

PASSIONATE COLLECTOR, DR. PETER D. JONES, DESCRIBES HIS FASCINATION WITH A SET OF LARGE SIZE US CURRENCY. THIS BOOK EXPLORES THE ART OF THE NINETEENTH CENTURY NOTE ENGRAVERS; THE HISTORY BEHIND THE VIGNETTES AND NOTES; AND THE ECONOMIC HISTORY OF THE TIME - THE TRAGEDIES, THE CHARACTERS, THE PANICS, THE POLITICS, AND THE FIGHT OVER THE GOLD STANDARD.



NOTABLE NOTES

PETER D. JONES

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SEVENTY-TWO SHORT STORIES AND THEIR HISTORICAL BACKGROUND TOLD BY A COLLECTION OF LARGE SIZE US CURRENCY



BY PETER D. JONES

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**Seventy two short stories and their historical
background told by a collection of large size US
currency**

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Peter Jones

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PREFACE

This book describes a personal fascination. For many years I collected coins and spent two weeks every year at the ANA summer seminars. Then I met Wendell Wolka. He said: “when are you going to stop collecting those small round things?” It took a while, but eventually I got the hang of those big oblong things. For those interested in financial history there is a lot more real estate on notes than coins. And the art of note engravers is every bit as beautiful as the art of coin engravers.

So I embarked upon a collection of large size US currency aiming for Very Fine condition. I created a spread sheet of the different designs, denominations, grades and prices of large size US currency. It was readily apparent that notes over \$20 were too expensive, with the exception of Gold Certificates and Federal Reserve Notes that could be collected, though only up to \$100 denominations.

Further problems were whether one should strive for particular notes. The first question was rainbow notes. Although they had nice coloration they were basically the same design as cheaper type notes. But rainbow notes seemed reasonably priced enough to be collectible and so beautiful that one should not avoid them.

The second question was whether one should include the expense of an interest bearing certificate and a refunding certificate in a type set, but as time went on these notes appeared.

The third question was whether I should get ornate back instead of plain back treasury notes – but the exquisite artistry of the ornate backs won me over.

Certain National notes were among the trickiest to acquire. National bank note collectors do not collect type notes. Thus, searching for particular National Bank type notes in auctions of national bank notes was time consuming. Even more problematic was asking dealers for type notes. They would often leaf through hundreds of notes only to come up with notes in the wrong condition, or of the wrong type.

The last note I acquired was the \$20 Legal Tender Standing Liberty with Sword and Shield. It would be nice to have a \$20 Demand note but at \$55,000 in Fine condition it is really like an NC Large Cent (Non-Collectable). However the faces of these two notes are almost identical.

Collectors have many different reasons for collecting, and this is dealt with in the first chapter. I assembled this large size currency collection for the financial history, the general history, and the art.

In the 1800's engravers were thought of as significant artists. Engraving was a difficult art form and produced notes that were infinitely superior to lithography. It could take a year to finish a high quality engraving. Today we have photography and color reproductions that make the past seem effete. But in their time engravers supplied art for the masses and could command big salaries. It was not unnatural that they should create images for bank notes at a time when it seemed the best protection against counterfeiting was an elaborate engraved vignette. In the nineteenth century the United States was the premier country for high quality engravings on their bank notes.

I wanted to put together a book so that my family had a record that explained why I spent so much time on seemingly bizarre pursuits.

FORWARD

First impressions are always interesting and often memorable. I first met Peter at one of the American Numismatic Association's Summer Seminars which are held annually in Colorado Springs, Colorado. He was a student in a course I was teaching that year, "An Introduction to Paper Money." It's one of those survey courses that gives students a flavor of many different aspects of paper money but cannot get into a lot of detail on any one of them because of time limitations. This is usually perfect for new collectors who are just trying to understand what might be out there that would be of interest to them.

Peter admitted that he was primarily a coin collector (I have long since forgiven him for that.) When you teach these classes you always worry that the students just might sit there for the week, never utter a question or an opinion, and leave it to you to do all of the talking. Peter quickly relieved me of *that* concern. He was always curious *WHY* certain things happened the way they did. And they were always GOOD questions--ones that kept the instructor's brain racing to come up with an answer sometimes. I remember answering one of Peter's inquiries with an exasperated "Peter, they did it that way *because they could!*"

This book makes me feel quite proud. I can now actually point to one of my former students and fellow numismatists as a definite convert from collecting those "little round metallic discs that go 'clunk' when dropped on their heads" to paper money! And it is clear that Peter enjoys the subject and has used his curiosity and intellect to weave together a wonderful set of stories, history lessons, and little known facts based on seventy-two "notable notes" which he has selected.

