendum held in May 1993, a majority of voters accepted the new conditions of the Edinburgh Agreement. The Danish government was now able to ratify the Maastricht Treaty. Still, along with Britain, Denmark refused to join the third phase of the EMU and to introduce the common European currency. Despite the

Danish opt outs of 1993 and considerable popular euroscepticism, Danish Prime Minister Poul Nyrup Rasmussen announced another referendum to be held in 2000. Simultaneously, the government presented a bill in parliament which meant that Denmark – in case the outcome of the referendum was positive – could join the Eurozone and adopt the euro as legal tender in 2004 (Abildgren, 2010, p. 214).

4.1. The reluctant Europeans

At the time of the 2000 referendum, the pro-EMU parties controlled a total of 140 of the 179 seats in Danish Parliament. Only five smaller parties actively campaigned for a negative vote. The official no-parties included the right-wing DPP (13 seats) and Progress Party (5 seats); the left-wing Socialist People's Party (13 seats) and Red-Green Alliance (4 seats); and the centre-right Christian People's Party (4 seats). The DPP and its outspoken leader Pia Kjaersgaard turned to arguments of Danish sovereignty, history and traditions in an attempt to preserve the national currency. However, the party was considered, at the time, very nationalistic and had been quite marginalised by the established parties who rejected its nationalist ideology and immigration-critical attitude as being 'unethical' (Ritzau, 1999).¹¹⁷ The two left-wing parties, the socialists and the red-green alliance used more economically based arguments pointing to the potential risks facing the Danish welfare system if the euro was implemented. All the other parties (except for the small Christian People's Party), including the Social Democratic Party and the Social Liberal Party, which together formed the Danish government, publicly campaigned for the euro. Though an overwhelming majority of the political establishment was very much in favour of the common currency, the voters who supported these parties did not agree with their pro-euro stance.

¹¹⁷ One year earlier, in 1999, Danish social democratic Prime Minister Poul Nyrup had excluded the DPP from budget negotiations, arguing that they would "never become housebroken" and that the party's "ethical principals" would never be accepted in a Danish context (Ritzau, 1999).

The EMU opposition, comprised of nine different official organisations, was characterised by a remarkable political pluralism, ranging from classical socialist to more national-conservative Eurosceptics. In addition to the parties in support of the Danish government, proponents of the euro included a range of different public figures. The government drew heavily on its ministerial resources in the production of EU-friendly campaign materials. Both campaigns used well-known and revered popular figures to present their arguments, wrote opinion pieces and feature articles, distributed campaign materials, organised public meetings and arranged various happenings.

Even though a large political majority backed the introduction of the euro, Danes, as a whole, were not seduced by the promised blessings of the new monetary union. Variables such as gender, employment, and education-defined public attitudes towards the euro: people with lower education and employment status were the ones most opposed to the common currency (see Figure 1). The political groups participating in the debate had to take this popular euroscepticism into account and develop suitable strategies to convince the electorate. Obviously, popular attitudes towards the euro posed the biggest challenge to the euro positive parties. These parties somehow needed to convince the reluctant electorate that the euro was preferable, whereas the no side could seek to nurture an already prevalent popular scepticism.

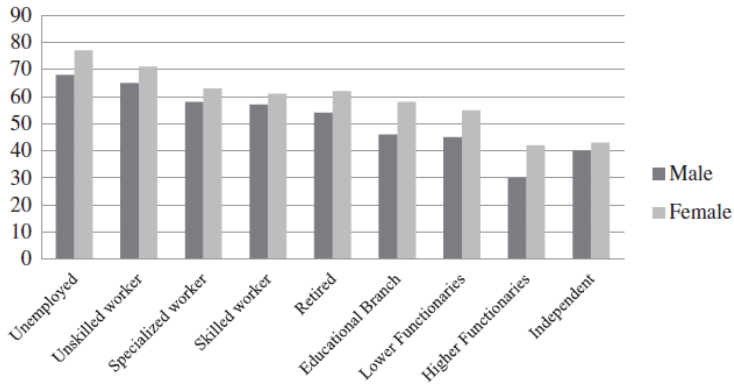


Figure 1. Occupation/gender and no vote percentage.

Source: Derived from data in Storgaard Jacobsen, Reinert, and Risbjerg Thomsen (2001).

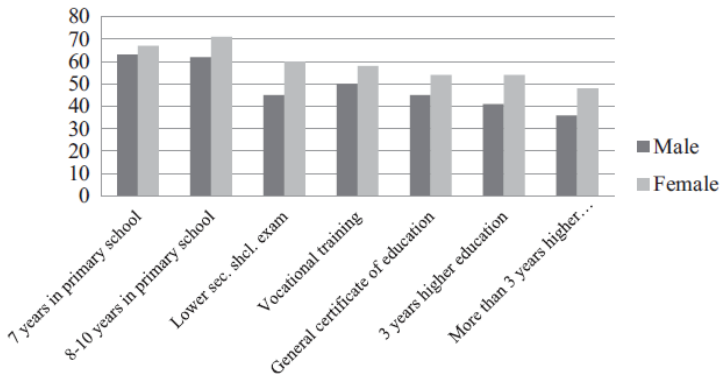


Figure 2. Education/gender and no vote percentage.

Source: Derived from data in Storgaard Jacobsen, Reinert, and Risbjerg Thomsen (2001).

5. The campaign strategies

In the analysis, I start by identifying the three themes most often articulated by the Eurosceptics. These themes were issues of national community and belonging,

sovereignty, and the preservation of the Danish welfare model. All three themes made a strong connection between the Danish currency and the Danish nation. Having highlighted the rhetoric of the no side, I contrast these themes with the strategy of the Danish government, and show how the political establishment sought to overcome popular euroscepticism. As the analysis shows, the strategy developed by the Ministry of Trade and Commerce did not substantially differ from the arguments of Eurosceptics, as it also sought to make a connection between the euro and the Danish nation. In both rhetorical strategies, currency was articulated as something that belonged to the nation.

Table 1. Danish political parties and euro vote.

Party	Social democratic party	Social liberal party	Conservative people's party	Centre democratic party	Socialist people's party	Danish people's party	Christian people's party	Liberal party	Progress party	Red-green alliance
1998 election										
Percentage	35.9	3.9	8.9	4.3	7.6	7.4	2.5	24.0	2.4	2.7
Seats	63	7	16	8	13	13	4	42	4	5
Euro vote	Yes	Yes	Yes	Yes	No	No	No	Yes	No	No
Political spectrum	Centre/left	Centre	Centre/right	Centre	Left	Right	Centre/right	Centre/right	Right	Left

Source: Folketingets Oplysning (2012, the information service of the Danish parliament). The four MPs of Greenland and the Faroe Islands are not included in this table.

5.1. National community and belonging

The no side often used historical references to underline the long-standing and intimate relationship between the Danish people and their currency. The articulation of the krone as a symbol of national belonging and shared history was especially apparent in the campaign material of the DPP. As part of their campaigning efforts, DPP created a web site (www.kronen.dk) with the following opening statement:

What for more than a thousand years was a thundering success, Prime Minister Poul Nyrup Rasmussen and his accomplices have now decided

to strangle. [...] It is Denmark's own currency, a magical success that began around 850 when the first Danish coins were minted in Hedeby¹¹⁸ (Danish People's Party, 2000).

The text was illustrated by a timeline depicting various Danish coins dating back to the year 1560. The visitor was invited to scroll down the page to trace the development of the different coins, and the timeline culminated with the display of a contemporary krone coin, portrayed as the acme of Danish monetary development. Echoing Helleiner's (1998, p. 1427) description that money plays to the 'deep mystical and emotional faith in one's nation as an eternal community with a common descent and shared destiny', the website articulated the Danish currency as something unique: a magical object, with its own special history of stability and gradual evolution.

The website's reference to Hedeby evoked a collective narrative about the Viking Age and claimed a history of kinship symbolised through the krone. The evolutionary Danish monetary history was, to use Hobsbawm's (1983) term, 'invented' by DPP, which created an image of Danish currency as transcending historical epochs. The party website stressed the historic continuity and uniqueness of the Danish currency, creating a symbol through which the population could maintain a collective memory of Danish heritage. For example, the website stated:

We know it. We are comfortable with it – and it has served us well for more than a thousand years. And there is much more at stake than just the coin's design: If we abolish the krone, we also abolish the independence and freedom of Denmark. (Danish People's Party, 2000)

¹¹⁸ All quotes from Danish sources are translated by the author.

Here, an explicit reference was made to the commemorative qualities of the currency. The phrase ‘We know it and are comfortable with it’ alludes directly to the activity of collective remembering which is fundamental to identity creation (Gillis, 1994). Notably, the specific design of the coins seemed to be less important than the familiarity of the Danes with their currency. As these statements highlight, the krone was invested with certain interpretations and meanings; that of ancient national kinship.

DPP took advantage of the commemorative qualities of the currency and actively claimed Danish money as material evidence of collective origin. On the website, the party staged a competition urging voters to identify five errors in a line of six coins, with five of the coins being one-euro coins and the last being a Danish one-krone coin. The winners were awarded a commemorative 200-krone coin issued by the Danish central bank in honour of the Queen's 60th birthday. Moreover, prior to the referendum, DPP distributed hundreds of posters depicting a one-krone coin with the contours of a Danish flag at the centre. The poster urged Danish voters to preserve the fatherland by keeping the currency. The very name of the DPP campaign – ‘For the Krone and the Fatherland’ –further underlined this point. The word ‘fatherland’ alone refers to a myth of collective origin and implies a history of continuity.

5.2. My currency, right or wrong

Another recurring theme in the no-campaign had to do with the potential loss of sovereignty. The possibility of conducting an independent monetary policy was articulated as a sign of independence. The majority of campaign material stressed this point, or at least touched on variations on this overall theme. In a PMAEU publication, for example, under the headline ‘Greetings from Britain’, one British member of the parliament, Austin Mitchell, was quoted at length:

The nation-state: the framework for democracy and accountability. All in all, the nation-state stands as the best and most effective guarantee of democracy and accountability. National governments can use tools such as taxes, interest, and exchange rates with various successes. They can create growth or unemployment. Their voters will reward and punish them accordingly. When we are controlled and managed from Frankfurt, national governments and their constituents who elect them are made powerless. The krone is tied to the Deutschmark. This is a voluntary decision, which – if necessary can be revoked; the euro is forever.

(Mitchell, 2000, p. 2)

According to Mitchell, it was the ability to function as a discrete entity and to make decisions, right or wrong, that defined an independent state and its sovereign population. Similar arguments recurred in a range of publications during the run-up to the referendum. Such claims were not confined to any specific political group or faction. On its anti-euro website, DPP made a similar argument with respect to popular sovereignty:

Self-determination means that Denmark and the Danish central bank are not bound by any outside influence. Self-determination means that Denmark must live with both the advantages and the disadvantages of its own policies (Danish People's Party, 2000).

In a public speech on June 5th, celebrating the Danish constitution, the argument was elaborated by DPP party leader Pia Kjaersgaard (2000): 'A country having its own currency is one of the most visible signs of sovereignty. If Danes abandon the krone it would be a giant step toward the eradication of our independent nation'. Here,

Kjærsgaard drew a direct parallel between currency, sovereignty and nation. Without the ability to conduct independent monetary policies, she argued, Denmark would gradually disappear. Similarly, a splinter group of the Social Liberal Party put forth the same argument on the cover of a small pamphlet that was published prior to the referendum:

No to the euro. Yes to the krone. Yes to popular democracy and welfare. The referendum on the krone or the euro is about whether we should limit Denmark's democracy, abolish our own monetary policy, abolish the krone, limit our own fiscal and tax policy, and get a representative to sit at the table in Frankfurt (Radikalt EU-kritisk Netværk, 2000).

In yet another publication, the theme of monetary policy sovereignty was defined in almost warlike terms. In their short pamphlet with the headline 'Farewell to Arms', Danish trade unionists warned that a positive outcome of the referendum would have 'the immediate consequence that we hand over a pair of economic weapons that otherwise resides with the Central Bank' (Fagbevægelsen mod Unionen, 2000). A publication printed in 1997, but circulating during the debate, by the PMAEU was tellingly named 'The EMU: a Contrast to Sovereignty' (Folkebevægelsen mod EU [PMAEU], 1997) and was dedicated exclusively to arguments about diminishing popular sovereignty. The connection between an independent national currency and the Danish ability to conduct its own monetary policy – no matter how limited this ability was, given that the Danish currency had in fact been tied to the Deutschmark for the last decade – constituted a recurring theme that sustained the currency–identity relationship.

Not only Eurosceptics, however, stressed the importance of sovereignty. Europhiles sought to use the potential for increased popular sovereignty as an argument for replacing the krone with the euro. Most notably, the Danish Minister of

Finance, Mogens Lykketoft, argued that joining the European currency would substantially strengthen Danish sovereignty. Lykketoft argued that the euro actually posed a unique opportunity to influence the decisions and policies of the great European powers, rather than flowing with the economic tides, as Denmark had been doing for the past 300 years (Termansen & Thobo-Carlsen, 2000, p. 7).

5.3. The welfare state

The third theme around which the debate revolved was similar to the question of sovereignty, but with some clear distinctions. In the discourse of the no-campaign, the imposing euro was portrayed as a threat against the welfare state. Among Eurosceptics, the debate reflected a widespread mistrust of the effects that the euro would have on the specific Danish societal organisation. The krone was invested with meaning and connotations that framed the welfare state as a national symbol. In the logic of such arguments, the national currency became a proxy, so to speak, for an even more potent national symbol: the welfare state, that is, the Danish way of life. This connection was clearly expressed in a campaign pamphlet ‘Goodbye to the Krone and Welfare’:

The construction of the Danish welfare system can be regarded as an expression of a political compromise. It was created as part of a long-term historical movement away from the unregulated market and market failures that result in unemployment, social tensions and poverty (Nielsen, 2000, p. 2).

In this short paragraph, Nicolai Leth Nielsen, on behalf of European Parliament member Ole Krarup (PMAEU), described the Danish welfare system as part of a long history and a unique political compromise, which would be fundamentally threatened

by the supranational structures of the common currency. In the same euro critical publication another commentator, Kit Aastrup (2000, pp. 1–2) (PMAEU) voiced her concerns and anxieties on behalf of the welfare state: ‘Not only is it a massive intervention in the national right to determine tax policy, it will mean an erosion of the way we have chosen to organize the Danish welfare state’. Here, the national currency stood for the pivotal right of a people to organize its own society. A similar argument about the welfare state is found in DPP's campaign material which states that ‘Danish welfare is in danger when the floodgates between the countries are opened’ (Danish People's Party, 2000). The welfare argument was used by both right- and left-wing parties. The anti-euro Socialist People's Party stressed this point repeatedly in their campaign: ‘No – for Welfare's Sake’ read a publication header (Socialistisk Folkeparti, 2000). In a pamphlet from September 2000, the Party warned that the economic restraints of the EMU were an ill fit for the Danish welfare model and that the common currency would constitute ‘an attack on the welfare state’ which was founded on solidarity, community and unity (Socialistisk Folkeparti, 2000).

The welfare state and its social safety net did not only refer to the actual societal organisation. According to Feldbæk (1992, p. 130), the Danish welfare state has become a symbol of the ‘struggle of the working people’. Danish identity was not primarily built upon ‘God, King and Country’, but on a story of the common attachment to the ‘new Danish society which the working class had built with their own hands’ (Feldbæk, 1996, p. 130). Today the conceptual framework of the welfare state seems difficult to obviate, even for conservative and liberal parties with an *a priori* resistance to state interventionism. In the words of Hansen and Wæver (2002, p. 60), no Danish party ‘fundamentally questions the social democratic vision of the state’. The welfare state turns into a national symbol when faced by challenging systems and threatened by substantial changes (Eriksen, 1997, p. 59).

Of course, it is somewhat difficult to separate the effect of the welfare state as an integrating national symbol from the more mundane material interest of

the Danish electorate. Both economic considerations and questions of identity might simultaneously have affected public attitudes towards the reconfigurations of the welfare state potentially ushered by the euro. This point is underscored by McLaren (2004), who shows how other factors, more material rather than identity issues, play an equal or even greater role in explaining individual attitudes towards the euro. However, the shared and nationwide material interest in preserving the Danish welfare model may alone have contributed to a sense of shared economic fate and may have contributed the construction of national identity (Ardent, 1975; Helleiner, 1998, 2003).

6. The Danish euro – creating an oxymoron

Leading up to the referendum, the pro-euro Danish government faced a substantial challenge to convince the public that the common currency was indeed preferable. The concerns of the eurosceptic segments of the population had to be addressed whether the euro was to be accepted. How then, did the government seek to convince these voters that the euro was a good idea? First of all, Europhiles continuously highlighted the future economic benefits of joining the euro (*Ugebrevet Mandag Morgen*, 2000). However, by purely resorting to claims about the euro's positive economic consequences, the pro-euro parties were left with a somewhat narrower range of arguments than their euro critical opponents. This meant, as we shall see, that Europhiles eventually sought to promote the euro as a phenomenon closely linked to the nation. To develop an effective campaign strategy, the Ministry of Economic Affairs asked the marketing company Advice A/S to come up with a range of strategies for convincing the less-educated, lower-income segment. Advice A/S (2000) made their recommendations to the ministry in a 15-page report: in order to connect with the lifeworld of this segment, communications had to be anti-elitist and plainly worded, while campaign pamphlets and folders were to be richly illustrated.

According to Advice A/S, it was imperative to stress that euro proponents did not reject the importance of national community. National symbols such as the Danish flag and the portrait of the Queen had to be put to use in various sorts of campaign material. Beloved and authentic personalities should be brought in to endorse the euro and the electorate had to be convinced that the common currency ‘in reality did not signify a break with, but merely a continuation of, existing traditions’ (Advice A/S, 2000, p. 12). Advice A/S explicitly proposed that the euro be articulated as a project of the nation rather than a project for the state, since ‘many people fundamentally considered the euro as a threat to the nation and the nation-state’ (2000, p. 13). Here, the conceptual divide between ‘state’ and ‘nation’ was deliberately brought forth as key element in the strategic efforts of the yes-campaign.

