



U.S. Paper Money

November 2004 & April 2005



Presented by:
Eric Leonard
Vice President
& Webmaster



Crescent City
Coin Club



What is paper money?

Paper money is a promissory note. Unlike precious metal coins (such as gold or silver), the paper itself has no intrinsic value. The value of paper money is the purchasing power commanded by the issuing agency, in this case the United States federal government.

In fact, the coins we use today are not made of precious metals and thus have no intrinsic value. Therefore, modern “business strike” coins are nothing more than symbols of their face value.



\$1, 1896



\$1, 1999

Why use paper money?

Paper money has advantages and disadvantages.

Advantages

- 1) Inexpensive to produce... even the cheapest coins take valuable metals out of the economy.
- 2) Convenient to use... more purchasing power can be in your wallet as paper money versus coin.



Disadvantages

- 1) Counterfeiting... unauthorized reproduction, which is a crime.
- 2) Depreciation... reduced value compared to other exchange medium such as goods, coin, or different paper money.
- 3) Inflation... over issuance, the overproduction of paper money without backing.



\$1, 1935

How old is paper money?

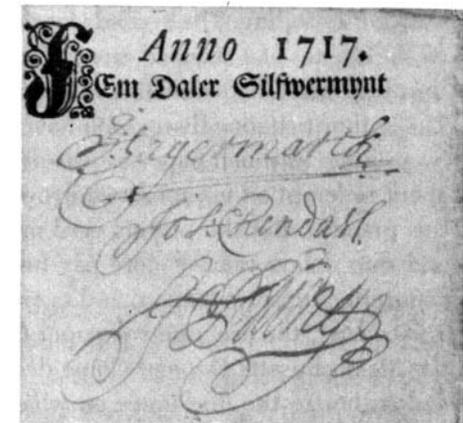
Paper money was first printed in China during the Ming Dynasty in the 14th century. Marco Polo (1254-1324) brought news of Chinese paper money to Europe. But European leaders thought that mere promises to pay were too great a step for economies based on gold and silver coins.

On the other hand, it was becoming increasingly common for gold and silver coins to be debased, or made with less precious metals and/or cheaper metals.

As early as the 4th century, the Roman Empire was minting degenerate coins. The practice continued and spread until the bank of Stockholm in Sweden printed the first European banknote in 1661. Printing a note was cheaper than minting a coin, and both were nothing more than promises to pay the bearer in gold or silver upon demand.



**Ming Dynasty note,
circa 1300**



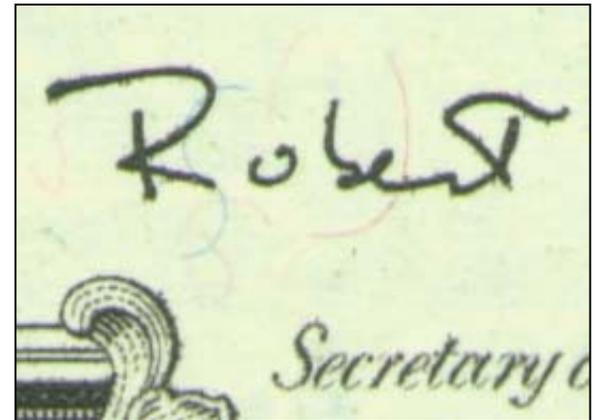
**Early Swedish bank
note, 1717**

Is paper money really made of paper?

Originally, yes. But the better paper was mixed with linen cloth to produce a high grade paper that was more durable.