This well illustrated book is an easy read which will leave you knowing more than before you read it whether you are brand new to paper money or a veteran "rag picker." And that, after all, is what numismatics is all about: sharing information with others so that we can collectively build the foundation of knowledge for both present and future generations of collectors.

Well done, Peter, well done!

Wendell Wolka, October 28, 2009

Wendell Wolka is a long time paper money writer, educator, researcher, and speaker who has been collecting paper money for nearly five decades. He has served on the governing bodies of a number of hobby organizations including the American Numismatic Association, the Society of Paper Money Collectors, the International Bank Note Society, and the Central States Numismatic Society.

DEDICATION

To my wife, Ann, who has patiently withstood my serial addictions to the demands of medical practice, magic, classical piano playing, an MBA, flamenco guitar lessons, classical guitar playing, and all the way along numismatics and currency collecting (syngraphy).

To my three daughters, violinist Ashley, architect Rebecca, and photographer Alexandra, who have also put up with my same serial addictions.

To the ANA – an important organization that has fostered my lasting interest in financial history. Despite its repeated political problems it has always re-emerged to serve the collector base.

“The history of the purse is as important as that of the sword”.

Raphael P. Thian, Secretary of rebel archives.

CHAPTER ONE

WHY DO WE COLLECT COINS AND CURRENCY?

Food for Thought

Presumably, coin collectors love coins! But, why? What is so fascinating about those little round disks of metal? Here are some of my ideas—my observations regarding some of these questions as well as how these questions have been answered in the past.

Coin collectors are not common. Or are they? There are 12,000 registered dealers. David Bowers in one of his *Coin World* columns pointed out that approximately 250,000 people in the United States subscribe to numismatic periodicals, this amounting to just one person in a thousand. An editorial by Beth Deisher in the same newspaper estimated that there are 450,000 coin collectors in America, or about one in 600 people, a figure that seems to fit with Dave Bowers' ideas. Heritage Auction Galleries also say they have 450,000 registered bidders on line. These serious collectors are part of a larger group of people, perhaps two to four million i.e. 1% of the population who buy current Bureau of the Mint products, purchase coins as novelties, or are otherwise interested in coins—but not as systematically. Even larger must be the number of citizens interested in putting a few statehood quarters, or Sacagawea dollars, or Kennedy half dollars away in a box or bureau drawer. The US mint claims they have 100,000,000 coin collectors.

Males Seeking Trophies

Why would anyone spend a part of his (usually) or her life in the quest for rare coins, sometimes traveling long distances and spending large sums of money to acquire them? Is coin collecting simply an acquired taste akin to the appreciation of single malt whiskeys, or is there something more visceral, more compelling, about the need to hold onto coins, catalog and admire them? Or, similar to what was said about the desire to climb Mount Everest, “because it is there,” coins are all around us, and they may invite acquisition?

Why are 95% of coin collectors male? With the exception of emblematic female heads perhaps 90% of heads of on coins of the world are male, reflecting *real people* and the dominant role that men have played in history. However, among American coins, especially those of the 18th and 19th centuries, before presidents were widely depicted, most portraits are of “Miss Liberty.” It does not seem to make any particular sense that men like to collect female depictions of Liberty and male presidents, whereas women are not strongly interested in either. Perhaps coins are history in tangible form. Most well known historians have been male. Are things historical, things of male interest? Not necessarily, for certain historical specialties, including art, film, and museum curatorship have had a generous number of women as participants.

Could the “thrill of the hunt” in numismatics be a factor—a modern continuation of the scene in which a caveman did the hunting while the cave-woman took care of the children? As the centuries went on, so the story goes, men earned a living to provide for the family, and women stayed at home to raise families. But today things have changed. Although in 1955 36% of women and 85% of men were employed, now the figures are 61% of women and 72% of men. Nevertheless, to take the traditional line, the male caveman hunter image has been updated. Nowadays men like power trappings, sports and trophies. In ancient times cavemen preferred ancient power trappings like animal trophies or spears. Today money still symbolizes power trappings and trophies. An 1804 dollar is a “trophy coin.” A “grand watermelon note” is a “trophy note”.