The Ministry of Economic Affairs acted promptly on these recommendations. The minister, Marianne Jelved, asked the Central Bank to produce a replica of the new Danish euro with the portrait of the Queen. Although the Danish Central Bank had full discretion over the issuing of banknotes, the right to mint coins officially lay with the Minister of Economic Affairs in the Minister's capacity of Royal Mint Controller. This separation between the printing and minting of money explains why Jelved could ask the central bank to make such a sketch drawing, even though the bank, in principal, was governed independently from political influence.



Photo by Jacob Mydtskov. Used with the permission of the Ministry of Business and Growth [Erhvervs- og Vækstministeriet].

Moreover, Jelved asked popular author and scriptwriter Lise Nørgaard to endorse the euro in campaign pamphlets. At the age of 83, Nørgaard had an aura of integrity and trustworthiness; she had become something of a public icon after co-writing one of the most popular Danish television shows that showcased, among other things, a romantic narrative of Danish resistance during the Second World War. Additionally, the ministry produced a range of plainly worded folders and pamphlets, abundantly illustrated with national symbols. Among these publications was a small folder entitled ‘What is the Big Difference?’ of which more than 200,000 copies were printed and distributed through official institutions. This folder was highly contested and sparked a lawsuit from the

PMAEU, who claimed that it had cost the ministry a substantial amount of money and was nothing short of state-sponsored propaganda on behalf of the euro (Steensbeck, 2000).

The pamphlet reached out to voters who valued the national symbolism of the currency and the familiarity of using it in everyday economic transactions. The cover, in the colours of the national flag, featured Lise Nørgaard displaying a euro coin and a Danish coin while posing the seemingly innocent question ‘What's the big difference?’ On 22 August, Marianne Jelved hosted a press meeting, presenting a

sketch of the new euro coins and releasing the controversial pamphlet. The publication text was organised around a large picture of the Danish euro coin, featuring, as recommended, a portrait of the Danish Queen, Margrethe II.

The various subtitles informed the reader of the consequences of a yes-vote: 'The Euro Coins Remain Danish', 'Your Everyday Life Remains the Same', 'Tough Times for Speculators', 'The Danish Euro Coins Can Be Used in Many Countries', and 'You Will Have Plenty of Time to Adjust to the Changes'. These subtitles were supplemented with small everyday tableaux: children at the beach, children in the historic theme park Tivoli, people at the pharmacy and an entire family outdoors on a sunny day waving the Danish flag. The pictures and paragraphs addressed, in different ways, issues such as political belonging, sovereignty and social welfare rights. In the upper-right corner, children were waving the Danish flag while one of the paragraphs informed the reader, in rather plain terms, that his or her 'salary or pension will be paid in euro. The numbers will be smaller, but your salary or pension will not decrease in value' (Økonomiministeriet, 2000). By stressing that pensions, in particular, would remain the same, the ministry actively addressed the theme of social welfare rights. According to Gilbert (2007), this must be considered a key element in the connection between monetary organisation and community.

DIN HVERDAG BLIVER DEN SAMME

EURO-MØNTERNE BLIVER DANSKE
De nye danske euro-mønter vil blive lavet af Den Kgl. Mønt.
Dronning Margrethe II er på forinden af de fem store mønter
De tre små mønter vil få kronen på forinden.

Længt de fleste euro-mønter, som vil blive brugt i Danmark vil være danske euro-mønter. Der vil dog også kunne findes euro-mønter fra andre lande i Danmark – især i turistområder.

DIN HVERDAG BLIVER DEN SAMME

Der skal ikke de store forandringer i din hverdag, hvis du gerne vil leve sundt. Du vil kunne bruge en hel masse på samme måde, som du bruger din hverdag – både hos købmanden og i bussen.

Det vil skal være en ti, et, et
både i euro er lavere end både i kronen. Et rugbrød til
14,95 kr kommer for eksempel til at koste 7 euro.

Den løn eller tilkøbsprisen vi bliver udbetalt i euro. Tallene bliver mindre, men din løn eller prisen bliver ikke mindre værd. Du vil kunne købe præcis det samme, som du blev udbetalt i kroner.

SPEKULANTERNE FÅR DET SVÆRERE

Det bliver tværende et voldsudspølgende, hvis Danmark går med i euroen. Spøgelstemaene kan ikke længere stude den danske økonomi. Det er, end så mange europaske lande deltager i euroen, i dag findes internationale spekulanter store penge på at stude om mellem de forskellige valutaer. Det kan de ikke, når landene har den samme valuta, nemlig euroen.



Wells of the Shale I see
widergate of Gumbria
Nationalist of the Masses
[2] 16. 3 One or two of
rationalism, sports agnate
Masonville 2.75. 100.



**DU VIL KUNNE BRUGE DE DANKE
EURO-MONTIER I MANGE LANDE**

Det er kun de danske euro-mønter, der har Dronning Margrethe II på forside, men møntene kan alligevel bruges i alle de andre lande, som er med i euroen.

Det betyder bl.a., at du kan tage dine euro med på ferie. Du behøver ikke skifte penge, før du reiser. Så du sparer veiselskabet. Det bliver også nemt at sammenligne, hvad tingene koster hjemme og i ferielandet.



**DU FÅR GOD TID TIL AT VÆNNE
DAS TIL DE ANNE REJSE**

DIG TIL DE NYE PENGE
Euronen bliver ikke indført i Danmark fra den ene dag til den anden. Du får god tid til at vænne dig til de nye euro-mønter og -udfald, hvis danskene starter "på".

Den 1. januar 2004 skulle euroen op i
bruksomme. Det er Danmarks Nationalbank,
der sender euroen på gaden i Danmark.



Used with the permission of the Ministry of Business and Growth [Erhvervs- og Vækstministeriet].

Exactly as Advice A/S had recommended, the primary function of the images was not to explain technical details about the euro, but to establish a mental connection between these scenarios and the euro coin in the centre. As such, the illustrations claimed the euro as a Danish concept and sought to tie it to activities and symbols that were considered to be typically Danish. Most conspicuous, of course, was the picture of flag-waving children. To use Billig's (1995, pp. 39–46) metaphor, it is clear that the nationalistic qualities of Danish currency in this particular publication exceeded their banal expression and became very explicit, becoming 'flagged' in every sense of the word. The Ministry of Economic Affairs went to great lengths to emphasise that the new euro coins were, in fact, Danish and not a European construct, creating the entirely new concept of a Danish euro coin:

The new Danish euro coins will be minted by the Royal Mint. Queen Margrethe II is on the front of the five biggest coins. The three smaller coins will feature the crown on the front. The majority of the coins in

circulation in Denmark will be the Danish euro coins (Økonomiministeriet, 2000).

The conceptual existence of such an oxymoron, a Danish euro coin, highlights the perceived challenges faced by the Ministry of Economic Affairs. Moreover, it underlines the point about understanding the Danish euro debate within the framework of the sovereign nation-state. This was illustrated by Central Bank senior manager Bjarne Skafte, who was interviewed about the Queen's portrait on the euro coin: 'We have chosen to preserve something from the Danish minting tradition', Skafte noted (Bonde, 2000). Again, the currency was articulated as a national symbol that highlights the Danish ambivalence towards the European currency. In its very essence, the euro was an innovation in Danish monetary history. Nonetheless, Skafte claimed that the euro constituted a continuation of historical currency practice – a practice that the Central Bank and the ministry actively sought to preserve. Both Europhiles and Eurosceptics articulated the EU as an organisation of independent states. As such, the ministry decided to promote the intrinsically non-Danish European currency as a mere continuation of Danish monetary history, seeking to please the somewhat anxious voters.

The debate shows how political elites seek to 'reconcile their discursive frames in referendum campaigns with those of the mass public' (Marcussen & Zølner, 2003, p. 102). The strategy paper used by the Ministry of Trade and Commerce also underlines Bruner's (2005, p. 314) point about the limits of legitimate rhetoric. Existing ideas of the schism between the political elite and the people seemed to have restricted the rhetorical possibilities of the Ministry. Instead of framing the euro as an idea of the political elite, it had to be reconciled as a 'project for the people'. Yet in this case, the discursive reconciliation might have actually worked, contrary to the aspirations of the Danish government, as its emphasis on Danish symbols and the currency–nation relationship was very much aligned with the

arguments of the no side. This paradoxical discursive strategy results not only from the fundamental assumptions that framed the Danish debate; the dilemma was also closely related to the conceptual connection between the national currency and questions of belonging, sovereignty and social welfare rights.

Conclusions

Using the Danish euro referendum as an exemplary case and by examining the different rhetorical strategies of the debate, this article has demonstrated how a national currency interrelates to key elements of national identity and community. Even though questions of image content were a central element in the debate – especially to the government-controlled Danish Europhile ministries who had come to consider the continued use of the Queen's portrait pivotal in its efforts to advertise the euro – three central non-iconographic themes were evoked during the debate. First, the national currency was established as a symbol of shared historical experiences and an expression of a collective origin. In particular, the DPP staged the currency as a symbol from which a narrative about national coherency could be established. Second, Eurosceptics claimed the currency to be a guarantee of the independence and sovereignty of the nation and articulated the national currency as a precondition for conducting monetary policy – hence, for the very existence of Denmark as an independent state. Third, the national currency was framed as a crucial precondition to the future existence of the Danish welfare model. The Eurosceptics argued that there was a connection between the currency and the Danish societal design. In successfully establishing this link, the national currency came to represent not only popular sovereignty but something even more valued: the way Danes have chosen to organise their society. This exemplifies the idea that a currency's capacity to configure national identity might, sometimes, be connected to its iconography. However, this capacity is not connected solely to image content. It

also depends on pre-existing perceptions of national belonging, popular sovereignty and social rights. All three themes underscore Gilbert's points about the way monetary unions potentially reconfigure the central elements of citizenship and community. The euro, as it was, posed a looming threat to these elements.

Even Europhile parties and especially the Ministry of Economic Affairs, being embedded in a 'one-nation-one-money' logic, were unable to transcend the conceptual constraint surrounding the currency that kept it well within the framework of the independent and sovereign nation-state. The ministry pursued the strategy of framing the euro as closely related to the nation; not as a state project. I argue that the conscious framing of the European currency as a national concept stems from the Danish interpretation of 'state' and 'nation'. The perceived distance between the elites and their constituents, 'the people', made it difficult for the Europhile government but to articulate the euro as something national, that is, something that would not conflict with existing identity constructs.

Through the eager display of national symbols in their campaign, Europhiles reinforced the narrative of a national-supranational dichotomy offered by many Eurosceptics, and by insisting that the new European coins would be nothing but a continuation of national minting history, the Ministry followed a paradoxical strategy by attempting to promote an argument of continuity. This was, in fact, incompatible with the radical novelty that the common currency represented. The political proponents of the euro were forced to balance very delicately between promoting monetary change and redefining the meaning of the national currency. The findings of this article have implications that go beyond this particular case study. The analysis elaborates on Gilbert's suggestion to the relationship between citizenship and monetary organisation. Elites who find themselves tinkering with established monetary institutions, as was the case with the EMU, must be attentive to and understand the intimate relationship between national currencies and feelings of

national community. Also, the article illustrates the peculiar dilemma facing Danish policy-makers when it comes to further European integration.

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“TOO WEIRD FOR BANKNOTES”: LEGITIMACY AND IDENTITY IN THE PRODUCTION OF DANISH BANKNOTES 1947-2007

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Abstract

In this article I argue that questions of banknote design are closely related to ideas of the national collective. Using the Danish banknote design competitions from 1947 to 2007 as an exemplary case I show how the Danish central bank, Nationalbanken, continuously sought to balance banknote iconography between different and evolving perceptions of the national community in an attempt to underpin the legitimacy and authority of Danish banknotes. I suggest that concepts from institutional theory can explain this equipoise relationship and I argue that banknote designers need to somehow reconcile conflicting ideas about the national community. As such, this article contributes to a more detailed understanding of the considerations and challenges facing banknote-issuing authorities.

1. Introduction

In august 2012 the Canadian Central Bank decided to remove the image of an Asian-looking woman from its draft for a new \$100 banknote. On the draft, the woman scientist was studying samples through a microscope. Following a critical focus group review, the woman was replaced by a Caucasian counterpart on the final

version of the note. According to the bank's internal evaluation some focus group respondents believed that the banknote presented "a stereotype of Asians excelling in technology and/or the sciences. Others feel that an Asian should not be the only ethnicity represented on the banknotes. Other ethnicities should also be shown". Some of the focus group respondents even felt that "the yellow-brown colour of the \$100 banknote reinforced the perception that the woman was Asian, and 'racialized' the note" (Beeby, 2012).

Following the respondents' recommendations the bank immediately redrew the banknote, instead pursuing what a spokesman called a "neutral ethnicity" for the woman scientist (Beeby, 2012). Former Bank of Canada governor Mark Carney eventually had to issue a public apology, asserting that "[o]ur banknotes belong to all Canadians, and the work we do at the Bank is for all Canadians" (Carney, 2012). But Carney's banknote controversies were not quite over. After he was appointed Governor of the Bank of England in November 2012, Carney once again sparked a public upheaval over the proposal to replace the portrait of Elisabeth Fry with Winston Churchill on the new British £5 banknote. The decision to remove the only female figure (besides the Queen of course) from British banknotes provoked a campaign from woman rights groups who suggested that Jane Austen should be featured instead of Churchill (Martinson, 2013).



The Canadian \$100 banknote after the "neutral ethnicity" revision. Used by permission of the Bank of Canada.

Carney's banknote tribulations illustrate the tricky business of designing supposedly legitimate banknotes as central banks are faced with mixed and ambiguous perceptions of legitimacy. Despite serious efforts to choose the best possible motives, the proposals were apparently too controversial for some of the central bank's constituents. How then, can a central bank design suitable banknotes? Should banknote designers attempt to align iconography with changing ideas about the national collective or should they maintain a certain conservatism and conformity in their designs?

In this article I draw on the archives of the Danish central bank – Nationalbanken – to address these question by analysing the creation of three Danish banknote series from 1947 to 2007. I advance three interrelated arguments. First, I argue that the Danish central bank and its governors historically have favoured symbols they believed would most efficiently bolster the trustworthiness of Danish banknotes. These symbols were often elements of a traditional national romantic narrative. Second, I argue that, in the process of choosing these symbols, Nationalbanken engaged in a balancing act between different ideas about the nation. Finally, I suggest that such a balancing act became increasingly difficult as different, and sometimes conflicting, ideas of the national collective diluted its potency as a source of banknote legitimacy. Whereas the symbolic evocation of the nation might once have been sufficient to secure the legitimacy of the central bank and its notes, however, over time, as notions of Danishness began to multiply, it became necessary to define which aspects of Danishness would serve the purpose of legitimizing the bank and its notes. To this end, Nationalbanken resorted to an iconography conveying stability and reliability rather than attempting to signal the embrace of contemporary values and ideas. My findings expand on suggestions by Hymans (2004, 2010) and Penrose & Cumming (2011) who argue that issues of perceived legitimacy unlock the dynamics of banknote design. However, I suggest that banknote legitimacy is not achieved simply by aligning iconography with salient and trendy national symbols.

Banknote designers must reconcile different – and often opposing – logics and strike the right balance between incorporating “the spirit of the times” and evoking more traditional narratives about the nation. At the same time, banknotes must signal credibility and trustworthiness. By stressing Nationalbanken’s balancing act, this analysis contributes to a more detailed understanding of the considerations and challenges facing banknote designers in general.

I have divided this article in five parts: In section 2 I briefly review the existing literature on banknotes and issues of nationalism and national identity. Whereas much of the existing literature on banknote design focuses on banknote iconography as a question of identity crafting, I argue that note-issuing authorities are largely concerned with designing banknotes that are perceived as legitimate as well as trustworthy. In section 3, I suggest that concepts from institutional theory can be used to explain the considerations that go into banknote design. Section four consists of a case study in which I use these concepts to show how the Danish central bank faced a heterogeneous constituency with different, and sometimes conflicting, expectations of banknote iconography. I argue that Danish banknote design competitions reflect this complex context of legitimacy and I suggest that ambiguous expectations of what banknotes should look like can explain why Danish central bankers eventually resorted to somewhat traditional banknote designs. In the final section I conclude on the analysis and suggest proposals for further research.

2. States, nations and currency iconography

The state-as-pedagogue perspective

National currencies relate to national identity in different ways. Various scholars have pointed to this interrelation as a potential research agenda (See for example Billig, 1995:41; Helleiner, 1998; Nakano, 2004). In the Danish case, scholars have

closely linked the national currency, the *krone* (meaning the crown), to public perceptions of national community and political sovereignty (Jupille & Leblang, 2007; Sørensen, 2014). In particular, much work has been done on how national elites devise and implement an agenda of nationalism, using the imagery of banknotes and coins as instruments to cultivate identity and foster national community. Scholars have come to consider money a powerful ideological messenger (Berezin, 2006; Gilbert, 1998; Gilbert & Helleiner, 1999; Gilbert, 1999; Hawkins, 2010; Raento, Hämäläinen, Ikonen, & Mikkonen, 2004), suited to cultivating feelings of community and national identity. In the Danish context, scholars have described the newest banknotes from 2009 as a series of “circulating national monuments” (Leth-Espensen & Kofoed Hansen, 2009: 149)

Especially in newly formed states, or states going through periods of crisis or transition, elitist attempts to foster community through the use of currencies have been particularly evident (see for example Mwangi, 2002; Sørensen, 2012; Sørensen, 2013; Unwin & Hewitt, 2001; Unwin & Hewitt, 2004; Wallach, 2011). The imagery of national money provides states a political tool with which to cultivate collective identity and promote imagined communities.