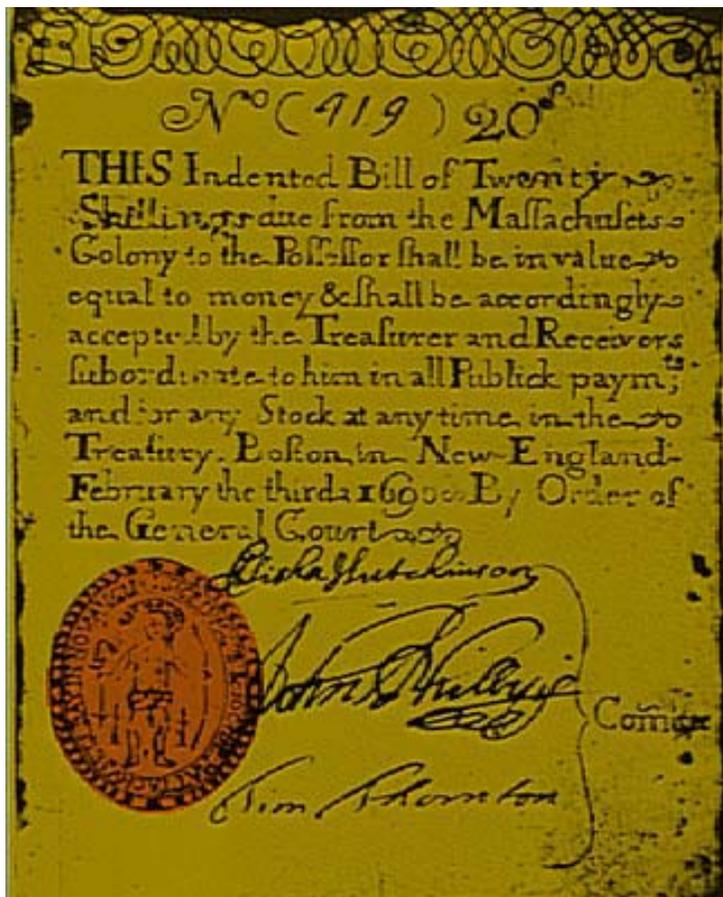
Paper in various forms dates back to the ancient Egyptians and their use of papyrus, a water plant that was dried and pressed together. Later, dried sheep skin was used, which we know as parchment.

Today, U.S. paper money is $\frac{1}{4}$ linen and $\frac{3}{4}$ cotton. If you look closely, you can see the red and blue fibers of cloth in our paper money.

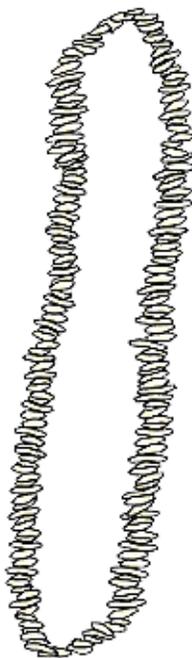


When did the U.S. start using paper money?

The United States has been using paper money since before the it was the United States! In fact, Colonial Currency dates back to 1690.



Massachusetts Bay Colony note, 1690



Wampum



Tobacco

Most colonial transactions were “barter” or trade of goods for goods.

Over time, some goods such as wampum and tobacco were actually treated as money.

What are varieties of U.S. paper money?

Well, there's lots of different ways to classify U.S. paper money, but here's one way to do it:

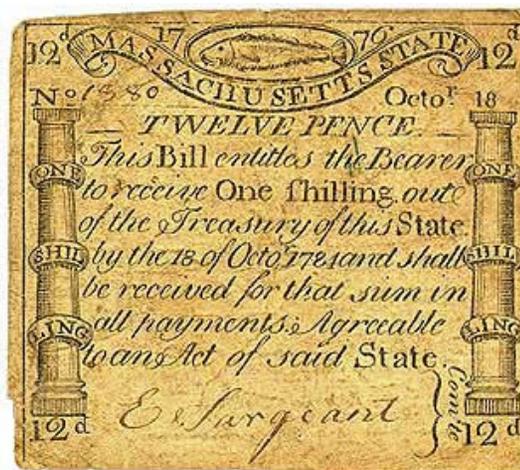
| Variety | Years of Issue |
|---|-----------------------|
| Colonial & Continental Currency | 1690 – 1791 |
| Bank of the United States Notes | 1775 – 1836 |
| State Bank Notes (a.k.a. Broken Banks) | 1836 – 1913 |
| Confederate Currency | 1861 – 1865 |
| Demand & National Bank Notes | 1861 – 1932 |
| Federal Notes* | 1862 – Present |

* There are several varieties of Federal notes including United States Notes (1862-1966), National Currency (1863-1929), Gold Certificates (1865-1934), Silver Certificates (1878-1963), Federal Reserve Bank Notes (1913-1933), and Federal Reserve Notes (1913-Present).