Perhaps women are content with intangibles—art, music, romance, travel, and assets of the spirit and soul, while men find tangible items to be more rewarding. “The difference between a *man* and a *boy* is the price of his toys,” it has been said (italics added). Perhaps women do not need as many toys, cheap or expensive.

It may be relevant to mention that sculptor Elizabeth Jones was appointed chief engraver of the United States Mint in 1981. Ms. Jones’ 1982 George Washington commemorative is one of my favorite coins.

Today, although many teenagers enjoy collecting statehood quarters, Lincoln cents, and other coins, most serious numismatists are apt to be on the long side of 50 years of age. It was not always so, and a century ago the average age of a new member of the American Numismatic Association was less than 40 years. It might be interesting to try to figure out why the great sports-card craze some years ago was dominated by youngsters from, say, eight years old through the teens, while people of all ages—from elementary school to past retirement age - follow the Yankees, Cardinals, and Red Sox, among other teams.

It seems that the deeper we dig, the more paradoxes we unearth!

Investors as a Factor

It has been estimated that 20% of numismatists are pure collectors and don’t pay much attention to the market movements, 10% are pure investors, and the remainder are some mixture between collector and investor. These figures are taken from David Bowers’ columns, “The Joys of Collecting” in *Coin World*, and point to the important fact that investment is an integral part of the numismatic hobby. However, Dave has pointed out, including in his current series about the coin market of the past generation that the percentage of investors is apt to increase or decrease sharply as markets change. In the “slow” market of the mid-1970s, investors were “rare,” but by 1979 they dominated the market.

My own coin collecting interests illustrate this theme. A friend of mine had a coin collection 20 years ago which I asked to see. I remember a set of rather dark old copper large cents. I wondered why anyone could possibly be interested in such a bleak looking set of black disks and thought of it no more.

Several years later I vacationed in Austria and on impulse bought a book on bullion investing. It so happened that scattered around Austria in bank windows were small sets of beautiful gold bullion coins. When I returned to the United States I sent for a report on bullion investing that included a freebie Morgan dollar. That Morgan dollar became a pocket piece, and although I bought a little bullion as part of an investing program, I felt that the Morgan dollar was more interesting than bullion. I started going to coin shows. Then I was hooked. It seemed to me that a *collection* of enduring value could still be part of a hard asset investment program but more fun.

Of course coin collecting is a hobby rather than an investment. But still it is a store of value. This psychology of “a store of value” has been a very common theme for those who have been through the Depression. I remember an elderly chicken farmer in our local coin club who had been through the Depression and who would bid on every silver bullion item in every club auction. When he died, massive quantities of silver bullion were found buried under his chicken barn floorboards. This symbolized security for him.

A Glimpse of Psychology

In his book “Games People Play”, Eric Berne developed a hypothesis called transactional analysis. Berne postulated that humans need to structure their time and need “stroking” physically or socially. To be “stroked” mentally or physically humans use four activities: past-times, games, intimacy, and nonsocial activity. The last includes hobbies like going for walks, collecting, reading, and so on.

Abraham Maslow linked together existential philosophies and human psychology. He postulated a hierarchy of basic human needs common to all individuals, ranging from basic or essential, to those leading to enjoyment and enhancement of life. The hierarchy was:

1. Physiological needs such as food, water and shelter, these being basic for survival.
2. Security needs, including safety, security, and freedom from illness or threats, these providing comforts beyond existence.
3. Affiliation needs such sex, affection, relationships, and the feeling of belonging to something, all of which provide pleasures of life.
4. Esteem needs such as feelings of self-worth and achievement.
5. Self--actualization needs like self-fulfillment, finding a meaning to life, and transcendental change.

Coin or currency collecting fall in number five.

Another thought: Do coins furnish security and comfort in times of change? And, if so, do men demand tangible forms of security, such as coins, while, perhaps, women find their security in relationships with other people? More food for thought! Is collecting an escape mechanism from the everyday problems of the world? Can one have a *relationship* with one’s coins or currency, or is the gathering of coins or currency simply a relaxing hobby?

Still another consideration: A “trophy coin” or “trophy note” is a badge of success and accomplishment, and, in the long run, somewhat easier to manage than casting aside family traditions for a new “trophy wife,” the last being a popular pursuit of many successful men (again) in sports, politics, entertainment, and business. To buy a gem specimen of Rarity X incites admiration and, perhaps, even front-page coverage in *Coin World!*

Appropriate to the preceding is yet another psychological mechanism: identification. This is the unconscious transfer of outside character traits into one’s own mind. Coin collecting may enable someone to emulate the rich guy. He can keep up with the Joneses, or indulge in the king of hobbies. He feels that, “If I do this I will feel like a well-heeled connoisseur.” “The King of Egypt and the King of Italy collected coins, therefore I will collect coins too and I will feel like a king.”