Banking on the nation

Recent studies, however, have questioned this top-down “state-as-pedagogue” perspective that runs through much of the literature on currency iconography. Studying the construction of the common European currency, Kaelberer (2004:162) argues that the connection between currencies and national identity is reciprocal. National money produced by central banks might reinforce collective identity amongst the population; but the ability of money to function as credible means of payment depends on pre-existing popular conceptions of community, as well as on the trust that people have in each other and in the issuing authority. Ultimately we accept banknotes as credible means of payment because they represent a promise by

society to back up their value. This is what Simmel meant when he argued that in modern societies trust no longer functions at a personal level but instead depends on the legitimacy of abstract systems such as the monetary system (Simmel, 1990). Kaelberer builds on this idea to argue that legitimacy is not easily achieved but that “monetary institutions have to earn the trust of participants in the market” (Kaelberer, 2004:171).

Hymans in turn completely dismisses the state-as-pedagogue perspective (Hymans 2004, 2010). Based on a historical comparative study of European banknote iconography he identifies a range of different trends in the imagery of European banknotes, drawing on a database of more than 1400 different notes from 15 European countries. Comparing the development of iconography across different countries Hymans finds that even though the banknote iconography of the respective countries has evolved substantially over time there are remarkable similarities in iconographic choices in specific historic periods. Banknotes from different countries undergo a very similar iconographic development from late 19th century until today.

Following such findings Hymans asks whether banknote issuing authorities are in fact trying to cultivate national identity as much as they are simply tapping into prevailing conceptions of community and whether transnational values tend to spill over into the design of national money: “Far from trying to use their control of currency to impose statist values on a recalcitrant citizenry, states are more likely to try to increase their legitimacy by using the currency to signal their embrace of values in tune with ‘the spirit of the times’, he argues (Hymans, 2004:6). This analysis, which draws upon the cultural shift theories of Inglehart and Meyer et al, has great explanatory force (Inglehart, 1997; Meyer, Boli, Thomas, & Ramirez, 1997). However, the large dataset analysis cannot account for how central banks in practice undergird the legitimacy of their banknotes.

This task has been taken up by Penrose (2011) and Penrose & Cumming (2011) in their study of Scottish banknote iconography. Penrose and Cumming call

for a more nuanced concept of the state and warn us not to accept the assertion that banknote imagery is to be exclusively understood as an “aggressive visualization” of the nation-state (Penrose & Cumming, 2011:823). Following the work of Jessop (2001), Mitchell (1991) and Painter (2006) Penrose suggests we turn our attention to actors and practices that reproduce the *idea* of the state and produce state effects (Penrose, 2011:434). As such, the boundaries of the state are not defined by its actors and state institutions but by the practices and processes that continuously reify the state and make it seem ontologically evident. Thus central bankers are to be viewed as actors who reproduce state ideas, which implies that banknotes must be considered products of the idea of the state rather than the purposeful instrument of the state as a well-defined and discrete entity. This explains, Penrose argues, why anyone attuned to the symbolic repertoire of the state “has the capacity to design official state-objects that do the work of reifying the state and inspiring loyalty to the attendant nation” (Penrose, 2011:434).

Furthermore, Penrose points to important shortcomings in the existing literature, arguing that scholars often evoke ill-defined and rather unspecified notions of ‘the state’, ‘the government’ or ‘the national elite’ when they explain the processes behind banknote designs (Penrose, 2011:430). In the case of Scotland, for example, there really has been no state to orchestrate the design of new Scottish banknotes. Instead the production of Scottish banknotes has been in the hands of private or commercial banks (Penrose & Cumming, 2011:823). Hence, the national symbolism long incorporated in Scottish banknotes cannot be conceived as the state’s attempt to promote itself and forge national community. Instead, Penrose and Cumming argue, such national motifs must be considered a function of the aspirations of the note-issuing banks to advertise their own “reliability” (Penrose & Cumming, 2011:821).¹¹⁹

¹¹⁹ A similar focus on the connection between ideas about the nation and currency legitimacy is also central to the works Mihm (2007) and Lauer (2008) that analyze banknotes in postbellum America.

In the Scottish case there was no state backing the notes. But what happens in a situation where neither state nor nation exists to lend legitimacy to the imagery on the banknotes? The newest euro notes can be seen as a case in which banknotes are created in a state/nation vacuum. Here, the solution by the European Commission has been to emblazon the notes with fictional European architecture, which refers neither to state nor nation but which seeks to invoke an archetypal Europeanness – which is at a double remove since it is imaginary. Thus the symbols on the Euros are deliberately ambiguous and abstract to avoid national bias and so as “not to marginalize any non-selected region” (Fornäs, 2012: 215).

In a very recent study, Tognato (2012) suggests that central banks seek legitimacy by aligning themselves with prevailing ideas of the national collective. In order to be perceived as legitimate, central banks must successfully apply discursive strategies that connect monetary affairs to deep-seated cultural themes and narratives.

[W]henever independent central banks start to speak the languages that define the collective identities of their own societies, and when they manage to recast their own institutional identity into national identity, their basis for support within society becomes much broader, and it gets easier for them to deliver monetary stability (Tognato, 2012:9).

Although Tognato is not speaking of banknote design but of monetary policies more generally, this idea can also apply to the processes and considerations of banknotes designs, but only in part. Central-bank aspirations to align their iconography with deep-seated cultural themes and ideas about the nation as a way to assert their legitimacy only works if the motifs connect to a relatively stable, homogenous narrative about the national collective. As this analysis will show, central bankers potentially turn to specific imagery of stability perhaps both to signal the essential

stability of currency and the bank, but also in response to the proliferation of ideas and symbols of nation.

3. In search of legitimacy

Theoretical concepts from institutional theory can further our understanding of the processes and objectives of banknote design. One of these objectives, legitimacy, is defined by Suchman as “a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs and definitions” (Suchman, 1995:574). Organizations tend to align themselves with symbols, practices and templates that are already accepted and recognized (DiMaggio & Powell, 1983; Friedland & Alford, 1991; Meyer & Rowan, 1991). The iconographic trends highlighted by Hymans must be understood as a kind of symbolic isomorphism in which organizations, such as central banks, seek to identify with other actors, symbols and values already deemed legitimate (cf. Glynn & Abzug, 2002).

Monetary institutions prove no exception. As Glynn and Marquis have shown, the naming of commercial banks, for example, has been characterized by a symbolic isomorphism, where banks favour names that refer to state or civil society (Glynn & Marquis, 2006). As Glynn notes, few banks today choose to name themselves ‘Fred’s Bank’ or ‘First Federal Pizza’ (Glynn, 2010:423). Even if most people agree that pizza indeed does taste delicious, a name like this would not secure organizational legitimacy. Instead, names such as Bank of America, First Federal Bank and Citizens Bank are more common. Symbolic management is a key to organizational identity and legitimacy and can have strategic ramifications (Hansen, 2012: 704). Thus as Hansen has shown in his analysis of the constraining and enabling identity narratives of Danish savings banks (Hansen, 2007), organizational identity narratives configure the framework of what can be considered legitimate strategic actions.

When organizations seek to manage identities “they typically do so with components available in their institutional environment, i.e., the industry, organizational field, societal culture and/or the nation state” (Glynn, 2010:432). As a consequence, we must expect that contemporary central banks rarely attempt to invent new national symbols in a Hobsbawmian sense (Hobsbawm & Ranger, 2008). Instead they must stay attuned to a pre-existing symbolic repertoire with some degree of resonance within society in order to safeguard and expand trust and legitimacy. The same goes for banknotes. New ideas and values emblazoned on banknotes must, to some extent, resonate with existing identity constructs. As a result, central banks often turn to the national symbolic repertoire.

However, it is by no means an easy task for central banks to select banknote motifs that recast their own organizational identity into national identity. Legitimizing banknotes is not merely a question of emblazing them with fashionable symbols and visually capturing the prevailing *zeitgeist*. Legitimacy has a double edge, and organizations that try too hard also run the risk of being perceived as manipulative and lacking in authority. As Ashforth and Gibbs (1990:187) detail in their typology of “the clumsy actor”, “the nervous actor” and the “overacting actor”; all organizations run the risk of being perceived as either as insensitive, dogmatic or self-aggrandizing, respectively.

Even more importantly, central banks often face a heterogeneous constituency with conflicting perceptions of the national community. Not only are there various, evolving and sometimes contradictory ideas about the nation within public discourse, but banknotes, such as the ones produced by Nationalbanken, also have an international audience. National banknotes are evaluated both by other central banks as well as by peoples of other nationalities. Central banks are indeed compelled to handle institutional complexity and sometimes even incompatible prescriptions when they design new banknotes.

Organizations can engage in different strategies to cope with institutional complexity (Greenwood et. al., 2011). Among these strategies is the compartmentalizing of identities (Binder, 2007) in which organizations relate to their heterogeneous constituency by ceremonial or symbolic commitment to certain logics. Nonetheless, the organization ultimately seeks to retain its core identity (Greenwood et al., 2011:350). As we shall see, the design processes of the Danish central bank have reflected this salutatory commitment to changing societal values and ideas of the Danish nation. At the same time, the board of governors always, in the end, decides on a conservative iconography in order to come across as trustworthy.

Following the theoretical insights above, and using Danish banknote design processes as an exemplary case, I suggest that central banks' attempt to align banknotes with deep-seated cultural themes and narratives as a way to attain legitimacy. Furthermore, we must anticipate that banknotes reflect continuously changing societal norms, as suggested and exemplified by Hymans. These conflicting demands pose a challenge for banknote designers. Note-issuing authorities need to reconcile and balance between different ideas about the nation when they craft new banknotes.

4. Designing Danish banknotes

In this section I turn to the empirical analysis of the banknote design competitions from 1947-2007. The Danish central bank is established as independent from political influence. Although officially and deliberately outside government control, it oversees Danish monetary policies and is assigned the task of designing and printing banknotes. As Penrose (2011) has detailed, competitions, committees or commissions are the most commonly used tools in the creation of new banknotes. This has been true in the Danish case, where design competitions are an integrated element in the selection process; either, competitions are open to the general public, or in most

cases, limited to a preselected group of artists. Ultimately, however, it is always Nationalbanken's three governors who decide between the designs, since they govern the organization and the banknotes designs reflect their considerations and preferences.

Nationalbanken granted me full access to their archives, so I could conduct an empirical investigation into three design competitions from 1947 to 2007.¹²⁰ Although I include three competitions in the analyses, I emphasize the newest design process from 2006 to 2007 because the material offers direct insights into the motivations and considerations that went into the newest Danish banknote series "Bridges and landscapes" issued from 2009 to 2011. In my analysis I draw on the above theoretical insights about banknote iconography and the ideas about the sources of legitimacy to explain the challenges, preferences and consideration of Nationalbanken and its governors.

Barrows or beer?

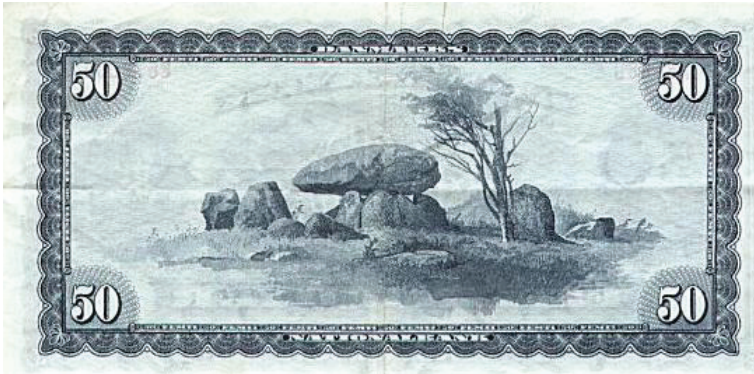
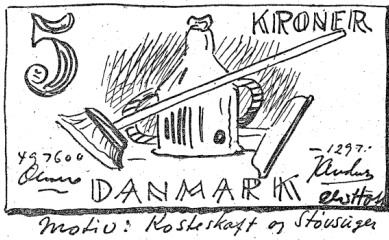
In the years preceding World War II the Danish central bank planned the introduction of a new note series to replace the old notes. To generate design proposals the bank invited the broader population to come up with suitable motifs. In a small pamphlet the bank asked people to sketch drawings "expressing Danish culture but which unmistakably resemble a banknote" (Nationalbanken, 1947). The competition proved an overwhelming success and the bank received more than 100 proposals, which were subsequently displayed at a mobile exhibition in major Danish cities. The 1947 proposals can generally be divided into two groups: one type of proposals featured the traditional romanticist motives dominated by relics, landscapes and barrows. Another type proposed more mundane motives such as industry, piles of charcoal,

¹²⁰ A fourth design competition was held as early as 1908. The archival material on this competition is very scarce and therefore I have excluded this design process from the analysis. Also, between 1947 and 2007 Nationalbanken produced series of banknotes that were not the result of design competitions. I have focused my analysis on the three competitions because the design evaluations, here, offer direct insight into the different considerations and motivations that informed the final design selection.

foodstuffs. In one of the drawings a large working-class family crams together in a small apartment. Food and beverages were recurring motifs. One proposal suggested sausage and beer, which are traditional Danish products, for the 10-kroner note, and a broom and vacuum cleaner for the 5-kroner note.

Instead of accommodating the push to include everyday motifs and more mundane values, Nationalbanken eventually chose the conservative proposals of artist Ib Andersen. Mirroring the trends in a wider European currency iconography the final series featured prominent writers and poets on the front while Danish landscapes and buildings were pictured on the verso. The public demand for new motifs can be interpreted as the result of changed societal values and norms as described by (Hymans, 2004; Hymans, 2010). Nationalbanken could have responded to this trend by accommodating the push for innovation. However, the new interpretation of Danishness had to compete with the consolidated national canon in which elements of national romanticism had long been an important part of the Danish master narrative (Brincker, 2003). While many of the contributions embraced novelty, another strand favoured more traditional expressions. The thematic division between the proposals in 1947 reflected the existence of different, competing perceptions of Danishness. Facing different perceptions of Danishness within its constituency, the central bank had to choose a strategy that somehow addressed this dilemma.

Ultimately, Nationalbanken's governors went with the safest bid and decided on a series of very traditional motifs. The decisions to stick with the more conventional designs sparked critical remarks from Danish media. Most Danish newspapers that reviewed the different proposals were aware of the schism between traditional motifs and the more popular and every day, and some newspapers explicitly favoured the latter. Thus the regional newspaper, Aalborg Amtstidende remarked laconically that Nationalbanken apparently did not "interpret Danish history in quite the same way as do the general public" (N/A, 1952).



Proposals with beer and sausages and the winning proposal by Ib Andersen. Used with the permission of Nationalbanken.

Evaluated in light of the works of Hymans, Penrose and Tognato such a statement proves problematic for a central bank whose legitimacy is perceived to depend on its ability to align its discursive strategies with cultural themes and narratives. However, as it turned out, public perceptions of what reflected Danish culture were conflicting and ambiguous. Thus, Nationalbanken's iconographic conservatism, which at first glance could be considered counterproductive since it refused to accommodate obvious changes in societal norms and values, is to be understood as an attempt not to associate the notes with motifs that would only resonate with certain parts of the population, or come across as too trendy and controversial.

Competitions in 1982 and 2006-2007

In 1982, when Nationalbanken once again planned to renew the circulating notes, various carefully selected artists were invited to present their proposals. None of the proposals were used but served as inspirational material in 1997, when the bank finally replaced the existing notes with a new series featuring famous Danish scientist and writers (following the trends of European currency iconography more generally). Prior to the selection of the artists in 1982, there were doubts whether the existing generation of Danish artists would be able to produce motifs conveying values that resonated within the public. In an internal memo, a banknote working group voiced its concerns:

The development of the visual arts has resulted in a focus on individual experiences and personal world views, thus hampering the solution of tasks that require more broadly comprehensible statements [...] in order to meet such requirements, the youngest and newest expressions that do not yet correspond to the public perception of reality must be discarded. In order to satisfy the demands of one of the few representative art works of our time, a certain concurrence between the task and motif is required, as well as a clear artistic expression (Nationalbanken, 1982).

In this passage, the working group alludes to a “public perceptions of reality” as if there were only *one* way Danes perceive ‘reality’. As the working group suggested excluding the most modern artistic expressions, it is clear that the central bank employees assigned the task of designing new notes did not recognize the possibility that different perceptions of Danishness could in fact exist simultaneously. Some years later, however, banknote designers gradually began to acknowledge that different ideas about the nation could be in play.

When Nationalbanken's senior artistic consultant Palle Nielsen retired in 1994, he commented on the increasing challenges facing banknote designers in a world with ever changing values,

In our day and age it is obviously difficult to express visually that which characterizes a country. Before it was easier [...] Before, it was God, king and the people. Artistic expression was completely fixed and it could not be otherwise. Today, anything goes, and there are a myriad of different forms of expression. It is difficult to express an entire nation under these circumstances. A soccer game, for example, is much better at uniting the nation (Nationalbanken, 1994).

Nielsen was acknowledging that certain ideas and values change with the passage of time. However, he refrained from elaborating on why these changing values could not be conveyed through banknote designs. One could ask, if a soccer game really "united the nation" and reflected something Danish, why not put a soccer game on the banknotes? Again, the answer to this question reveals the tension between official state values on the one hand, and the popular and mundane on the other, as well as to the mixed perception of the nation that Nielsen so aptly described as an "anything goes" legitimacy context, expressing an awareness that the bank faces a multifaceted constituency with different ideas of what defines the national community.

In 2003 Nationalbanken's chief designer, Johan Alkjær, was interviewed about the 1997 series, which featured famous Danish artists and scientists, and he highlighted the same ambiguous attitude as Nielsen: "The banknote series with the five prominent Danes is meant to convey something typically Danish. We produce

banknotes for the Danish people – not for the Academy of Arts¹²¹ or the reviewers – but we do not pander to the public either” (Alkjær cited in Adriansen, 2003:269). On the one hand the notes had to be aligned with something typically Danish. On the other, by insisting that the bank did not “pander”, Alkjær maintained a certain distance between the bank and the people using its money. Here we see the contours of yet another perception of banknote legitimacy expressed from within the bank itself. In order to preserve trustworthiness Alkjær installed a hierarchy between the bank and its customers, over aligning the design of the notes with societal trends. Former head to the printing division, Niels Holm, elaborated on this point when arguing that,

Banknotes should not be history textbooks or convey a particular pedagogy. Our banknotes must be Danish, but not nationalist. Preferably they must be timeless and reflect a degree of universalism. But first and foremost, they need to be authoritative in order to inspire trust (Holm cited in Adriansen, 2003:269).