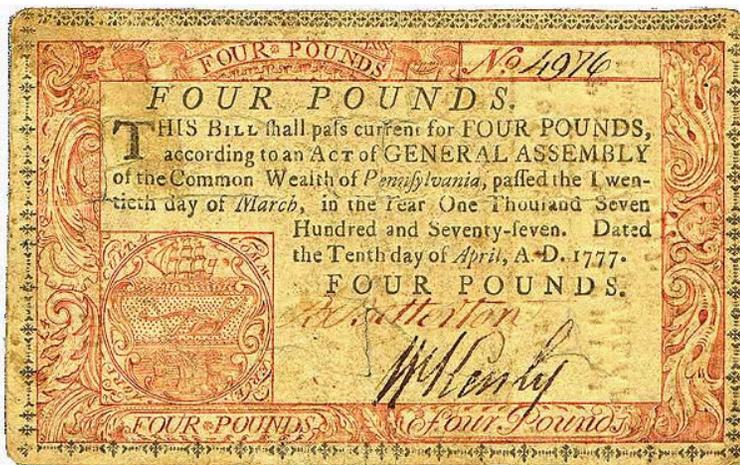
Colonial Currency



Georgia \$4, 1776



Massachusetts 12 pence, 1776



Pennsylvania £4, 1777



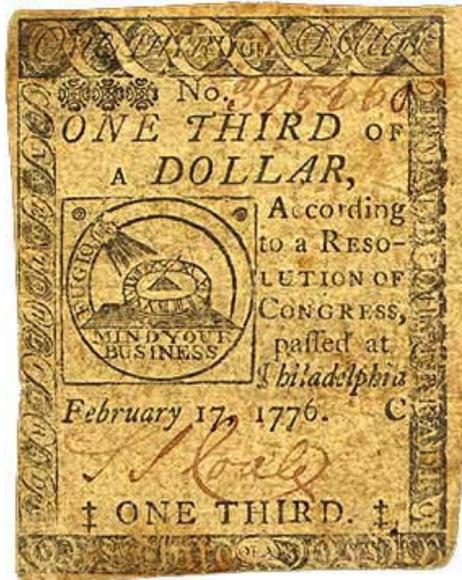
New Jersey £3, 1776

In the absence of a single official monetary unit, Colonial Currency referenced Spanish and British (and other) coin as their backing.