The various thoughts of Freud and others could be woven into the scenario to add more variables. Indeed, a *book* could be written about why people collect coins.

Coins and Their Prices

The concept of a coin collection as a store of value merits further discussion. Although there are many savvy female bankers, stock analysts, and financial planners, the world of money and Wall Street is dominated by males. Perhaps directory or subliminally they are driven to acquire a store of value, acorns for the winter, so to speak.

In contemplating investments, a coin collector has another world of opportunity beyond the usual stocks, bonds, Treasury bills, money market accounts, and other venues. More than just a few numismatists have realized investment returns on their collections that have outmatched what their friends have done in stocks and bonds. Some collectors approach investing and collecting with a method, such as having a certain percentage of investment funds in collectibles, a certain percent in cash, a certain percent in stocks, and so on. Wall Street firms often come up with such sets of figures.

However, the typical coin collector, once he or she learns the basics of buying, selling, and grading coins, tends to favor numismatics over just about everything else. There is a certain confidence factor in acquiring a coin of known rarity and traditional value. But fads must be avoided, as profits from fads in the coin market are usually temporary or illusory, just like buying “hot” stocks.

Not everyone wants to take the time to learn about the coin market, grading, and other factors. However, the lion’s share of actual profits do go to such people, just as in the securities market those who are most successful base their purchases upon careful study.

Other Views of Collecting

One traditional explanation of why people collect coins has been that it is an acquired taste like wine, cigars, whiskey and fine art. An “acquired taste” means that the response to the area of interest depends on acquired rather than innate knowledge.

Another view has been that coin collecting includes aesthetics, history, geography, investment, art, finance, and has an angle for just about everybody. In the Victorian age and before, people seldom collected only coins. “Gentlemen” often collected in a number of areas, such as rocks and minerals, scientific instruments, biological specimens, and books. These collections reflected a level of inquisitiveness, curiosity and learning. Men would retire to the study after dinner over cigars and port and engage in exciting discussions on history, politics, the arts, and the latest science and theories. In the 1850s and 1860s Joseph J. Mickley, musical instrument repairer in Philadelphia and one of America’s best-known numismatists, did this. On the other hand, in Baltimore in his palatial Evergreen House, in the 1880s T. Harrison Garrett seems to have enjoyed being alone with his coins and books.

Coin collecting is a clean, pleasurable hobby. There is voluminous literature about coins with perhaps more history and variety than many other collectables. Clubs, conventions, coin shows, the Internet, and particularly the ANA provides for great camaraderie amongst coin collectors. Coins are small, portable and valuable items of enduring value.

Joseph Campbell tells us that the ritual of passing objects from generation to generation is important. Rare coins or currency symbolize artifacts of value from previous generations, perhaps a way of holding on to our past. It is human nature to need ritual and to connect with our roots. Because we have little ritual in our current society, Campbell feels that contemporary religions may be outdated. It is our way of holding on to our past because we have no storytellers or elders to give us living proof of our roots. Objects from the past have become the story tellers.

Wayne Sayles in his book, *Ancient Coin Collecting*, says, “We are not the first to walk this path, nor will we be the last. The preserved records of the past are today’s history...a visual link to the roots of our legal, moral and political systems and values.... Collecting is a natural human instinct.” As to whether psychologists would include numismatics as a basic human instinct is a matter of debate, but it is interesting to contemplate, perhaps in connection with an ornithological study of why crows like to “collect” shiny objects to put in their nests. Amazing, where such contemplations can lead!

I would like to conclude with a letter that I received from a numismatist friend who I invited over to look at my colonial coin collection. He later emailed me to say: “I cannot remember the last time I had such a fun evening. Most people just wouldn’t understand....”

I have reviewed several explanations of why we collect coins. I must point out that not everything in life is simple. The reasons people collect coins are complex and vary from person to person. They are unlikely to be explained by a single metaphor. Have you identified with any of these explanations? Do you fit into any of these characterizations? If so, this could explain why you collect coins.