Here, it is worth noting that Holm explicitly rejects the state-as-pedagogue perspective. Instead of integrating a specific pedagogic outlook, banknotes must signal authority to secure trust. Both Holm and Alkjær articulated what seems to be a recurring concern within the bank, that the motifs must be authoritative and reflect stability, rather than follow the flow of ephemeral values and ideas about the nation.

Bridges and landscapes

In 2005 Nationalbanken decided to commence the production of a new series of banknotes to replace the 1997 series. The central bank governors formed a special

¹²¹ The Academy of Arts (Akademirådet) is an official institution which consults with the state on questions of art and design.

working group, *Seddelgruppen* (The Note Group), to undertake this comprehensive task. *Seddelgruppen* consisted of central bank employees from the printing press division, administrative staff, and an external artistic consultant. In its tentative timetable for the production process *Seddelgruppen* noted that the new banknotes had to be “unmistakably Danish” to ensure, that they be accepted by the population. As *Seddelgruppen* pointed out “[a] banknote is a little work of art; the face of the country internally and externally. It must be Danish, in one way or another” (Nationalbanken, 2006A). With *Seddelgruppen*’s insistence that the notes presented the country’s international image, the audience was widened not only to include diverging public ideas about the nation and Nationalbanken’s own authority, but also the expectations of an international audience.

Now, the question was how to determine what constituted an unmistakably Danish theme? To solicit suggestions for suitable themes *Seddelgruppen* assembled a small forum that was to meet in the bank and work out a list of possible motives. They were asked to reflect on the question of which image of contemporary Danish society the notes ought to convey. The meeting was bluntly titled: “What is Danish?” (Nationalbanken, 2005). The discussion group consisted of eight different influential personalities, including architects, marketing directors, designers, artists and historians, all of whom *Seddelgruppen* believed could help define what “Danish” was all about. The group included, amongst others, such colourful personalities as writer and journalist, Søren Ryge, who is famous for his slow-paced gardening shows on television, and director of the global marketing company BDDO, Niels Erik Folmann, who participates in a popular Danish television show on lifestyle and consumer preferences.

In February 2006 the discussion group convened with members of *Seddelgruppen* at Nationalbanken to discuss potential Danish banknote motifs. According to the minutes of the meeting, the group generally agreed on the following:

It is good if the notes depict people interacting with each other. Danes should be able to relate to the motifs in order to remember them. There is no need for famous people on the banknotes; people may as well be portrayed by virtue of their activity. If a famous person is depicted it should be within a relevant environment, and other elements on the note should relate to that person's activity. The motifs need not be unmistakably Danish. For example, the motif could be created by a foreigner but situated in Denmark - or it could be created by a Dane but be located abroad (Nationalbanken, 2006B).

Apart from these general considerations the discussion group also conceived a list of suggestions for suitable themes, including "landscapes and infrastructure", "gardens", "bridges", "harbours", "mills", "cultural activities" and "outdoor activities", "Danish design", "science" and "portraits". A common denominator for many of these themes is that they embrace post-material and post-modern values. The landscapes proposed are not merely timeless national romantic tableaux. The proposals include empty freeways in the northern parts of Jutland and the infrastructure of central Copenhagen. Among the cultural activities are people skinny-dipping in the winter, children sledding, and a family on picnic or bike riding through a rural landscape. However, some of the proposed themes are more conventional in character and include historical buildings, bridges and portraits of famous Danes, i.e., the royal family.

Agreeing that the notes need not be unmistakably Danish, the discussion group disagreed with the requirement and expectations in *Seddelgruppen's* original credo. The eight individuals, whom Nationalbanken believed would know what Danishness was about, had been asked to come up with suggestions of inherently Danish motifs. Instead, they now proposed the opposite. There seemed to be a disagreement between the discussion groups and Nationalbanken's representatives,

not only as to what constituted appropriate motifs but also on what being *Danish* was about. As had been the case in previous design processes, tensions existed between the cosmopolitan and contemporary suggestions made by the invitees and the ideas of the central bank employees.

During the next months *Seddelgruppen* evaluated and worked on the proposed themes. The list had to be reduced to three or four themes from which the three bank governors could make their choice. The themes were considered from an aesthetic perspective, but *Seddelgruppen* also tried to anticipate potential critics. *Seddelgruppen* voiced considerable concerns about the theme of cultural and outdoor activities. On the one hand, the theme was considered to have broad public appeal, and since it touched directly on the everyday lives of ordinary Danes *Seddelgruppen* believed that Danes would immediately identify with the casual and mundane activities (Nationalbanken, 2006c). On the other hand, *Seddelgruppen* feared that the notes would depict a “laid back” and somewhat relaxed image of the Danish nation and its population. According to *Seddelgruppen*, the theme signalled so-called “soft values often associated with Denmark.” These soft values could prove problematic since they would “romanticize Denmark and convey a picture of a laid-back nation that relies on its surplus and its affluence to relax” (Nationalbanken, 2006c). As such, *Seddelgruppen* feared that more relaxed and everyday motifs would convey the wrong message about Denmark and its inhabitants to an international audience.

The theme of bridges seemed less problematic. The bridges could be seen as symbols of national coherence; they were easily recognizable, unmistakably Danish and the theme offered the possibility of representing different regions of the country. At the end of April 2006 the governors were presented with the following suggestions: “bridges and landscapes”, “architecture” and “functionalist Danish homes”. While *Seddelgruppen* had developed and worked on the suggestions from the discussion group, however, the central bank governors had simultaneously contemplated a theme of their own. *Seddelgruppen* was asked to evaluate the theme

of prominent Danish buildings as a potential alternative, but warned that using prominent buildings on the notes might be somewhat problematic since it “would appear national romantic and backward” (Nationalbanken, 2006d). Instead it proposed, once again, that the motifs of prominent buildings could perhaps be supplemented with some kind of activity or interaction that might also appeal to the younger part of the population (Nationalbanken, 2006d). Generally *Seddelgruppen* voiced a concern that the motifs not appear “too elitist” to the general population. Eventually, the governors decided to go with “bridges and landscapes” as the new theme. *Seddelgruppen* had selected and evaluated specific bridges that the artist chosen for the actual job of designing the motifs had to incorporate. The specific artistic interpretation of these landscapes, whether naturalistic, urbane or perhaps indoor, was left to the discretion of each individual artist.

The bridges theme came with a caveat. *Seddelgruppen* anticipated that such a theme could prove problematic due to its obvious similarities with the existing euro notes. Eventually, *Seddelgruppen* dismissed such reservations, reasoning in an internal memo that the Danish notes would feature real bridges, while the motifs on the euro-banknotes were archetypal depictions of non-existing buildings. Potential critics would acknowledge this difference, the memo argued (Nationalbanken, 2006d). As it turned out, some critics did indeed accuse the bank of creating little mini euro notes, and they did not appreciate the distinction between fictional and real bridges. Most notably Danish MP, Morten Messerschmidt, from the Eurosceptical party The Danish People’s Party, suggested that Nationalbanken was trying to soften Danish resistance towards the euro by “using the new notes as a battering ram to break down Danish resistance to the euro by making Danish banknotes look like euro notes” (Messerschmidt, 2007). Even though the internal memo suggests that Nationalbanken, perhaps somewhat naively, considered the theme unproblematic, Messerschmidt’s accusations nonetheless highlight the diverging ideas of legitimacy

and agendas – political and other – facing the central bank. Bridges, although arguably very Danish, were considered a theme too European to some.

To be sure, *Seddelgruppen* had to accommodate a range of different perceptions of what constituted suitable Danish banknotes. These conflicting ideas epitomize the dilemma of banknote design. Underscoring the trend in the 1947 design competition, the layman discussion group proposed a range of motifs reflecting contemporary and mundane values. Several cosmopolitan, habitual and every day activities were proposed. Secondly, Nationalbanken, represented by *Seddelgruppen* and the governors, explicitly sought to balance between different interests. There was an acknowledgment that the bank was facing a heterogeneous constituency, but *Seddelgruppen* was unsure of how to reconcile these conflicting demands. The iconography needed to reflect different and sometimes conflicting perceptions about the Danish nation, still resonate within the population, not seem too elitist, and at the same time avoid portraying Danes as overly laid back. The everyday and cosmopolitan motifs proposed by the discussion group were not considered commensurate with the task. Then again, when the governors independently proposed the more traditional theme, *Seddelgruppen* feared that it might be considered overly old-fashioned and therefore less authentic in the eyes of the population. Internally the three governors were still the ones most invested in a traditional and conformist iconography. To accommodate these different demands, the bank had to come up with a Goldilocks strategy of banknote iconography.

Choosing an artist

Having decided on bridges and landscapes as the overall theme Nationalbanken went on to search for artists to draw the actual notes. Assisted by an external artistic consultant *Seddelgruppen* shortlisted and invited eight Danish artists of different ages and artistic expressions to sketch potential designs. The artists had to incorporate

specific bridges on the front of the notes but on the verso they were free to interpret the theme of landscapes in any way they wanted. In January 2007 the eight artists were invited to present their designs at Nationalbanken. A professional jury had been selected to evaluate the proposals and to come up with the design best suited for production. The jury agreed that artist Kasper Bonnén's modern design and contemporary landscapes was the winning proposal. In their evaluation the jury remarked that the notes “constituted a good idea for a contemporary note that would also remain up-to-date” (Nationalbanken, 2007a). Also, according to the jury, there was a certain intimacy in the design and the artistic expression branded Denmark in a favourable way (Nationalbanken, 2007a). Once again, we see the preoccupation with the international reception of the banknotes. The jury also fancied Karin Birgitte Lund's design and noted that the modern bridges on the front and the archaeological findings on the verso seemed to “bridge the past and the present” (Nationalbanken, 2007a).



To the left, the proposal from Kasper Bonnén. To right, the proposal by Karin Birgitte Lund. Used with the permission of Nationalbanken.

The jury then submitted their decision to the governors, who did not, however, immediately designate Bonnén as the winner. Instead, they decided to let both artists continue to work on their proposals. During the following months Bonnén and Lund laboured to improve their designs. In the beginning of May 2007 the two artists once

again presented their design suggestions to the jury. Again, the jury preferred the design of Kaspar Bonnén (Nationalbanken, 2007b). Nonetheless, in the middle of May 2007 the governors finally decided that Lund's design was better suited. According to the governors, Lund had been chosen due to her "distinguished naturalistic qualities, [...] delicate touch and stylish classical expression" (Nationalbanken, 2007b).

The dilemmas of choosing a suitable theme were mirrored in the selection of the specific artist and design. Again, we see a push for artistic innovation and incorporation of modern motifs and values. However, this trend was effectively halted by Nationalbanken's governors, who valued signalling long-term stability over novelty and trendiness.

"Too weird for banknotes"

Prior to the final selection, the proposals had been subjected to a focus group evaluation conducted by an external survey institute. Ten respondents were asked what they thought of the different designs, and very much favoured Lund's proposal. Her naturalistic design was described as "beautiful", "classic", "traditional", but also "a bit too nice" (Nationalbanken, 2007c). Bonnén's modernist proposal, which interpreted the landscape theme in a very different way, including among other elements a sink of dirty dishes and a laptop computer, received mixed reviews. While some of the respondents considered the proposal "hip", "modern", or "bold", others thought the design was "better suited for a museum of modern art", "too weird for banknotes" and "a bit like monopoly money" that "could not be taken seriously" (Nationalbanken, 2007c). While Lund's traditional design was considered a little dull and overly conformist, the respondents simultaneously criticized Bonnén's innovative proposal for being, i.e., "too weird" for Danish banknotes. Thus, some of the focus group respondents explicitly demanded that Danish banknotes look a certain way and

reflect some degree of stability and moneyiness – the antithesis of trend and modernity

Bonnén’s “weird monopoly money”, although very much favoured by the jury of professional artists, apparently conflicted with the identity narrative of both the central bank governors and parts of the population. Some focus group respondents simply expected Nationalbanken to produce classical notes with romanticist references because this story better suited their image of the central bank as a “serious” state institution. The notion that the modern proposal “could not be taken seriously as Danish money” underlines this point. Innovations in banknote design were at odds with existing perceptions of the central bank and its relationship with the public.

5. Conclusions

In this article I have shown how the Danish central bank, historically, has faced a complex context of legitimacy when choosing the designs for new banknotes. Nationalbanken continuously tried to select the motifs believed to improve banknote trustworthiness and legitimacy. Paralleling Tognato and Penrose’s suggestions about the sources of central bank legitimacy, Nationalbanken sought to make its banknotes resonate with existing perceptions of national community. The banknotes, in the words of *Seddelgruppen* had to be “unmistakably Danish”. However, this strategy of alignment proved very difficult because ideas of the national community were contingent and diverging. Nationalbanken’s constituency had mixed and sometimes conflicting ideas about Danish values and the national community.

The processes of choosing appropriate designs were continuously informed by another internal logic, in which issues of authority and seriousness were considered essential to banknote design. This expectation was both expressed internally within the central bank but also articulated by some of the focus group respondents. Nationalbanken had to find a balance between these diverging

inclinations. The design considerations reflect that Nationalbanken did in fact acknowledge that it faced a complex legitimacy context. And from the source material we get an impression that the Nationalbanken employees were committed to making Danish banknotes reflect changing societal values. However, this commitment was most pertinent during the design processes; less so in the final results, that were captured by the three central-bank governors.

The governors ultimately pursued a traditional national romanticist master narrative. The predominant national romantic iconography has to be considered the governors' attempt to deal with complexity and to secure the legitimacy of their notes. To this end the traditional national romantic narrative was seen as the solution. These iconographic preferences of the central bank governors should not be considered attempts to cultivate a specific national narrative, as many studies dealing with banknote iconography from a nationalism study perspective suggest. Surely, banknotes contribute to a symbolic repertoire that potentially reifies the idea of the nation in a form of banal nationalism, but I have found no such aspirations in the sources.

However, the source material does in fact reveal a continuous preoccupation with the international reception of the banknotes. What image of Denmark and Danes would the notes convey to an international audience? Consequently, *Seddelgruppen* was reluctant to incorporate motifs that might signal values considered too soft and too complacent for the international audience. I argue that this concern should not be considered as identity crafting or nation-building in the traditional sense. Rather, the concept of nation-branding, as described in the Danish context by for example (Mordhorst, 2010) and (Hansen 2010), seems to account for such considerations more appropriately.

While the motifs and symbols on money potentially work to promote a sense of banal nationalism, and perhaps even spark a particular sense of national identity, evidence from the Danish case calls for a more nuanced view of the

banknote design process. Based on the analysis of the three Danish competitions I propose that Danish banknote designs reflect a compromise between different perceptions of sources of legitimacy. As perceptions of the national community proved evolving and even diverging – as Palle Nielsen put it so remorsefully in 1994 – the nation as a source of legitimacy seemed to be diluting. The bank thus had come up with a symbolic strategy that could respond to these changing ideas. Also, the analysis calls for a more nuanced distinction between the concepts of trust and legitimacy in the context of banknote iconography. Symbols that capture the spirit of the time and are perceived as legitimate banknote motifs by central bank constituents might not always be the ones best suited to underpin the banknotes trustworthiness.

My analysis extends existing research on the sources to and effects of banknote design by highlighting the complexity and ambiguity that characterize the production of banknotes. Central bankers ultimately choose the motifs they perceive most effectively will secure trustworthiness. These symbols might originate from an established national canon, but this is not always the case. I suggest that, in other cases, the trustworthiness of banknotes might as well be sourced from other types of symbols more closely related to either state or transnational norms and values.

Future research could investigate such a suggestion by comparing banknote iconography in different countries with varying degrees of state and nation. How does banknote iconography look in settings without state but a strong sense of nation? What about countries with vague ideas of national community but a strong state? And what happens when neither state nor nation can be evoked as a source of legitimacy?

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BANKING ON THE NATION: A CULTURAL HISTORY OF CENTRAL BANK LEGITIMACY AND THE NARRATIVES OF FOUR DANISH CENTRAL BANK GOVERNORS.

Anders Ravn Sørensen

Abstract

In this article I analyze the narratives of four Danish central bank governors from the late nineteenth century until the mid 1990s. I show how these central bank governors were continuously involved in public debates over the appropriateness and desirability of their decisions and policies. In these debates, interpretations and reproductions of Danish national identity were central to the governors' legitimacy claims. I argue that past narratives of the Danish central bank and its governors enabled and framed future legitimacy claims. Also, whereas the governors' explicit evocation of national identity was most pronounced in the period up to the 1940s, Danish central bank governors and the central bank organization gradually became embedded in national identity. As such, the article highlights the historical development of the co-configuring relationship between Danish national identity and the legitimacy of monetary organization.¹²²

1. Introduction

What legitimates a central bank and its actions? Certainly, central bank independence from the control of governments and elected officials has something to do with it. Blinder (1997:118) argues that the legal framework of central bank independence shields these monetary institutions from the whims and incursions of politicians who

¹²² The first part of this paper's title, "Banking on the nation", is inspired by an identical chapter-title (Chapter seven) in Stephen Mihm's *A Nation of Counterfeiters* from 2007.

want to use monetary policy to please the electorate. Many studies have suggested that central bank power and legitimacy derives from the fact that they are positioned outside the political sphere of influence (Goodman, 1992; Johnson, 1998). Lebaron (2000) proposes that the distinctly apolitical and seemingly neutral position of central bankers legitimates and authenticates the office of central bank governor in the eyes of the public. This perceived apolitical position has enabled central bankers to make authoritative claims about monetary affairs with reference to their undisputed economic expertise (Rosenhek, 2013).