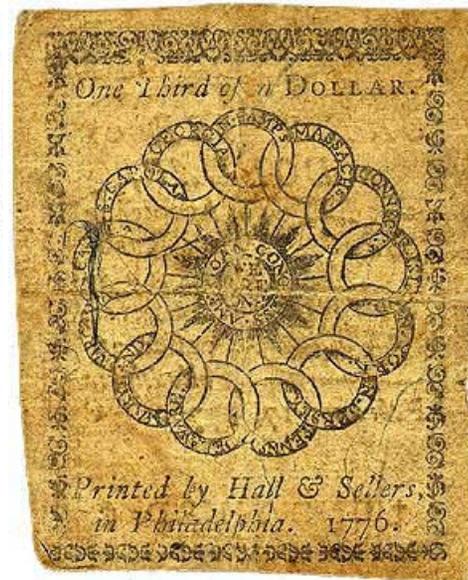
Continental Currency



\$65, 1779



\$1/3, 1776 - front

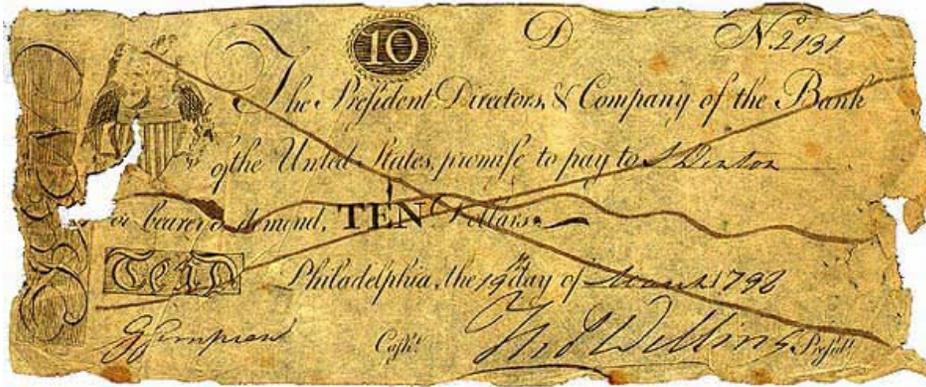


\$1/3, 1776 - back

First authorized by the Continental Congress in 1775, note the use of symbols of justice, independence, and unity on these early notes issued by a fledgling nation.

Continental currency were “backed” by the anticipation of independence from Great Britain and future tax revenues. As such, they were quickly devalued and gave rise to the expression, “not worth a Continental.”

Bank of the United States Notes



First Bank \$10, 1792



Second Bank \$2000, 1840

In 1791, the Bank of the United States received a charter from Congress to operate until 1811. It was followed by the Second Bank of the United States from 1816 until 1836.

President Andrew Jackson vetoed the recharter of the Second Bank because people wanted easy credit due to the rapidly growing western expansion.

After its charter was revoked, the Second Bank of the United States continued to operate under the charter of the state of Pennsylvania.

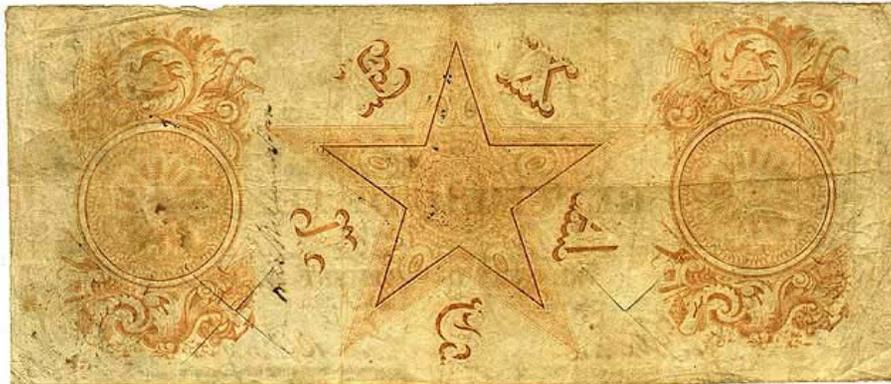
State Bank Notes – continued



Republic of Texas \$50, 1840



Bank of the State of Indiana \$5, 1857



State Bank Notes were issued in denominations from ½ cent to \$20,000.

Note the advertising stamp on the back of the Indiana note. It was common for merchants to put their mark on paper money as a method of advertising.

Confederate Currency



\$50, 1862



\$20, 1863



Confederate Currency was issued 1861 – 1865 in the 13 southern states that ceded from the United States to form the Confederate States of America.

During the Civil War, the North printed counterfeit Confederate Currency and circulated them in the South to debase the currency and contribute to inflation.