Perhaps, indeed, you collect coins and currency *because you want to*. No doubt there are many psychological, historical, financial, and other reasons, but the bottom line is probably *enjoyment*. Numismatics or currency collecting is a passion, and like many other passions of the heart and soul, it cannot be explained easily. And, perhaps therein lies its beauty.

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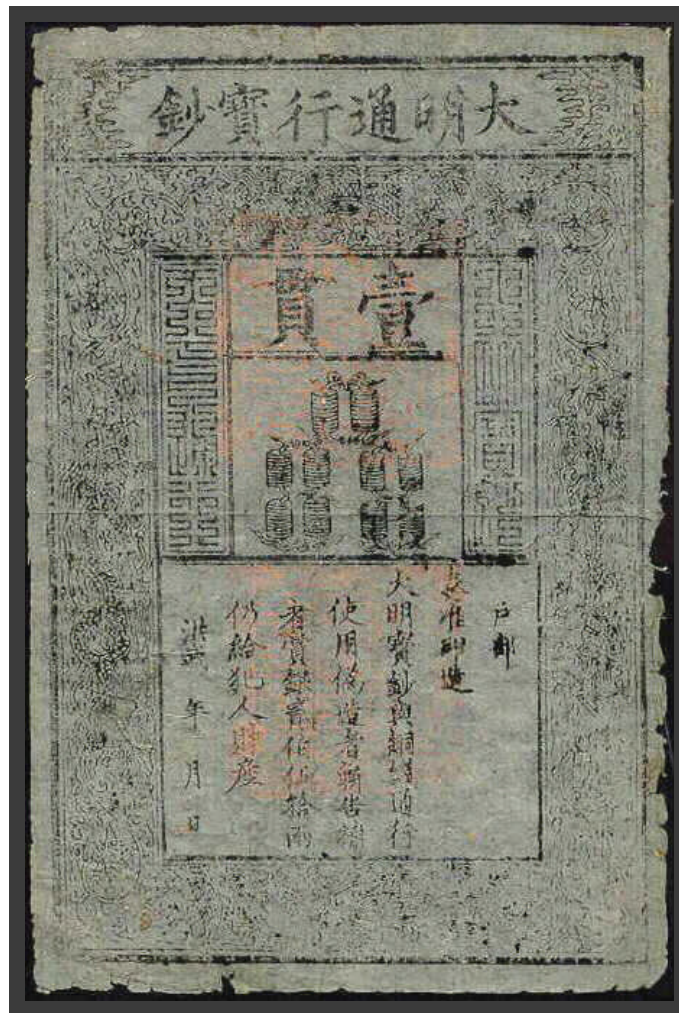
And, years of enjoyable real-life experience as a numismatist.

CHAPTER TWO

A BRIEF HISTORY OF PAPER CURRENCY

1. CHINA

The four great inventions of ancient China were the compass, gunpowder, papermaking, and printing. Cai Lun is credited with being the first to describe papermaking about 105 A.D., though papyrus had been invented by the Egyptians 2,000 to 3,000 B.C. The very first world paper currency was Chinese around 7th to 9th Century AD. In 812 the Chinese Emperor substituted paper money for copper which was in short supply. It was called “flying money” and could be exchanged for copper. The oldest extant paper money is the 1,000 cash Ming dynasty note from 1368 – 1398, measuring 225 x 340 mm with a pile of coins pictured in the middle. It was made of mulberry bark. Strictly speaking they were really drafts for money deposited with the government. Marco Polo, who traveled to China between 1275 and 1292, devoted a chapter in his travel book to Chinese paper money.



Ming Dynasty 1,000 cash note circa 1380. World's earliest surviving paper money

Marco Polo wrote: “All his majesty’s armies are paid with this currency, which is to them of the same value as if it were gold or silver”.

In 1483, while the Moors were besieging the Alhambra palace, emergency paper bills were printed. None have survived. In the 1600s Japanese Shintu priests, who were also merchants, produced the Yamada Hagaki. This was paper money as a form of receipt, stamped, signed, and dated with specific values. In 1633 appeared the earliest known English goldsmith certificates used to reclaim goods, or to serve as evidence of wealth. By 1660 they were used as money too. In 1664 the Bank of England produced its first note, but Sweden actually antedated them.