Yet other analysts have suggested that central bank independence is more accurately perceived as a symbolic feature that contributes to organizational legitimacy (McNamara, 2002:48; Marcussen, 2005). Most recently Tognato (2012) argued that monetary affairs interrelate closely with issues of collective identity, morality and societal values, and that these interrelations directly affect the perceived legitimacy of central banks and their governors. In order to most successfully conduct monetary policy and to persuade both politicians and the population (creditors as well as debtors) to accept economic losses associated with changing monetary targets, Tognato asserts that central banks must align themselves with societal norms, values and national identity. This symbolic alignment takes place through a process of dramatization in which monetary players seek to improve legitimacy by signalling adherence to “fundamental norms and values that organize society” (Tognato, 2012:36).

Although academic literature has only recently begun to focus on the connection between central banking and national identity, this historical analysis demonstrates that central bankers have long been aware that the legitimacy of their organization – and indeed their own legitimacy – depended on their ability to align the bank with national identity. At times, Danish central bankers have used national identity to legitimate their organization, while at other times various interest groups

and politicians have mobilized the concept of the nation against the central bank and its governors.

This article expands on recent research on the cultural and symbolic significance of central banks by historicizing the connection between central bank legitimacy and national identity. By honing in on the narratives of and about central bankers during four episodes in Danish monetary history I demonstrate that, historically, central bank legitimacy has depended on the governors' ability to successfully frame the organization as aligned with national values and serving the interests of the national community.

The article is organized as follows: in section 2, I present a select review of the literature on the cultural sources of central bank legitimacy. I use this review to argue for an analysis sensible to the entwinement of central banking and national identity. In this section I also outline my working definitions of the concepts of legitimacy and of national identity. In section 3, I describe an analytical strategy that focuses on the narratives of and about Danish central bank governors and in section 4, the main analytical part of this paper, I focus on four different periods in Danish central bank history to argue that past narratives of Nationalbanken and its governors enabled and framed the bank's future legitimacy. In section 5, I conclude on the analysis.

2. Central banks, legitimacy and national identity

In the *Georgetown Journal of International Affairs*, Kathleen McNamara argues that national institutional settings constitute the sources of central bank legitimacy: "Central bank independence is offset, in national settings, by a robust and representative set of institutions. These include the legislature (a parliament or a congress), and executive level bureaucracies (a finance ministry or treasury), whose very roots are in the democratic partisan process" (McNamara, 2012:148).

However, central banks do not merely rely on these “robust” institutions, they also interface with more informal institutional logics. Juliet Johnson thus demonstrated how post-communist central bankers in the 1990s readily accepted the beliefs and norms of the transnational community of central bankers, including the organizational emulation of Western-style independent central banks. While conforming to the international value-system of the epistemic community of central bankers, however, post-communist central banks lost legitimacy in the eyes of their domestic constituents (Johnson, 2006:368). As it turned out, central bank independence did not really bolster legitimacy in the Eastern European case. Johnson ascribes this problem to “the challenge of embeddedness” arguing that institutional change was not internalized and “pulled in” by the social actors (Johnson, 2006:366). So, if the social actors’ embeddedness in existing logics led to the rejection of this new type of organization – despite central bank independence – we must widen our search to find the sources of central bank legitimacy. Ideas about the nation are an interesting starting point for such an enquiry.

The suggestion that monetary affairs are closely related to national identity is not new. Most notably Gilbert & Helleiner (1999), Helleiner (1998, 2003) and Pointon (1998) have investigated the relationship between money and nationalism. In the Danish case, this connection has been demonstrated by Sørensen (2014), who argues that monetary organization has been entwined in narratives of a shared history, popular sovereignty and fundamental societal values.

Polanyi was among the first to argue for such an interrelation, proposing that “Politically, the nation’s identity was established by the government; economically it was vested in the central bank” (Polanyi, 1957:205). Although Polanyi was right in pointing to the connection between central banks and national identity, the use of the term “vested” indicates that central banks were sources of national identity. Polanyi’s intriguing statement potentially obscures an alternative

interpretation of this relationship; that central banks also draw on national identity in search of legitimacy rather than merely anchoring national identity themselves.

Such ideas about the sources of central bank legitimacy constitute the key arguments of Tognato's recent work on central banks, cultural codes and symbolic performances. Here, Tognato suggests that the legitimacy and the distinctly political–economic authority of central banks rest on their discursive practices linking monetary matters to deep-seated cultural themes and narratives. According to Tognato, central banks' institutional power and legitimacy depend on the symbolic connections between monetary affairs and fundamental issues of societal values and collective identity (Tognato, 2012:4).

This is a somewhat different interpretation than that of central bank independence and the perceived neutrality of central bankers. In fact, following Tognato, the quintessential feature of successful central bankers is not that of neutrality, as Lebaron posits, but rather the central bank's ability to portray itself as an organization that integrates and reflects nationality. Also, Lebaron might be right that modern central bankers are perceived as apolitical in the context of national party politics, but as I will argue, central bankers' claim to legitimacy have been characterized by an inherently political process, as they have found themselves whirled into a rhetorical play of authority in which issues of collective identity, symbols, metaphors and ideas of morality and the public good contributed to the legitimization and questioning of these organizations and their governors.

A handful of studies have already called attention to the performativity of central bank rhetoric and highlighted the way central bankers construct and reproduce monetary reality as either “ideational entrepreneurs” (Marcussen, 2000:61), authoritative “sense-makers” (Abolafia, 2010; Rosenhek, 2013) or through the “performative art” of central banking (Holmes, 2013:12).¹²³ Most of these studies,

¹²³ In past years the notion of central banks' *forward guidance*; e.i. the attempts to affect market expectations through different communicative practices, have gained increasing scholarly interest. See for example (den Haan, 2013).

however, treat central bankers' strategic use of language as a recent phenomenon that evolved during the past decades.

Marcussen accentuates this perspective when he presents former Danish central bank governor Erik Hoffmeyer as an "ideational entrepreneur" who used the media as a platform to change the "consensual knowledge amongst the Danish political elites" (Marcussen, 2000:64). "Contrary to his predecessors", Marcussen writes, "Erik Hoffmeyer has participated actively in public debate when he found it necessary to promote certain ideas about monetary politics which he, for some reason or the other, could not get integrated in mainstream economic policy thinking through other channels" (Marcussen, 2000:66-67). In this article, analysing four different episodes in Danish monetary history, I argue that Danish central bankers have always used various media to address politicians and the general public in their efforts to reach monetary policy objectives, often by referring to the nation as a legitimating concept. I focus on this rhetorical play and ask how central banks, in practice and across time, have activated and referred to such symbols and metaphors?

Bringing the nation back in

The core thesis of this article is that central bank legitimacy depends on narratives associated with the nation and that this interrelation between narratives and legitimacy has developed historically. For analytical purposes, a conceptual definition of both legitimacy, nation and national identity is in its place.

Legitimacy has to do with the generalized perception that certain actions or entities are desirable and appropriate within a socially constructed system of norms, values and beliefs (Suchman, 1995:574). According to Meyer and Scott, organizational legitimacy "refers to the degree of cultural support for an organization – the extent to which the array of established cultural accounts provide explanation for its existence, functioning and jurisdiction" (Meyer & Scott, 1983:201). Organizational legitimacy originates in a range of different sources. Depending on

the analytical emphasis, legitimacy may either derive from: operating by and conforming to legal requirements, alignment with prevailing ideas of morality, or from “conforming to a common definition of the situation, frame of reference, or a recognizable role or structural template” (Scott, 2008:61). One way to obtain the latter is for organizations to invoke other symbols, actors and values that are themselves considered legitimate (Ashforth & Gibbs, 1990; Strandgaard Pedersen & Dobbin, 2006:898).

Following Friedland and Alford’s famous call to *bring society back in* (Friedland & Alford, 1991), we cannot conceive of organizations as isolated from their institutional and societal contexts. In fact, symbolic systems such as the nation guide human activity and infuse it with meaning (Friedland & Alford, 1991:232-238). These systems carry with them certain logics that provide social actors with vocabularies and a sense of self. Similarly, Jepperson and Meyer (1991) describe formal organizations in rationalized society as “dependent upon the modern polity, as it is embodied in the nation-state and the wider world systems. Rationalized structures, from organizations to actors to technical functions and functionaries, derive their resources, meaning and legitimacy from their linkages to modern rules of the public good” (Jepperson & Meyer, 1991:205).

Like all other types of organizations and actors, central banks and their governors are deeply embedded in existing cultural patterns and values that define the framework of possible and acceptable actions. National identity constitutes such a cultural pattern that legitimates and constrains possible actions. For the purpose of this article I want to use Smith’s definitions of nation and national identity. The nation is understood as a “named and self-defining human community whose members cultivate shared memories, symbols, myths, traditions and values, inhabit and are attached to historic territories or ‘homelands’, create and disseminate a distinctive public culture, and observe shared customs and standardised laws” (Smith, 2009:29).

Smith defines national identity as “the continuous reproduction and reinterpretation of the pattern of values, symbols, memories, myths and traditions that compose the distinctive heritage of nations, and the identifications of individuals with that pattern and heritage and with its cultural elements” (Smith, 2001:18). To be sure, national identity is a contingent concept. It changes over time and is found in a “profusion of signifiers, objects, practices and spaces” (Edensor, 2002:33). It is therefore important to stress that I do not consider national identity a stable analytical category. It is understood as a process of continuous production and reproduction of a range of cultural elements as well as individual identifications with these elements that configure the nation. In this definition the concept both has an individual and collective dimension; the latter of which can be empirically studied in the concrete reproduction and reinterpretation of the nation’s cultural patterns.

This idea of national identity as a source of legitimacy constitutes a promising framework for analysing central bank legitimacy, as existing analyses tend to focus either on central bank independence, the gradual scientization, or democratic oversight as the sources of legitimacy. While these features may be significant, they are not sufficient to explain central bank legitimacy. Nor do these elements reveal anything about the historical development of the narratives of central banking and the manner in which such narratives defined the frames for possible and legitimate central bank decisions.

3.0 Sketching an analytical framework

How can these ideas about national identity as a source of central bank legitimacy be applied in a historical analysis? My analytical framework is inspired by a narrative approach to history. By narrative I understand a symbolic representation of events that is framed by a certain theme and linked in time (Mordhorst, 2013:4). Following the ideas of (White, 1975; Jenkins & Munslow, 2003; Hansen, 2012) I perceive

narratives as formative to the way individuals understand and interpret present events. This means that narratives are not just representations of the past, but that they shape the way we understand the present, excluding some interpretations and enabling or permitting others, while defining our expectations of the future. They create order and offer explanations for the phenomena we encounter, and this means that by regulating our interpretation of the past, narratives constrain the framework for what we consider legitimate actions and statements.

Consequently, narrative interpretations of the past potentially define the perceived legitimacy of organizational actions or decision as demonstrated, for instance, by Hansen (2007) and Linde (2009). Thus, this historical analysis of the Danish central bank focuses on the ways in which symbolic representations of events have evolved and have been working to constrain or promote the legitimacy of the central bank organization.

Central bank governors

Drawing on Tognato's ideas and focusing on "the language that defines the collective identities of their own societies" (Tognato, 2012:9), I will argue that central bank governors embody their organizations and that they speak on behalf of the central bank and disseminate the kind of statements and ideas that connect the central bank and national identity.

What I am suggesting here is an analysis of the *language of central bankers* by which I aim to elucidate the development of the narratives that link national identity and the central bank organization. But analysing the language of central bank governors will not be sufficient to assess the potential resonance that such statements have had in public discourse. Therefore, I also examine media representations and evaluations of these bankers, their decisions and their reputations.

To demonstrate how Danish central bankers have historically engaged in rhetorical quests for legitimacy I focus on four transitional periods in Danish

monetary history that posed significant challenges to Danish central bank legitimacy. The first period ranges from around 1840 when efforts first began to homogenize the Danish monetary system to the construction of the Scandinavian Monetary Union in 1873. The second period comprises the years during and after WWI, from 1914 to 1926, when the question of the gold standard was salient. The years from 1933 to 1947 constitute the third period, where my focal points are currency restriction and monetary targets. The fourth and final period is from 1979 to 1982 and is characterized by looming stagflation and trade deficit.

The empirical material of this article consists primarily of newspaper coverage of Nationalbanken and its governors from the turn of the last century until the mid 1990s. Since its 100th anniversary in 1918 Nationalbanken has preserved press clippings from all major Danish newspapers. In the source material I also include the personal writings and considerations of the governors as well as memoirs and biographies. As the analytical objects of this analysis are the narratives about Nationalbanken and its governors, these materials constitute potential outlets for such narratives.

4. The narratives of four central bank governors

Nationalism and central banking 1840-1873

The first central bank governor to engage in public debate over monetary affairs was Moritz Levy who served Nationalbanken from 1857-1892. Prior to his employment at Nationalbanken Levy had served as ‘currency-agent’ in the Holstein city of Altona, commissioned by the Danish government to prevent the outflow of high-silver content Danish *Rigsdaler*. Prior to 1864, the Danish state was a conglomerate state comprised of different national communities. In the German-speaking Duchies of Schleswig and Holstein, Nationalbanken and its currency were increasingly framed as

symbols of Danish supremacy and imperialism. In fact, monetary organization had become a central theme that informed the national conflict between Denmark and the Duchies from around 1830 to 1864, when Schleswig-Holstein was finally lost to Prussia (Sørensen, 2013). In 1844 Nationalbanken established a regional branch in the Schleswigian city of Flensburg, which Schleswig-Holstein nationalists actively framed as symbol of Danish supremacy.

Both as currency-agent and later as Nationalbank governor Levy actively engaged in public debates over monetary issues. He frequently wrote articles on the newest economic theories in the Copenhagen daily *Dagbladet*. In 1856 and 1868 he published two pamphlets proposing how to restructure the Danish and international monetary systems (Levy, 1856; Levy, 1868). Central to these proposals was the establishment of a gold-based currency, preferably as part of a wider transnational currency union. In the latter pamphlet, Levy suggested that Denmark join the English currency area, which traded most directly with Denmark (Levy, 1868:8). Later Levy came to favour a Scandinavian union, an idea that gradually evolved during the early 1870s. In 1872 an agreement between Denmark and Sweden was signed in Stockholm (Bergman, Gerlach, & Jonung, 1993:508); Norway joined the union in 1875. The creation of the Scandinavian Monetary Union was driven by economic liberals but also drew support from a pan-Scandinavian ideology that emphasized the historic and cultural ties between the countries.

The values, customs and traditions of the people

The monetary and national conflict between Denmark and Schleswig-Holstein highlighted that the legitimacy of both central bank and currency depended on the symbolic link between monetary organization and national identity (Sørensen, 2013). Levy very explicitly articulated such a connection when attending a meeting in Copenhagen in 1872 concerning the establishment of the monetary union. Here

representatives from Sweden, Norway and Denmark convened in the Danish parliament to discuss the future organization of a Scandinavian union, when a Swedish delegate suggested that the three Nordic countries join the German monetary union and use the *Thaler* as common currency.

Having been at the centre of events in 1854 when the Danish and Schleswig-Holsteinian currencies were transformed into national symbols during the Duchies' fight for independence, Levy foresaw obstacles to Denmark implementing a German currency. After all, the Danish state had just unsuccessfully spent some 25 years trying to get the Duchies to accept the Danish currency. Levy therefore rejected the proposal to join the German monetary union arguing that a currency reform, such as the one proposed, was of the utmost importance at all levels of society – and “to change ones currency could be equated to changing ones language or religion” (Dessau, 1872:50). When evaluating the benefits of the proposal, it was necessary “to take into account the interests and wellbeing of the people, its perceptions and education, its values acquired during childhood and its customs and traditions” (Dessau, 1872:50). “We cannot afford to forget”, Levy finished, pointing to the fact that the debate was physically taking place in the Danish parliament, “that this is an issue of general popular interest” (Dessau, 1872:50). Eventually Denmark, Norway and Sweden decided to establish the Scandinavian Monetary Union with the gold-based *kroner* as common currency.

Levy – with his doubts about the popular response to the German currency – exemplifies a nineteenth century central banker with a clear sense of the relationship between the legitimacy of monetary policies and national identity. Monetary affairs, according to Levy, had to be aligned with basic popular customs, values and perceptions. This episode reveals two significant insights. Firstly, Levy established the precedence for Danish central bankers to actively engage in public debate over monetary issues, explicitly referring to “language” “customs” and “traditions” as the elements that would legitimize the Scandinavian Monetary Union.

Secondly, Levy cast himself as a ‘banker of the people’ sensitive to and tuned in to the tenets of the national community. This narrative proved resilient.

When Levy died in 1892 his eulogies substantiated his legacy as a ‘banker of the people’. Levy was anointed as a person who “by his excellent skill, by his personal attention, by his unfailing integrity and truthfulness, in his calm and clear overview had exercised extraordinary influence and who had used this influence to primarily work for the common good” (Falbe-Hansen, 1892:399). The conservative newspaper *Berlingske Tidende* celebrated his “righteousness” and strong “character” as well as his decisive actions against anyone he believed to “threaten his Fatherland, the institution in which he resided or the interests he was called to nurture” (n/a, 1892a:2). Even the social-democratic newspaper *Socialdemokraten*, on the front page, acknowledged Levy’s service to society (n/a, 1892b:1).

These obituaries were not merely empty eulogizing, but had an important function. When Nationalbanken celebrated its 100th anniversary in 1918 the newspapers still celebrated Levy as the nation’s banker. “Due to his bold initiatives and superior skills” wrote *Berlingske Aftenavis*, “he will occupy the most prominent position in the fatherland’s financial history” (Vestberg, 1918:5). Here, *Berlingske* went beyond reaffirming Levy’s reputation; the newspaper projected the narrative about Levy into the future and prophesized that he would remain a key historical figure. With this framing, *Berlingske Tidende* established a narrative about the Danish central bank governor as caretaker or gatekeeper of the nation, a narrative that could be and was invoked in the future to underpin the legitimacy of the organization.