Confederate Currency – continued



\$2, 1862



\$5, 1861



\$1, 1862



\$10, 1861

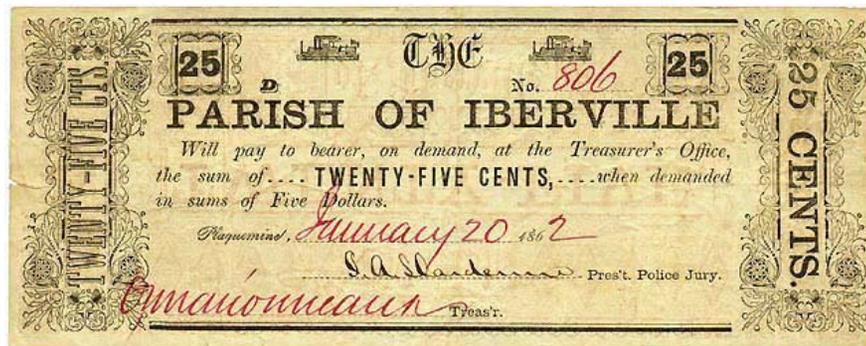
The premise of Confederate Currency was that it could be redeemed at face value 6 months after the ratification of a treaty between the Confederate States of America and the United States of America.

When General Grant (North) accepted the surrender of General Lee (South) in 1865, Confederate notes were not worth the paper they were printed on.

Confederate Currency – continued



State of Louisiana \$5, 1862



Parish of Iberville (Louisiana) 25¢, 1862

Closer to home, the State Bank of Louisiana, parishes, cities, and even private merchants printed paper money during the Civil War.

National Currency was authorized July 17, 1861

Congress authorized the printing of paper money as an emergency act to fund the Civil War effort.

The first notes printed were non-interest bearing notes called Demand Notes.

They were printed on both sides with the back printed using only green ink, hence the name “greenbacks.”

Demand Notes could be redeemed in coin on demand.



Demand Note \$10, 1861

The front features a portrait of Lincoln and a female figure representing Art.

All United States currency from July 17, 1861 forward is considered legal tender.

National Bank Notes

President Abraham Lincoln convinced Congress to pass the National Banking Act of 1863 which established a national banking system to issue a uniform currency.

National Banks were required to purchase securities from the United States government as backing for their notes.

Beginning in 1865, State Bank Notes were taxed 10% which effectively taxed them out of existence, but it took almost 50 years!



National Broadway Bank of New York \$100, 1865

The front features a painting of the Battle of Lake Erie and a female figure representing Union. The back is John Trumbull's painting, "The Signing of the Declaration of Independence."

National Bank Notes – continued



City National Bank of Dallas, Texas \$20, 1900

The front features a painting of the Battle of Lexington and a female figure representing Loyalty. The back is the Second Charter Period of the National Bank.



First National Bank of Verden, Oklahoma \$100, 1907

The front features a portrait of John Knox (1828 – 1892) who is the namesake of Ft. Knox where the gold reserve of the United States is protected.



Federal Notes – Legal Tender Notes

Beginning in 1862, the United States federal government began printing notes that were different from Demand Notes. The legal obligation of the government was printed on the back.

These notes are backed only by the good faith and credit of the United States.

They were deemed legal tender by law and thus, acceptable payment for “all debts, public and private except duties on imports and interest on public debt.”



Legal Tender Note \$10, 1901

The "Bison" or “Buffalo Bill” note features the American bison Pablo and portraits of the famous explorers Meriwether Lewis (1774 – 1809) and William Clark (1770 – 1838). A female figure symbolizing Columbia is on the back.

Legal Tender Notes – continued



Legal Tender Note \$1000, 1880

The front features a portrait of Dewitt Clinton who graduated from Columbia College, New York at age 17. He went on to be elected to the U.S. Senate, Mayor of New York City, and Governor of New York for 3 terms. To the left of Dewitt is “Columbus in his Study.” The back has a M which is the Roman numeral for 1,000.



Legal Tender Note \$5, 1907

Often called the “Woodchopper Note”, the front features an engraving by Henry Gugler called “The Pioneer.” To the left is a portrait of President Andrew Jackson (1767 – 1845).