2. SWEDEN

The first European government that issued paper money was Sweden. Before 1661 Swedish money consisted of large unmanageable copper plates. Johan Palmstruch, a Jewish entrepreneur from Riga, Latvia, founded the Stockholm Banco, a private banking company that intended to issue paper money (in those days Riga was part of Sweden). The only way he could get permission to do it was to promise the King 50% of the profits. Of course he printed too much and the company crashed in 1667 because it was insufficiently backed by specie (supposedly gold). Sounds like a medieval version of Bernie Madoff!

Palmstruch was sentenced to death, but this was later commuted to a prison term. The notes were signed by eight dignitaries, had watermarks, personal seals and a fancy border.



First European bank note: Stockholm Banco 1661

3. CANADA

The first paper currency of the New World was made in Canada (or New France as it was then known). In 1685 the New France Intendant (second in charge below the Governor) Jacques de Meulles requisitioned all playing cards in the colony, cut them up into quarters, wrote monetary values on each and proclaimed them money. The French government disapproved and said they were personal i.o.u.'s of the intendant. Nevertheless when the next boat arrived from France all the cards were exchanged for specie and the cards were destroyed.

However the French government still kept New France short of specie so the practice continued. In 1714 the practice was halted because of inflation of 400% caused by expanding the money supply in New France. The practice restarted in 1729 and continued until the seven years war with the English 1756 – 1763.



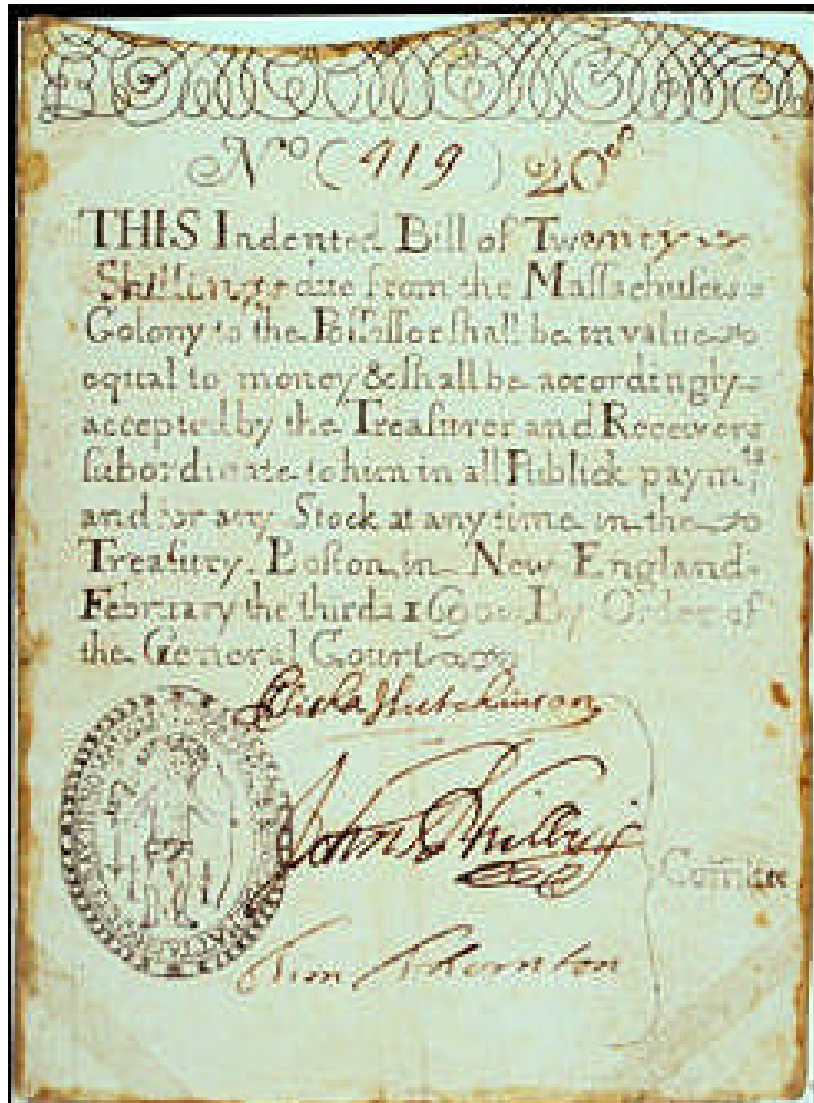
French Canadian playing card money 1714

4. MASSACHUSETTS

King William's war started when the Comte de Frontenac, governor of New France, attacked English settlements in the colony of Massachusetts in 1689. Sir William Phipps, of humble origins, recovered £300,000 of sunken treasure off Hispaniola for the crown. He was knighted for this in 1687 and was appointed Provost Marshal General of Massachusetts under Sir Edmund Andros.