Monetary morality and the gold standard 1914-1926

We now jump some 20 years forward to the outbreak of WWI. This was a period during which central bankers entered the political scene as never before and when central bank activities became politicized and popularized. In the interwar period, as Eichengreen puts it,

[t]he decisions of central bankers, long regarded as obscure, became grist for the political mill. The monetary authorities were attacked from the left for upholding out-dated monetary doctrines and from the right for pandering to the demands of the masses. They consequently lost much of the insulation they once enjoyed (Eichengreen, 1996:9).

Indeed, this observation holds particularly true for Carl Theodor Ussing, who was a member of Nationalbanken's board of governors from 1914 to 1924. To a greater extent than any governor before or after him, Ussing engaged fiercely in public debates to defend the decisions and policies of the central bank.

The gold standard and World War I

Immediately following the war declarations of 28 July 1914, Nationalbanken and the Danish government decided on a series of monetary and financial measures to prevent the collapse of the Danish financial sector and to protect the economy in general. 1) On July 29 the Copenhagen stock-exchange was effectively closed for trading. 2) On August 2, to avoid bank runs, the Danish government approved legislation that put a 300 kroner limit on withdrawals from banks and savings banks. 3) Due to public hoarding of precious metals and in particular silver-based small coins, the government authorized Nationalbanken to issue 1- and 2-kroner notes, even though the bank statutes stated that 5 kroner was the smallest possible note denomination. Finally, and with significant consequences for Nationalbanken's future monetary policies, the Danish government decided to suspend banknote convertibility into gold.

“The sum of fairness”

Generally Nationalbanken was applauded for guiding Denmark safely through WWI. In 1918 the financial newspaper *Finanstidende* urged its readers to acknowledge “the exquisite service, the value to society, and the national significance, promoted by the men who governed Nationalbanken through calm and storms and through war and peace” (n/a, 1918a:1072-1073). And in conclusion, the newspaper pointed to “[t]he sum of fairness, common sense and sober administration that has resided, and to this day resides within its walls” (n/a, 1918a:1072-1073). In this short paragraph, the newspaper directly connected central bank legitimacy to the governors’ fairness and common sense, which would deliver value to society and further the interests of the nation. This kind of appraisal was not confined to publications with an economic focus. In 1918 the Danish weekly *Hjemmet* [The Home], primarily for middleclass homemakers, recalled the suspension of the gold standard in 1914 as the day when people “ignored the calls for calmness and national unity, to instead line up in front of Nationalbanken’s building, the supreme symbol of trustworthiness, to claim their gold and take it home” (n/a, 1918b:5). According to *Hjemmet* it was the “savvy financiers in Nationalbanken’s board of governors who were the sole reason why the ship did not go under” (n/a, 1918b:5).

This short account in *Hjemmet* offers several interesting insights into the connection between Nationalbanken and national identity. Firstly, it is worthy of note that Nationalbanken’s anniversary made it into the pages of a magazine that was not normally dealing with monetary issues. *Hjemmet*’s interest in Nationalbanken attests to the resonance that the bank seemingly had in the popular imagination. Secondly, the idea that people who collected their gold from the bank prior to suspension acted against the interest of the nation and disregarded “national unity” shows that monetary issues, such as managing the gold standard, were closely connected to a sense of public good and national coherence. Thirdly, the magazine provided a

narrative in which the central bank governors were the key figures whose actions would either save the national economy or allow it to go under. Pointing to the historical events during WWI, *Hjemmet* argued that Danish central bankers had prevented “the ship” of the nation from foundering.

Morality, nationality and monetary affairs

Although many contemporaries congratulated Nationalbanken and its governors on guiding the nation safely through WWI, the issue of returning to the gold standard had not been resolved by 1918. In the following decade Ussing and his co-governors fought bitterly with the critics who considered the gold standard essential to monetary stability, even to the reputation of Denmark and its citizens.

The suspension of the gold standard sowed the seed of a decade-long dispute between Nationalbanken, on the one hand, and professor Axel Nielsen and professor and Member of Parliament Lauritz Vilhelm Birch, on the other. For more than a decade these two university professors criticized Nationalbanken’s decision not to uphold the value of its notes. The two prominent university professors’ criticism revolved around two main issues. Nationalbanken’s governors and the professors disagreed fundamentally as to the role of the central bank. Whereas Ussing and his co-governor Rubin sought to strengthen Nationalbanken’s influence on the Danish economy generally speaking, Nielsen and Birch focused primarily on a stable currency and strict rules for the backing of Nationalbanken’ banknotes (Nielsen, 1923:373; Svendsen, Hansen, Olsen, & Hoffmeyer, 1968:33).

The professors argued that the bank should use the discount rate to counter inflation. Ussing, on the other hand, called for moderate public and private consumption and argued that the bank should prioritize production rather than the

value of the notes (Hansen, 1996:317).¹²⁴ Nielsen and Birch's arguments struck a chord with many of their contemporaries; their analysis echoed the conventional wisdom that the main monetary goal was the continuous underpinning of banknote value. However, in spite of repeated attacks, Nationalbanken continued to command a considerable respect and authority (Svendsen et al., 1968:75). According to economic historian, Erling Olsen, this high degree of legitimacy must be considered a result of the governor's deliberate and determined efforts to sway public opinion using various means. In a slightly anachronistic turn of phrase, Olsen referred to these as Nationalbanken's "public relations efforts" (Svendsen et al., 1968:75).

As mentioned, Ussing was an avid writer, public speaker and commentator. He engaged eagerly in public debates on a wide range of issues not limited to issues of central banking and monetary policy. Some of his publications include, for example, a nationalist celebration of the reunification of Southern Jutland with the Kingdom of Denmark in 1920 (Ussing, 1920a:515-521) and a controversial defence of the Danish King's attempt to dissolve parliament in what is known as 'The Easter Crisis' of 1920. However, although Ussing's nationalist rhetoric might have been a genuine expression of his convictions, the key aspect for the purpose of this analysis is how Ussing framed his arguments by continuously referring to the nation when he defended monetary decisions.

Among the books and pamphlets he published on monetary issues during and after his time in office is a 13-page pamphlet titled *Economic ABC for Everyman* from 1920. Here Ussing shared his perspective on rising prices and the shortages of imported goods; in his view, immoral private consumption and reckless import were at the core of Denmark's current economic hardship. To get at this problem, Ussing introduced a moral imperative into the realm of public consumption:

¹²⁴ In 1922 Nationalbanken had further contributed to inflation through its lender-of-last-resort assistance to the distressed Landmandsbanken. Eventually in March 1924 monetary targets were changed. The bank introduced a credit rationing policy and the krone reached parity in 1926. From January 1927 Denmark was back on gold (P. H. Hansen, 1994:72-73).

We cannot talk or bribe ourselves out of shortages and dearth; we need to face the facts and endure. In these times, in this country, we should applaud one thing in particular; wearing a ragged coat. It is a patriotic act to wear mended shoes. Professor Warming tells us that one needs tact to eat margarine. No, it is lack of sensitivity to the public good to eat butter, our most important export [...] with every penny that evades consumption and is put the bank, we ease the internal money shortages and improve the balance of payments. This is a patriotic act for the benefit of the future of our country. Accept wants; these will be dear to you when you understand the good you are doing for the country. What joy do you have in eating expensive food, when you can eat cheap food with a clean consciousness? (Ussing, 1920b:11-12).

This passage is one the clearest examples of Ussing's attempts to legitimize monetary policy by references to the nation.

The articulation of a public moral obligation to refrain from extravagant consumption resonates with the recurring theme in Ussing's work: the fundamental entwinement of morality and economic affairs. In 1921 Ussing delivered yet another rallying cry to strengthen common solidarity in a lecture on "collective morality" at the Danish Educational Association. In the first part of the lecture, which was also issued in print, Ussing sketched what he defined as changing patterns in collective morality, stemming from the increasing division of labour that arose in the transition from traditional to modern society. Having outlined an almost Durkheimian interpretation of the changing patterns in public solidarity, Ussing suggested promoting the cultivation of a sense of "collective moral obligation" and the responsibility of the individual to the wellbeing of society (Ussing, 1921:492-498).

As an example, Ussing mentioned that the recent shortage of small coins had prompted the central bank governors to issue a public call for small coins, with

reference to the “public good”. Only one person showed up at Nationalbanken with 100 kroner in small change, and demanded to be paid 120 kroner to hand them over. Such selfishness, Ussing asserted, was similar to two lovers picnicking in a beautiful spot, who only have eyes for one another, failing to clean up their trash. Lacking a collective morality, they “soil and tarnish” the place (Ussing, 1921:499).

Ussing’s interpretation of public unwillingness to hand over their small coins might come across as overly sensitive. Nonetheless, the analogy effectively dramatized a relatively banal problem and turned it into a moral question. Metaphorically speaking, it was of course Denmark itself that was being tarnished by the allegedly immoral behaviour, and Danes themselves, as a national collective, who paid the price. Thus, Ussing sought to further Nationalbanken’s interest by pointing to the illegitimate hoarding of small coins.

The honest krone

Nationalbanken’s suspension of the gold standard in 1914 paved the way for a new monetary regime. These new inconvertible notes forced the public to recognize that the value of their money depended on the trustworthiness of the central bank and its governors.¹²⁵ This meant that Ussing had to affirm the central bank’s commitment to actually return to the gold standard and that, now that the banknotes were no longer anchored by gold, legitimacy had to be sourced somewhere else. After the war, when Nationalbanken failed to immediately return to the gold standard, public calls to reinstate “the honest krone” were continuously voiced. Both Nielsen and Birch expressed their critique in books and newspapers, but ordinary citizens also weighed in, such as principal Jens Byskov, who published a pamphlet titled “An honest krone” in 1924. The cover depicted a Danish hundred kroner banknote surrounded by gold

¹²⁵ A point also noted by Carruthers & Babb (1996:1571-1572) and Helleiner (1998:1428).

coins while a red arrow pointed to a German Reichbank-note as an indication of what could happen if Nationalbanken did not resume gold convertibility.

Byskov framed Nationalbanken's return to the gold standard as a moral imperative rather than a decision based on monetary considerations. In fact, the moral depravation of the inconvertible currency reflected back on Danish society as a whole. As Byskov put it, "If we do not bring order back into monetary affairs, we cannot be considered a truly honest and sincere people. That is certain" (Byskov, 1924:18). He also argued that Nationalbanken eroded the concept of "Danish honesty", an ideal nurtured and cherished by the rural Danish population for generations. "From our forefathers we have inherited a name, a certain reputation and an obligation", Byskov argued (Byskov, 1924:19-22). Consequently, Nationalbanken was about to destroy the honest reputation of the Danes.¹²⁶ Ussing actively countered these attacks on Nationalbanken in the newspapers. He dismissed the concept of the "honest krone" as nonsense and argued that there was no such thing as honest or dishonest decisions in monetary affairs. Apparently, Ussing was more concerned with the morality of monetary affairs when it served the purpose of legitimating Nationalbanken's policies.

Ussing absolved

Notwithstanding Ussing's tumultuous term in office, he was eventually vindicated. At Ussing's 70th birthday in 1927, three years after he had retired from Nationalbanken, law professor and permanent secretary of the council of state, Frantz Dahl, publically celebrated his impeccable courage and moral. "Ussing received a lot of criticism in his handling of Nationalbanken's economic policies", Dahl wrote in a newspaper article. "But irrespective of how future monetary experts will judge his decisions, his righteousness and *optima fide* remain untainted" (Dahl, 1927). After

¹²⁶ This kind of argument about currency's honesty and credibility bears a striking resemblance to the debate between bullionists and greenbackers over the resumption of the gold standard in postbellum America (See for instance Garfield & Kline, 1879).

Ussing's death in 1934 *Berlingske Tidende* substantiated this narrative and explicitly credited Ussing's courage and bright thinking for guiding the country safely through the perils of World War I (Cohn, 1934:5).

WWII and currency restriction 1940-1949

Even though Danish gold convertibility had been restored in 1926/1927, the British flight from gold in September 1931 prompted foreign creditors to claim their receivables, which again led to pressure on Danish gold reserves. On 29 September 1931, Denmark followed the British example and suspended gold convertibility. Also in 1936, following two years of legislative preparations and parliamentary debates, the Danish parliament decided to change the statutes of the central bank. Rather than being privately owned, the central bank act of 1936 established Nationalbanken as an independent organization with the purpose of securing a stable monetary system and to regulate credit. From 1940 to 1945 Denmark was occupied by the German National-Socialist regime. After the war Nationalbanken only gradually eased its currency restrictions, and in the post-war period low inflation and full employment became key targets for Danish policymakers.

Throughout this period, Nationalbanken was headed by governor Carl Bramsnæs, appointed in 1933 and elected head of the board of governors in 1936. Prior to his appointment he had served as social-democratic Minister of Finance from 1929 to 1933. He decided to resign from the Ministry of Finance as a consequence of the Danish devaluation in 1933, a decision Bramsnæs had staunchly opposed because it would benefit the exporting agricultural sector at the expense of real wages (Svendsen et al., 1968:156-163).

Bramsnæs' political past as a well-known social democrat was a fact that defined his period as central bank governor. However, he was by no means a pawn of the social democratic government but often ran the central bank without regard for the wishes of his former party colleagues. At the time of his appointment to office in

1933 he was already a divisive and controversial figure. In 1935, under the headline ‘Unpopular – why?’ the conservative newspaper *Nationaltidende* gave the following characterization of the governor: “He is inapproachable. He does not share his countrymen’s sense for some small talk and occasional relaxation [...] he cannot take a man by the arm and chat in the informal fashion we Danes appreciate” (n/a, 1935:2). The newspaper’s aversion against Bramsnæs was not framed as critique of his political orientation, but of his alleged lack of joviality and his supposedly un-Danish fashion. As such, the newspaper implied that a central bank governor ought to reflect traits and values it considered properly Danish.

Speaking of a national economy

Whereas the transition to an independent central bank did not change the dominant popular narrative about the bank, it apparently changed the way that the governors positioned themselves vis à vis the public and talked about the national economy. Like Ussing, Bramsnæs regularly addressed the public through newspaper articles, public speeches and radio addresses. While Ussing’s public addresses were often articulated as direct responses to his critics, Bramsnæs established a tradition of delivering to the public an overview, evaluation and forecast of the national economy and monetary issues.

In 1935, Bramsnæs pleaded with the public not to consider a devaluation of the Danish krone as a solution to improving the balance of trade; instead, he suggested moderating import of foreign goods (Bramsnæs, 1935:11). In January 1937 Bramsnæs delivered a similar public address in *Socialdemokraten*. The article had a very technical focus and Bramsnæs delivered information on problems with inflation, warned about speculative trends, analysed devaluations around Europe, and gave figures on the performance within the agricultural sector. With this ‘state-of-the-

nation-like' address Bramsnæs established a tradition of evaluating and forecasting the Danish economy (Bramsnæs, 1937:3).

The 1935 and 1937 articles must be viewed in the context of the changed Nationalbank statutes in 1936 and can be interpreted as Bramsnæs' acknowledgment that, with the new independent status, the role of the central bank had changed. It was now, more than ever, a national bank. The tradition of giving the public an overview of the national economy can be seen as reflecting this changed status. In fact, the idea that the Nationalbank governor could assume the position as disseminator of national economics to the ordinary people may have been Ussing's, but Bramsnæs was not slow to seize it and firmly consolidated it into tradition.

One technological development in particular increased the potency of this new tradition, namely radio broadcasting. Bramsnæs used the radio to directly address the population as head of the central bank. These public addresses potentially contributed to the governors' image of as custodian of the currency and the national economy, as Nationalbanken's policies were now designated an issue of public concern. Back in 1872, when Moritz Levy argued that monetary organization was an issue of great concern to "all levels of society" he was addressing a limited audience. Although somewhat accurate, it functioned mainly as a rhetorical measure to get his point across. With the new technology of the radio Bramsnæs truly positioned central banking as an issue of broad popular concern and interest; he was literally able to address all levels of society.

On 8 April 1940, Bramsnæs delivered his first radio address (out of many) on the status of the Danish economy. He warned, in particular, about the rising inflationary pressure and announced increased restrictions on imports as a measure to ease inflation. In addition, he recommended moderate expectations in wage developments (n/a, 1940:5). Bramsnæs' message might have been somewhat obscured by the German invasion on the morning of April 9. Nonetheless no Danish newspapers fundamentally challenged or questioned the assumption that the central

bank governor could position himself as the natural and national head of the economy and suggest measures not only directly connected to monetary policy but to the wage- and labour market more generally.

During the German occupation from 1940 to 1945 his position as the nation's banker was gradually consolidated. When the conservative evening paper *Berlingske Aftenavis* in June 1942 featured a large interview with Bramsnæs, he was introduced as follows:

When the history of the years prior to and during the current war is to be written, the name of C. V. Bramsnæs will hold a prominent position among those public officials who guided the fate of Denmark. Already, it is common to speak respectfully of Bramsnæs as 'the country's reticent but influential power' (Vendt, 1942: 6-7).

Also, as with Levy, the newspaper once again inscribed Bramsnæs' reputation in a larger national history and provided a forecast of how he would be judged by history. Thus *Berlingske* both reproduced the narrative about central bankers as deciding the fate of the nation and at the same time passed it on for future narratives to build upon.

Restrictions on foreign currencies

In the years following the German occupation a range of monetary measures were introduced to stabilize the Danish economy. Immediately following the liberation in 1945, Nationalbanken withdrew all circulating notes and replaced them with an emergency note series, which unbeknownst to the Germans had been secretly prepared by a handful of Nationalbank employees. Bramsnæs received considerable

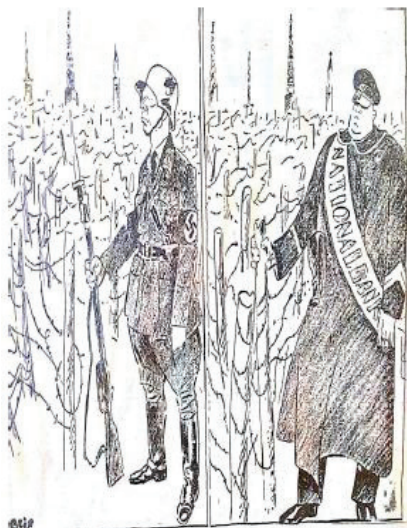
recognition in the Danish press for keeping the new Danish banknotes a secret (Hjelm-Hansen, 1945:4).