He buddied up with Increase Mathers and his son Cotton. Because of their influence he was chosen to lead Massachusetts troops against the French, seizing Annapolis Royal in Nova Scotia in 1690 (though it was later taken back by the French in 1691). He would later become governor in 1692 but had a violent temper.

Later in 1690 2,000 men left Boston to invade Canada for King William. The raid failed. But the Massachusetts governor could not get England to pay the soldiers, nor could he borrow the money from local merchants to pay them. The governor decided instead to print £7,000 in notes. He said the Massachusetts government would redeem them in specie. It never did; nonetheless the English colonies in America continued printing paper currency even though it was prohibited by the crown.



1690 Massachusetts Bay colony twenty shilling note

Paper money caused inflation. In colonial times the term 'money of account' was used. This meant the monetary unit in which accounts were kept, not necessarily linked to the units on coins or notes. No notes of twenty shillings were actually printed by Massachusetts Bay but this is a contemporary fantasy note.

The word 'tenor' meant different issue periods of American colonial currency. Each period devalued the previous period. In Massachusetts middle tenor commenced in 1736 devaluing old tenor notes by two thirds, and new tenor notes started in 1740 devaluing old and middle tenor notes by three quarters. In Connecticut new tenor started in 1740: £1 of new was equivalent to £3.5 of old tenor. In 1755 the next tenor was called 'lawful money': £1 of lawful money was equivalent to £2.1 of new tenor, or £7.33 of old tenor.

5. MERCANTILISM

A lot of the problems of shortage of specie in North America derived from the practice of new tenor, the economic theory of the time. It went like this:

- Wealth is specie and land.
- All specie should therefore remain in Britain, and no coining should be allowed outside Britain.
- Colonies meant wealth because Britain owned new land.

Trade meant raw materials were transported from the colony to Britain; Britain finished the material and sold some of it back to the colony. This provided free materials, specie from sales abroad and employment at home. Britain outlawed colonial manufacture that competed with her. Mercantilism was not just practiced by Britain - France and Spain behaved in the same way.

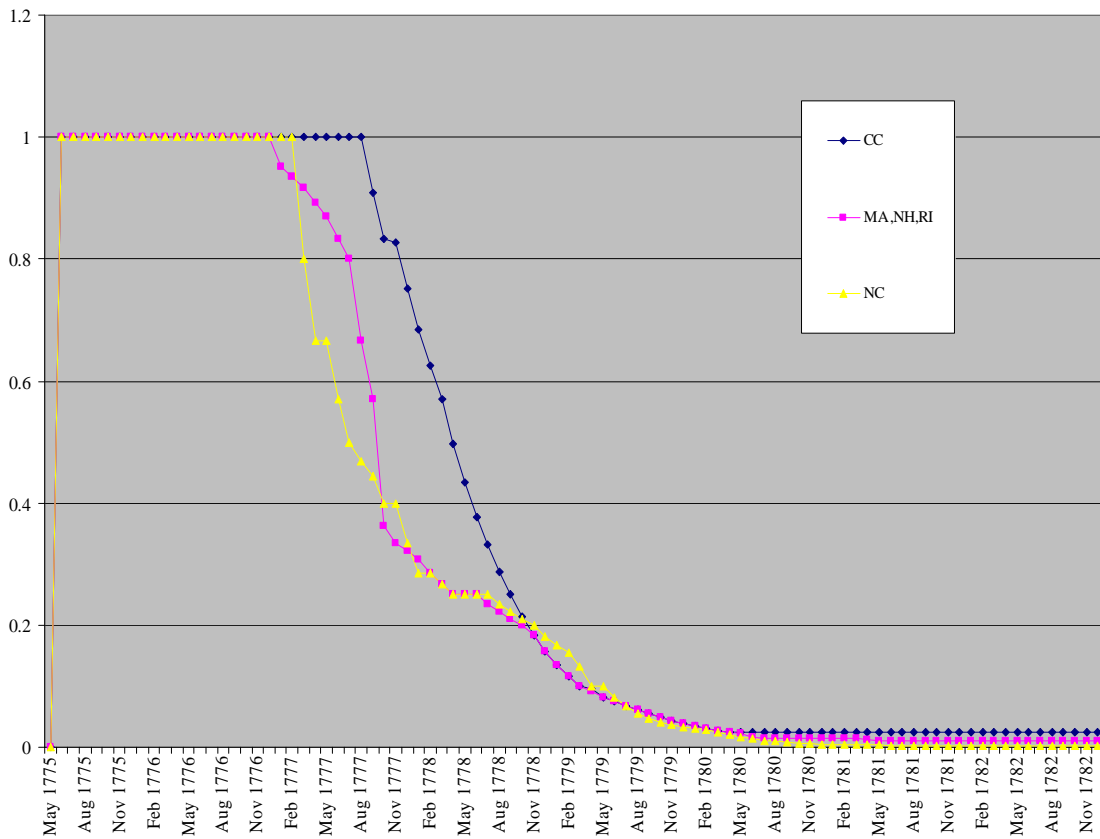
In reality insufficient specie in the colonies led to using substitutes - paper currency, foreign specie, and tokens.

6. THE AMERICAN REVOLUTION

By 1775 there was about \$12 million in specie and currency circulating in America. However the colonists had to print massive quantities of Continental Currency to pay troops and supplies for their war of independence from Britain. Between the first issue in May 1775 and the last issue in January 1779 they printed almost \$250 million. The paper currency consequently became so devalued it was called 'shinplaster'. A shin plaster was a plaster applied to sore shins, or a piece of poorly secured paper money.



Continental Currency from 1779



Depreciation of Continental Currency

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dollardaze.org article by Mike Hewitt entitled 'fate of Paper Money' containing image of Kuan note

CHAPTER THREE

ORIGIN OF LARGE SIZE US CURRENCY AND A BRIEF HISTORY OF CIVIL WAR

After a devastating inflation that accompanied the printing of continental currency to help finance the revolutionary war, the last thing America wanted was more paper currency. Specie therefore was all we used.

In 1791 the Bank of the United States (BUS) was given a 20 year charter. The federal government supplied 20% of the start up money. The bank acted as the bank of the government, and also made loans to private people and businesses. The bank was also allowed to print banknotes, but all notes had to be backed by gold. Their opponents said the bank just represented big city fat cats, who kept the power in Philadelphia, preventing business development elsewhere. So in 1811 when the charter ran out it was not renewed.

But in 1812 the English attacked US. Notwithstanding the termination of the Bank of the United States in 1811, the United States Treasury issued \$36 million of Treasury Notes to finance the war.



Treasury Note of the War of 1812 \$5 Unsigned Remainder.



Second Bank of US \$50 1821

We struggled to finance our defense. So the Federalists in congress who favored a strong central bank re-chartered the second Bank of the United States for another 20 years in 1816 when the war was over. But as Newton said: to every action there is an equal and opposite reaction! The anti-Federalists were the opposition, headed by Andrew Jackson, who favored a decentralized bank, and they killed the re-chartering effort in 1836.

Meanwhile private state banks produced their own banknotes backed only by local confidence in the bank. The very first was the Bank of North America in Philadelphia in 1782. With time state bank notes became tradable only locally. They were often traded at a discount depending on the degree of real or perceived solvency of the bank. Not infrequently they traded for nothing when it was found the bank was bankrupt (hence “broken bank notes”), or did not exist (gotcha!). The era of state banknotes came to an end in 1863 with the National Banking Act, after which they were called obsolete notes.



Obsolete Bank Note: \$5 Cochoituate Bank, Massachusetts 1853

America was left with weak, undependable, poorly regulated, often corrupt, state banks until the civil war.

But the civil war was quite unlike anything America had ever before experienced. Remembered with much romance and affection by generations of collectors and historians it was, as Peter Huntoon has said, nothing of the sort. It was revolting and disgusting. Battles killed 360,000 of the 2,500,000 in the union army, and 258,000 of the 1,000,000 in the confederate army. In total over 618,000 died from battle wounds or disease. Another 500,000 were maimed. The US population at that time was 31,000,000. Of 15,000,000 men over 1,118,000 were killed or maimed i.e. 7.5%. The suffering was unimaginable.

The total cost of the civil war was about \$8 billion, with another \$3 billion in pensions after the war. That sort of money simply did not exist before the war: the north had about \$240 million in specie, and the south \$27 million. The only way to generate that kind of money was borrowing (bonds), gifts (from foreign governments) and printing paper currency.

Raphael P. Thian, secretary of the, said “the history of the purse is as important as that of the sword”.