In addition, Bramsnæs also introduced strict rationing of foreign currency. He had warned about this rationing even before the war was over at a meeting in the Danish National Economists Association in 1944 (Bramsnæs, 1944:266). These restrictions went into effect not long after the end of the occupation, such that Nationalbanken would evaluate the need for selected foreign currency, of private citizens and companies who wished to import goods and services.

The foreign currency restrictions lead to considerable debate and criticism of Nationalbanken and Bramsnæs in the Danish press. Since the liberation in May 1945 Danish citizens had been allowed to carry and exchange 25 Danish kroner when traveling to nearby Sweden. During the occupation, traveling to Sweden had been very difficult for ordinary Danes, who now considered these travels a liberty long denied by the Germans. From September 15, due to the increased exchange of Danish currencies into Swedish and other Scandinavian currencies, Nationalbanken decided to suspend the convertibility between Danish and Swedish currencies. Swedish currency was only granted to travel deemed “absolutely necessary” (n/a, 1945a: 1-2).

This decision sparked massive protests from people who had used their newly gained freedom to travel. Bramsnæs replied directly to this criticism by framing the Danish currency as a tool for serving the common good. “We need to make sure that our currency is used in ways that serve society best”, Bramsnæs argued in *Berlingske Aftenavis*. “I am not convinced that the many trips to Malmö [Sweden] and back contribute anything to the reconstruction of the country’s economy” (n/a, 1945b: 1). Despite Bramsnæs’ insistence that the newly introduced restrictions indeed “served the interests of society”, the criticism continued.

In a satirical drawing from 11 January the same newspaper visualized the problem as Nationalbanken having taken over the role of the German occupation forces. Under the headline “The changing of the Guard” the *Berlingske* played with the idea that Nationalbanken now controlled travel to Sweden, in the same fashion as



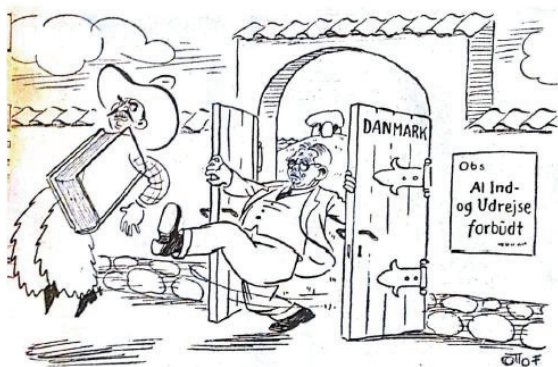
had the Germans (n/a, 1945c: 24). In this case, both *Bramsnæs* and *Berlingske Tidende* framed the restrictions concerning Swedish currency as a measure pertaining to the nation. *Bramsnæs*, to be sure, tried to convince the population that the new policies served a higher purpose and a common good. In the more mundane and satirical public discourse, such as *Berlingske Tidende*'s cartoon section, Nationalbanken was cast as an outright anti-national organization assuming the role of the occupation forces. In both instances,

however, monetary affairs were entwined in national identity, and central banking was firmly embedded in a national setting which neither *Bramsnæs* nor *Berlingske Tidende* sought to challenge

When *Bramsnæs* in his 1946 radio address pointed to the ongoing “currency-psychosis”, warned about the rising domestic price-level and firmly argued against a potential Danish devaluation, (n/a, 1946a:1), acting Minister of Finance Thorkild Kristensen from the centre-right and farmer-friendly party *Venstre*, publically reprimanded the central bank governor. In the newspaper *Information*, Kristensen expressed his concern that a civil servant, like *Bramsnæs*, would voice his own personal view in such a manner (n/a, 1946b:1). Despite such a public argument between the central bank governor and the Minister of Finance, most Danish

newspapers considered Bramsnæs' warnings a prudent reminder to the politicians. The conservative newspaper *Nationaltidende*, for example, applauded Bramsnæs for living up to the responsibilities of the office and for objectively speaking out against "economic wrongdoings" (n/a, 1946c:4).

Besides regulating the exchange of Swedish currency, Nationalbanken also granted currency for licensing the translation of foreign books. This effectively meant that Nationalbanken for a while decided what kind of foreign literature was preferable and beneficial to Danish society. Notably, neither classical Russian literature nor American westerns were considered important enough for translation.



Instead Nationalbanken favoured the translation of American scientific publications. This new role prompted the owner of a Jutland-based publishing house to write a comment in the newspaper *Politiken* in which he ironically anointed Bramsnæs as the new

Rigskulturleder; meaning "the head of state culture". (Schiøttz-Christensen, 1946:6). As a comment on Nationalbanken's role as literary critic *Nationaltidende* printed a cartoon in which Bramsnæs was literally booting an American cowboy from the gates of Denmark (n/a, 1946d:6).

Of course this was meant as a satirical comment, but the cartoon directly and explicitly framed the central bank governor as a sort of national gatekeeper or chaperone. Again, the connection between central banking and nation was brought to the forefront and Nationalbanken's policies framed as a kind of national bulwark against 'unwanted' foreign influence.

For the well-being of the Fatherland

Surely Bramsnæs was a controversial figure: a figure who was continuously criticized from both the right and the left, for either focusing too much on employment or conducting contractionary monetary policies (Jürgensen, 1944:6). In particular, the restrictions on foreign currencies in the years after the war raised considerable popular criticism of the banker, who was supposedly serving the interests of the country. Perhaps this might explain why Bramsnæs accepted the position as treasurer for the newly established “Foundation for the well-being of the Fatherland” in 1945. In September 1945 Bramsnæs, in his capacity as treasurer, called for contributions to this foundation in memory of the liberation; writing in the newspapers Bramsnæs urged everyone who is able, to contribute as a “Thank you to the King for his strong character throughout those difficult years” (Bramsnæs, 1945).

Bramsnæs’ exhortation to honour the Danish King was most likely not a deliberate strategy for improving his legitimacy in the eyes of his sceptical constituents. However, the very idea that the central bank director would be involved in such a foundation and hand over the collected funds at the king’s 75th birthday celebration attests to the symbolic significance connected to the office as central bank governor. By taking up the position as treasurer Bramsnæs aligned himself and the bank with the nationalism that characterized Danish society in the period after liberation. The central bank governor had now become a figure, who could and would naturally contribute to the “wellbeing of the Fatherland”.

Bramsnæs’ legacy

At Bramsnæs 60th birthday in 1939, the local newspaper *Frederiksberg Avis* remarked that even conservative newspapers such as *Berlingske Tidende* had been forced to recognize how “parts of his personality reflected onto the bank itself, which

improved its authority and made it strong” (n/a, 1939:5). Ten years later when Bramsnæs announced his retirement in conjunction with his 70th birthday he was effectively absolved.

The financial newspaper *Børsen* then described him as “man with great personality and financial conscience, which continuously informed his governing of the bank. He has been of the utmost importance to the Danish economy throughout these troubled years when he occupied this exposed office” (n/a, 1949a:4). The mention of “financial conscience” here is particularly interesting because – as with Ussing – it introduces the notion of morality into monetary affairs. Apparently the contractive monetary policy that Bramsnæs pursued throughout most of his time in office had become an issue of personal conscience and morality, rather than pure calculating rationality. The pro-Danish *Flensborg Avis*, based in the Schleswig city of Flensburg, applauded Bramsnæs for always “speaking against authority” and his social democratic colleagues in government (n/a, 1949b:2). “Surely”, the newspaper remarked in conclusion, “best wishes are sent to him from south of the border as we greet him as a good Danish man who served his Fatherland well” (n/a, 1949b:2).

So far this analysis has demonstrated how Danish central bank governors have continuously struggled to legitimize their monetary decisions. In this process the central bank governors, as well as their critics, have attempted to derive meaning and legitimacy from national identity. Also, the analysis has pointed to the relatively stable narrative of the central bank governor as ‘banker of the nation’. In spite of having to make unpopular monetary decisions that inadvertently favoured some parts of the population (debtors, creditors, workers or employers) over others, the governors were always vindicated and hailed as a kind of monetary custodians of the Danish Fatherland. This narrative became a source of legitimacy for central bankers and justified monetary decisions.

Deficit and stagflation 1979-1982

I now turn to the last example of a Danish central bank governor who emphatically dramatized monetary affairs. In 1965 Erik Hoffmeyer assumed the position as Nationalbank governor; a position he held until 1994, making him one of the world's longest-sitting central bankers. The years from 1959 to 1973 marked the longest period of constant growth in Danish history. Simultaneously, due to increased investments, Denmark developed a massive deficit on the balance of trade coupled with ever-threatening inflation. This period of growth was followed by periods of stagflation. From the early 70s, inflation increased dramatically, and unemployment and interest rates soared.

During his time in office Hoffmeyer continuously clashed with shifting governments and Danish prime ministers. In 1967 he fought a particularly hard struggle with prime minister Jens Otto Kragh over a planned 14.3 per cent devaluation of the Danish currency as a response to the British devaluation. Eventually Kragh conceded to Hoffmeyer's arguments and accepted a more modest devaluation of 8 per cent (Schmidt, 1993: 401-410). At one time, Minister of Economy Per Hækkerup, who disapproved intensely of Hoffmeyer's dispositions, even tried to fire him. In popular discourse, these tensions contributed to Hoffmeyer's reputation as a principled and moral central banker, who dared to argue with the elected politicians. This reputation culminated in 1980 when Hoffmeyer publically painted a very bleak picture of the future of the Danish economy.

The abyss

The biggest problem in the late 70s, seen from Hoffmeyer's perspective, was the ever-increasing national debt: a result of high oil prices and interest rates. Hoffmeyer continuously sought to convince the Social Democratic government with Prime Minister Anker Jørgensen at the helm, to bring down the debt. In August 1979

Hoffmeyer presented the Council of Ministers with a brief in which he pointed to the “lethal idea of gradually reducing the deficit” (Hoffmeyer & Aaen Hansen, 1993:75). Yet Nationalbanken’s efforts proved futile.

Only after former Minister of Finance Knud Heinesen in October 1979 supported Hoffmeyer’s bleak analysis on live television, and suggested that Denmark was indeed “racing towards the abyss” (Andersen, 1994:166), did Hoffmeyer’s view start to gain recognition. The image of a looming abyss proved a strong metaphor in public discourse and the newspaper *Berlingske Tidende* invited Hoffmeyer to elaborate on his arguments, which were presented in an article on 10 January 1980. Inspired by the demise of the main character in Igor Stravinsky’s opera *The Rake’s Progress*, Hoffmeyer outlined six steps toward the abyss. Hoffmeyer described a gradual disintegration of Danish society, which would start with modest problems such as “lack of international respect” and “loss of credit” and progress towards a fundamental upheaval of the social order (Hoffmeyer, 1980:9). Most sinister was the sixth step in which Hoffmeyer warned:

Our welfare-society and political stability will erode [...] not much imagination is needed to picture the colossal social tensions that will emerge if we are to roll back our progress [...] One cannot predict how such a process will evolve, but in later years we have indeed, in other countries, witnessed how inflation and disintegration have sharpened political fractions” (Hoffmeyer, 1980:9).

In the final passage Hoffmeyer played his trump card as he warned that “if the massive deficits continue, we are heading directly towards an abyss of self-destruction” (Hoffmeyer, 1980:9).

In Hoffmeyer’s apocalyptic article, monetary affairs very explicitly left the economic realm to touch more fundamental issues, such as the basis of societal

order. Not only the national economy was at stake, but the very fate of the nation, a nation that risked downfall and self-destruction. The following day *Berlingske Tidende* featured a follow-up interview with Hoffmeyer, which opened with the question: “Will Denmark survive?” A question which Hoffmeyer could reassure his anxious constituents with a brief and distinct “yes” (Schade, 1980:1). Later in the article biblical analogies were employed when Hoffmeyer was described as “the man who sends us warning after warning, before he closes the gates to Noah’s ark and leaves us to our own devices” (Schade, 1980:1).

In terms of an analysis of the entwinement of central banking and the national identity, Schade’s question touches on the heart of things. Taken literally, the question is nonsensical since Denmark, disregarding the development in the balance of trade, would most certainly survive as an independent nation-state. Symbolically, however, the question reveals a great deal about the central bank governor as perceived guardian and prophet of the nation. Indeed Hoffmeyer affirmed that ‘the ship’ would stay afloat. The expectation that Hoffmeyer could and would actually answer such a question underscores the potent symbolic connections made between the central bank and the nation. By accepting the basic premise of the question and by answering it positively, Hoffmeyer did nothing to amend this interpretation. In fact, he readily reaffirmed the existing narrative of the governor being in control of the nation’s destiny.

Although Hoffmeyer did indeed receive criticism for his harsh analysis, most notably from Minister of Taxation Karl Hjørtnæs who called his statement “an insult to the Danish government” (n/a, 1980:17), most Danish media accepted his statements as bleak but nonetheless legitimate perspectives coming from a central bank director. The newspaper *Weekendavisen* announced on its front page that Hoffmeyer was a “Prophet of the Fatherland” (Andersen, 1980:1). The newspaper then further observed that the conflict between Hoffmeyer and the government only

seemed to strengthen the authority of the central bank: “For once, here is a prophet who seems to be gaining a foothold in his fatherland” (Andersen, 1980:8).

Why was this? Why was Hoffmeyer’s critique so readily accepted even though society faced potential economic hardship, were his suggestions implemented? I argue that Hoffmeyer’s statements were generally considered legitimate due to the existing narrative about the Danish central bank governor; he was governor not only of the central bank, but also in a sense of the nation. Whereas Marcussen uses Hoffmeyer as the example of an “ideational entrepreneur” (Marcussen, 2000:64) who successfully changed the existing institutions, I suggest an alternative explanation: Hoffmeyer’s analysis was not accepted *in spite* of existing institutions. It was, in fact, *because* the existing ideas and narratives about the central bank governor and the central bank organization firmly cast the governor as a guardian of the nation that Hoffmeyer’s critique was accepted. In formulating his critique and painting such a bleak picture he drew on historical ideas about the central bank governor as a figure who would guide the nation through crises.

Banking on the nation or constructing a nation?

By the time Hoffmeyer retired from office in 1994 he had become more than a central banker. He was an icon: a symbol of trustworthiness and integrity, and a caretaker – not only of the Danish currency – but also of the Danish people. In a portrait from 1995 *Politiken* described how Hoffmeyer, throughout his thirty years as central bank governor, had always sought to be “in accordance with the people” (Lisberg, 1995:12). The resemblance to the description of Moritz Levy and his alleged “sensitivity to the public good” is striking: the evaluations of Levy from 1892 and the media-driven construction of Hoffmeyer’s legacy bear a remarkable resemblance. Both central bank governors, although 100 years apart, were evaluated against the same criteria; to what extent they were sensitive to the public good.

In 1995 journalist Stig Andersen wrote Hoffmeyer's biography: a book that effectively canonized the now elderly central banker. In Andersen's account Hoffmeyer came across as kind of quasi-deity who held firm over more than three decades of monetary dilemmas and shifting governments. In Andersen's narrative he was "Mr Denmark", "Lord of the Krone", "The Godfather" and as Andersen wrote in his preface, "no Danish minister dared to quarrel with Hoffmeyer". "His trustworthiness was simply too great. His integrity as governor was unsurpassed and the respect he commanded was overwhelming" (Andersen, 1994:9).

In a farewell interview in *Politiken* in 1994, journalist Anne Wolden-Ræthinge saw fit to ask Hoffmeyer what, in his opinion, was the "most typically Danish trait; that we should cherish and nurture?" "Something typically Danish?" Hoffmeyer responded:

Well, I would be extremely careful trying to define something like that. But I could not imagine living in any other country. I could not even imagine living in another European country. Not even in another Scandinavian country. Here, we care about the environment, we love history. And even with all the criticism of our somewhat ambiguous attitude, there is, nonetheless, a general character and atmosphere that I very much enjoy. It is very difficult to specify, but there is a respect for something that is straightforward. A sensible, humane approach. I believe that our historical development has made people more liberated, and you get attitudes that go in the direction that one can enjoy (Wolden-Ræthinge, 1994).

Just as Hoffmeyer in 1980 had been asked whether Denmark would survive, he was now asked to define the Danish national character. Why should the former central bank governor of all people be in a position to elaborate on such a matter? Part of the answer is that Hoffmeyer had come to be perceived, not only as the nation's banker,

but also as a character who somehow reflected something intrinsically Danish. He was a person who would know what defined Danishness. There is an obvious difference in the way *Nationaltidende* back in 1934 scorned Bramsnæs for not understanding the jovial ways of his countrymen. Now, in 1994, the press looked directly to the central bank governor as an individual who could help define the national spirit. In both cases, however, the central bank governors were expected by the press to reflect on things typically Danish.

With the appeal to Hoffmeyer to define Danishness the associations of meaning had come full circle. It was no longer the bank that looked to the nation for legitimacy. Now, it was the nation that demanded that the bank, personified in its governors, help define the characteristics of the national community.

5. CONCLUSIONS

This analysis argues that Danish central bank governors have historically sought to legitimate their monetary decision by symbolically linking monetary affairs to national identity. By focusing on the narratives of and about four central bank governors from different periods I have demonstrated how, over a period of some 150 years, central banking gradually became embedded in national identity.

Although the connection between central banking and the nation has been a recurring theme in the narratives identified by the analysis, the relationship has also undergone a transformation throughout the period. Gradually, as the central bank organization was consolidated, the connection between central banking and the nation was institutionalized, and explicit attempts to use national identity to promote central bank legitimacy became less frequent. Whereas central bankers of the early modern period until WWI actively connected the central bank to national identity, governors such as Bramsnæs and Hoffmeyer did not necessarily have to. Hoffmeyer in particular came to embody the central bank, but was also perceived to incarnate

something essentially Danish. Instead of national identity lending legitimacy to the central bank, the central bank came to contribute to the construction of national identity.

Thus it seems that Polanyi's assertion that national identity as vested in the central bank only reveals a part of the story. Indeed, national identity was to some extent ingrained in the Danish central bank under Hoffmeyer's leadership. But it had not always been so. This analysis shows that Nationalbanken and its governors, historically, sought to align their organization with the national collective and that national identity only became "vested" in the Danish central bank as the result of a gradual historical development.

This development can be explained by the continuity in the narratives about the purpose and prerogative of Danish central bankers all the way back to Moritz Levy. Danish central banks were always – certainly retrospectively – framed as "sensitive to the public good" or "protecting the fatherland". Based on these patterns I propose that the narratives of the central bankers, as connected to the nation and the public good, have contributed to the creation of future interpretations of the central bank and its legitimacy. Levy and Hoffmeyer were evaluated in the same kind of language, not necessarily because they were both brilliant central bankers and truly sensitive to the common good, but because the narratives that connected central banking with the welfare of the national community proved resilient over more than 150 years. The idea that central bankers served the nation (an idea vested in the very name of the Danish central bank) was institutionalized and came to define the frame within which Danish central bankers, in general, were evaluated in public discourse.

This article contributes to the growing literature on the cultural embeddedness of central banking by providing an example of how central bank governors have sought to improve legitimacy through rhetorical measures. I have historicized the narratives about Danish central bank governors as 'bankers-of-the-nation' and pointed to the ways that past interpretations of events have defined the

framework for what could be considered legitimate actions and statements by a central bank governor. As such the article contributes to Tognato's analysis of the dramatization of monetary affairs and accentuates the historical precedents for such dramas.

To be sure, the connection between central banking and national identity is not the sole and only thing that makes banks legitimate. Central banks face a multifaceted constituency and they have several different audiences. Central banks are also evaluated by the banking industry and by economists who operate with different perceptions of legitimacy than the broader population. I also show that Danish central bankers were indeed contested figures; figures whose decisions and legitimacy were constantly challenged both by the media and by elected politicians, due to the exposed nature of their offices. They were by no means loved and cherished by contemporary society and they were by not always able to portray central bank decisions as aligned with national identity. I argue, however, that in the end the narratives about Levy, Ussing, Bramsnæs and Hoffmeyer were always reconciled in public discourse as their legacies very effectively (re)connected them to the Danish nation and sometimes even hailed them as national saviours.

The governors' canonization did more than absolve the individual governors from the sins of contractive monetary policy. This canonisation also conferred up the office of central bank governor a more substantial type of legitimacy connected to the central bank organization and then passed on from one governor to the next.

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CONCLUSIONS AND REFLECTIONS

The aim of this dissertation has been to analyze how Nationalbanken historically has used and drawn upon existing perceptions of national identity to become legitimate. Also, the dissertation set out to examine how Nationalbanken and the Danish currency historically contributed to the construction and reconstruction of Danish national identity. Finally, I aimed to investigate how and to what extent Danish monetary organization has historically been constrained or enabled by national identity. To answer these questions I selected four potential cases from Danish monetary history where different kinds of legitimacy challenges highlighted the interconnection between monetary organization and national identity. In this final section, I summarize the findings in the different articles. I explain the similarities and differences, I highlight the commonalities and I synthesize the analytical findings in a series of general propositions and suggestions. Finally, I suggest some directions for future research.

NEEDING THE NATION OR MAKING THE NATION?

Taken together the four articles provide a range of insights that do not necessarily point in the same direction. How can these different findings be synthesized into some more general ideas that answer the research questions?

I will start by out by contrasting the two articles “Monetary Romanticism” and “The Danish Euro”. These two articles share a common theme, as they both deals with the political attempts to implement alternatives to the existing monetary order. At first glance, the two examples share one obvious commonality: in both cases, national identity apparently impeded the reconfiguring of existing monetary organization. National identity was mobilized politically to delegitimize new monetary arrangements. Different ideas about Danish (and Schleswig-Holsteinian) national identity posed significant challenges to the establishment of a regional branch of Nationalbanken in Flensburg. Also, national identity apparently

hampered both the homogenization of the Danish monetary system in the mid nineteenth century as well as the implementation of the euro some 150 years later.

However, the cases are more complex than this first comparison indicates. Although the two cases display some obvious similarities, the historical and political contexts were indeed very different, and national identity did not work in the same way in the two cases to obstruct the aims of Danish policymakers. Firstly, in the conflict between Denmark and Schleswig-Holstein, there was not just *one* nation at play. The Danish state encompassed two different national communities with distinct identities as well as two distinct currencies. Danish policymakers, here, sought to create *one* homogenous territorial currency. The monetary reform was skillfully resisted by the economic and social elite, with fundamental financial interests in keeping the status quo. To this end, agitators such as Tiedemann mobilized national identity as a way to hinder the reform.

The agitation against *Filialbanken* and the *rigsdaler* transcended the realm of financial and economic interests. It became, in effect, a campaign of a very hot (to use Billig's phrase) form of Schleswig-Holsteinian nationalism. The ideology of Schleswig-Holstein nationalism was not merely invented anew for economic purpose by a contemplating elite. The ethnic and national antecedents of Schleswig-Holsteinian national identity existed prior to the struggle over monetary issues, and was taken advantage of by the political agitators for political purposes. In doing so, agitators as Tiedemann simultaneously drew on and reproduced Schleswig-Holsteinian national identity.

In the euro campaign of 2000, national identity was similarly mobilized both by opponents and proponents of the euro. Surely, national identity played a role in the final popular rejection of the euro. However, I want to suggest a fundamental difference between the 1840s and 2000. In the 1840s, monetary organization was, to a high degree, used to promote a new nation. Although some euro-skeptics might disagree, the referendum in 2000 was not first and foremost about a new European

nation: it was about a new European currency.¹²⁷ In 2000, the embeddedness of monetary organization in national identity was more comprehensive than it had been in the mid-nineteenth century. Let me elaborate on this idea by returning to two quotes from the two articles, respectively. Firstly, we have the Gülich quote from the national song-gathering in 1843:

the strength of the people of Schleswig-Holstein [...] The determination and healthy spirit that lives in our people has been defeated by the Danish currency, the Danish bank, the Danish propaganda together with certain anti-national trends and inappropriate means (Unverhau, 2000:326).

In contrast, we have the quote from the webpage of the Danish People's Party (DPP) from 2000:

What for more than a thousand years was a thundering success, Prime Minister Poul Nyrup Rasmussen and his accomplices have now decided to strangle. [...] It is Denmark's own currency, a magical success that began around 850 when the first Danish coins were minted in Hedeby (Danish People's Party, 2000).

First, we must dwell with the striking similarity in the two arguments in which the Danish state was envisaged as either the "Danish propaganda" or "The Danish Prime Minister" that had defeated or was about to strangle and destroy the object of affection. Then, we must think about how the objects of affection differed in the two quotes. Gülich articulated national identity as the central concept that Danish

¹²⁷ This new European currency could, of course, be used in the future to provide the building blocks for further European identity crafting.

monetary organization was about to destroy. In the campaign of the DPP, the Danish currency was threatened. The krone was represented as this ancient “magical success” and as a symbol of a shared history and Viking-origin.¹²⁸

The quote from DPP indicates how Danish monetary organization had become an element *of* national identity. The Danish currency had become an element of the repertoire of symbols that lent meaning to the nation and reinforced national identity. In contrast, Gülich used the Danish currency in 1843 as a hot and explicit symbol of nationalism to promote a specific national identity. In 2000, the idea of a Danish currency, as a teleological success, had been banalized as a *part* of national identity instead of a symbol of hot nationalism.

Of course, the two quotes are articulated in very different historical and political contexts—Gülich was even referring to an entirely different nation than was DPP. And of course, the relationship between national identity and the legitimacy of monetary organization was reciprocal in both cases. Nonetheless, the juxtaposition of these two quotes serves to indicate the transition of monetary organization from initially depending on and being defined by national identity to a more banal, integrated element of national identity.

This idea is further underlined by the article “Banking on the nation” in which I analyze the historical development of the narratives of and about Danish central bankers in periods where Nationalbanken’s legitimacy was challenged. Whereas central bankers such as Levy and Ussing readily referred to the nation to legitimize their preferences and decisions, Bramsnæs and Hoffmeyer resorted less frequently to such strategies. Except for one instance where Hoffmeyer very explicitly warned about the imminent disintegration of Danish society, lest monetary and economic policies be changed, the trend instead seemed to have been reversed.

¹²⁸ Even though, ironically, the Schleswig-Holstein controversy in particular discredits the account of the Danish currency as an undisputed success through the past 1000 years.

When Hoffmeyer disseminated his bleak analysis in 1980, he drew on national identity and historical narratives about the prerogative of the Danish central bank governor to get his point across and to make that point legitimate. At the same time, he also very much reproduced and reinforced national identity.

This reinforcement resulted from the general acceptance that Hoffmeyer was, for example, “prophet of the Fatherland” (Andersen, 1980:1). The most explicit contribution to Danish national identity is to be found in Hoffmeyer’s farewell interview, in which he without hesitation defined the essence of Danishness. In this particular instance as a central bank governor, he did not need the nation; he provided its meaning. Hoffmeyer explicitly reproduced and reinterpreted the patterns of values, symbols, memories, myth and traditions that comprised the nation—and he invited individuals to identify with it.

The timing of Hoffmeyer’s identity crafting becomes even more interesting if we consider the statement’s political context. On 18 May, 1993, a small majority of the Danish electorate had voted to ratify the Maastricht Treaty, which effectively paved the way for Denmark’s participation in the EMU. Denmark had set down a path to further European integration. The reporter’s appeal for Hoffmeyer to define the “most typically Danish trait; that we should cherish and nurture?” (Wolden-Ræthinge, 1994:4) was articulated 10 months after the Maastricht referendum, and must be considered in the context of a potential Europeanization. As such, the Danish nation, as well as its monetary organization, faced potential restructuring, and Hoffmeyer stepped in to bolster Danish national identity.

NATIONAL IDENTITY AND MONETARY LEGITIMACY AS MUTUALLY RECONFIGURING

Therefore, I suggest a historical development from a situation in the nineteenth century, where monetary organization sought to be aligned with national identity, to a

situation where monetary organization plays an important role in reproducing national identity. This is not to say that nineteenth century monetary organization only drew on national identity whereas Hoffmeyer, for example, only contributed to national identity. In all of the four cases under investigation, the relationship between monetary organization and legitimacy is best described a relationship of co-configuration.

This relationship is detailed in the article “Too weird for banknotes”. As with the debates over monetary reorganization, the debates and considerations that went into the designs of Danish banknotes from 1947-2007 very much epitomize the continuous use and production of national identity. Danish banknote designers, including the central bank governors, believed that Danish banknotes must reflect the nation in some way or another. To recapitulate the words of *Seddelgruppen*, the notes were required “to be unmistakably Danish” (Nationalbanken, 2006). However, as it was clear that Nationalbanken faced a complex context of legitimacy in terms of appropriate banknote designs, the bank was reluctant to align its iconography with more modern ideas of Danishness. Instead, the bank continuously chose a more conservative national romantic symbolism to avoid jeopardizing the trustworthiness and authority of the notes.

But again, the aspirations to maintain legitimacy and trust in the banknotes by keeping a conservative design and referring to a shared national history, cannot only be considered as an exercise to achieve legitimacy. These aspirations also constitute an interpretation and reproduction of national identity. In putting such iconography into circulation, Nationalbanken actively provided the nation with meaning. Symbols that would have conveyed more contemporary expressions of Danish identity, e.g., Denmark’s most expensive and prominent bridge, Øresundsbroen, which connects Denmark and Sweden, were deliberately discarded. The suggestion of the external discussion group to include cosmopolitan motifs, which was so firmly disregarded, was not just a question of legitimacy: it was a

question of national identity. Nationalbanken provided the nation with meaning and supplied a range of potent symbols that worked as a banal form of Danish nationalism.

“Too Weird for Banknotes” contributes and relates directly to the large existing literature on currency iconography and nationalism. The article, in particular, expands on the suggestions by Hymans (2004); Penrose & Cumming (2011) and Penrose (2011): its conclusions emphasize that the issue of legitimacy, at least in the Danish case, was paramount to banknote designers, and the findings call for an increased focus on the interplay between identity-crafting and legitimacy-seeking in the analyses of banknote designs.

THE BANAL LEGITIMACY OF MONETARY NATIONALISM

The analyses in this dissertation have demonstrated the political origins of a seemingly apolitical organization. Central banking is, without a shred of a doubt, an inherently political endeavor. Certain monetary policies and decisions always benefit some fractions of society while excluding others fractions. I suggest, however, that the gradual historical integration of monetary organization in the cultural patterns that make up national identity has worked to suppress, or at least mitigate, the notion of fractional interests. With references to the best interests of the national collective, Danish central bankers have sought to become legitimate when their actions were controversial and potentially burdensome to the population. In many instances, as argued in this series of articles, national identity has defined the frame for what could be considered legitimate actions and statements about monetary organization. Because of the historical development that embedded the central bank governor in national identity, Hoffmeyer could speak openly against the government in 1980, though the rejection of the euro in 2000 was also influenced by the the embeddedness of the Danish currency in national identity.

Following the analyses in the different articles, I want to promote a new concept that can explain and encompass the seemingly apolitical position of central banks, as well as the continuous reproduction of national identity. I suggest that the *banal legitimacy of monetary nationalism* can be brought forth as a central concept that spans the dissertation's different analyses. By the notion of banal legitimacy, I wish to emphasize the 'taken-for-granted' quality of national monetary organization. Monetary policies, even those connected with economic hardship for a majority of the population, are legitimized due to the embeddedness of monetary organization *in* national identity. Central bankers can convince their constituents to accept unpopular decisions because such decisions have been historically established 'in the interests of the nation', or, to use Crane's phrase, because "economy inheres in nation" (Crane, 1998:67).

Of course, there are limits to this banal legitimacy. The embeddedness of monetary organization in national identity also constrains the possibilities for monetary organization, as I demonstrated in the article on the Danish euro debate. Because the idea of a European monetary union was at odds with existing elements of Danish national identity, it was inherently difficult for the pro-euro elite to promote the idea in a Danish context. As a consequence, Europhiles resorted to a paradoxical strategy of nationalism to promote a supranational idea. To be sure, this strategy seemed to have backfired in the case of the Danish euro referendum. This example illustrates that the legitimacy of monetary organization not merely depends on politicians' or central bankers' ability, in the words of Tognato, to "speak the languages that define the collective identities of their own societies" and to "recast their own institutional identity into national identity" (Tognato, 2012:9). Indeed, if monetary organization is actually an ingrained element *in* the language that defines collective identities, then it becomes inherently difficult to invoke such language in order to promote monetary change.

Then there is the nationalism element in the proposed concept of banal legitimacy: When banal legitimacy underpins a certain monetary decisions, e.g., the increase in the domestic currency supply, there is a feedback on national identity. Then, the members of the nation come to “experience monetary phenomena together” (Helleiner, 1998:1420) and are, in turn, reinforced by the idea that they do, in fact, constitute a distinct national collective. Such shared monetary experiences can be understood as the kind of banal monetary nationalism that situates the constituents of monetary organization within the nation and reinforces national identity. Such monetary nationalism has been a recurring theme in the four articles. In the case of Schleswig-Holstein this monetary nationalism was very explicit but it has been exemplified in more banal instances in the article on the four central bank governors. Levy, Ussing, Bramsnæs and Hoffmeyer may have had the official title of central bank governor, but they did all engage in a subtle form of monetary nationalism that reinforced the idea of a Danish national collective.

Even the former head of the central bank printing division Niels Holm engaged in this form of monetary nationalism. Niels Holm, as I described in “Too Weird for Banknotes”, who so promptly dismissed that Nationalbanken was producing “nationalist” money and instead argued that “Our banknotes must be Danish, but not nationalist.” (Holm cited in Adriansen, 2003:269). Of course, following the idea of the banal legitimacy of monetary nationalism, it is impossible to produce Danish banknotes that are not elements of a banal nationalism. Once you have taken it upon yourself to define Danishness, you are in effect a contributor to national identity; even though the original objective might have been to bolster the legitimacy of the circulating banknotes or monetary organization in general.

To be sure, whether the concept of a *banal legitimacy of monetary nationalism* can be generalized to other instances beyond Danish monetary history remains uncertain. As we enter into an epoch of supra-national monetary organizations, we have to redefine

the idea of sovereign nation-states having monopoly over money (Cohen, 1998). The common European currency and the ECB, for example, are both monetary organizations that constitute obvious and real challenges to the idea of the legitimacy of banal monetary nationalism. The legitimacy of the euro and the ECB must be sourced from somewhere other than national identity.

Suggestions for further research

Following these four case studies, I suggest that future studies involving the connection between monetary organization and national identity seriously consider the concept of legitimacy. What kind of actions are considered desirable and appropriate, under which situations, and why is this so? I also suggest that the idea of a reciprocal relationship between monetary organization and national identity, as suggested by (Kaelberer, 2004) is brought to the forefront of future research. In this dissertation, I have taken some steps to show empirically how this relationship historically affected the possibilities and strategies of Danish monetary authorities. Future studies are required to build on these ideas.

Finally, I suggest one more general theoretical consideration that arises from the above ideas. The notion of a mutual configuring relationship between ideas and practices as outlined above may not come across as strikingly novel to scholars of organizational institutionalism. The idea of a banal legitimacy of monetary nationalism very much echoes many of the ideas from this body of literature on how concepts and cognitive representations become institutionalized. However, within nationalism studies, which often consider the nation as a form of institutionalization of symbolic representations, there is a remarkable lack of such insights.

I suggest for scholars of nationalism to orient themselves toward some of the key insights from organizational institutionalism—in particular the concept of legitimacy, which I consider central for understanding the development of modern

‘apolitical’ institutions such as currencies and central banks—as well as to understand the feedback of these institutions into national identity.

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