Legal Tender Notes – continued



Legal Tender Note \$2, 1880

The front features the U.S. Capitol Building. To the left is a portrait of President Thomas Jefferson (1743 – 1826). He was the author of the Declaration of Independence and died on July 4, 1826, the 50th anniversary of the signing. The back design earned this note the nickname, “Bracelet Note.”



Legal Tender Note \$1, 1917

Often called the “Sawhorse Note” because of the back design, the front features a portrait of President George Washington (1732 – 1799). To the left is a painting by Charles Schussle called, “Columbus, Discovery of Land.”

Federal Notes – Gold Certificates

Gold Certificates were first issued in 1863 and put into general circulation in 1882.

The U.S. federal government printed these notes to increase the nation's reserve of gold.

In 1934, President Franklin Roosevelt signed the Gold Reserve Act which outlawed the private ownership of gold.

This was relaxed in 1964 and in 1974, the private ownership of gold was once again fully legal.



Gold Certificate \$10000, 1882

The front features a portrait of President Andrew Jackson who had the nicknames “Old Hickory” and the “Hero of the Battle of New Orleans.” The back is an engraving called “The Eagle of the Capitol.”

Gold Certificates – continued



Gold Certificate \$500, 1882

The front features a portrait of President Abraham Lincoln (1809 – 1865). He was assassinated on April 15, 1865 just 6 days after the end of the Civil War. The back has a D which is the Roman numeral for 500 and an engraving called, “Eagle with Flag.”



Gold Certificate \$1000, 1907

A portrait of Alexander Hamilton (1755 – 1804) is the front feature. He was the first Secretary of the Treasury and established the Bank of the United States. The back of the note has the front of the Great Seal of the United States which became our national emblem in 1782.

Federal Notes – Silver Certificates

Silver Certificates were first issued in 1878 and circulated until 1963 when the price of silver reached \$1.29 an ounce.

They were replaced with Federal Reserve Notes which marked the end of notes with redemption demands.



Silver Certificate \$1, 1886

The front features a portrait of Martha Washington (1731 – 1802). This is the only note that features a woman who actually lived as the main theme.

Silver Certificates – continued



Silver Certificate \$2, 1896

The second note of the famed Educational Series, the front is a vignette of five female figures representing Science presenting Steam and Electricity to Industry and Commerce. The back features Robert Fulton (inventor of the steam engine) and Samuel Morse (inventor of the telegraph).



Silver Certificate \$5, 1899

This is the only issue of U.S. currency to feature a Native American as the main theme, a portrait of Sioux Chief Running Antelope wearing a Pawnee war bonnet. This depiction was considered offensive by members of both tribes.

Silver Certificates – continued



Silver Certificate \$1, 1899

Known as the “Black Eagle Note”, the front features an engraving called “The Eagle of the Capitol” which spreads its wings over portraits of Presidents Abraham Lincoln and Ulysses Grant (1822 – 1885).



Silver Certificate \$2, 1899

On the front, a portrait of President George Washington is between female figures representing Mechanics and Agriculture.



Federal Notes – Federal Reserve Notes

The Federal Reserve Act of 1913 created the Federal Reserve System which serves as the nation's central bank.

The purpose of the “Fed” is to regulate the flow of money and credit for economic stability and growth.

Federal Reserve Notes were issued in denominations ranging from \$1 to \$10,000 with special bank-to-bank transfer notes of up to \$100,000.

In 1969, all notes higher than \$100 were retired.



Federal Reserve Note \$10000, 1914

On the front, a portrait of Salmon Chase (1808 – 1873). He served as the Secretary of the Treasury under President Abraham Lincoln and was appointed to be the Chief Justice of the Supreme Court by Lincoln. The back is the mural by R.W. Wier called “Embarkation of the Pilgrims.”

Federal Reserve Notes – continued



Federal Reserve Note \$50, 1914

The front features a portrait of President Ulysses Grant. The back features a female figure symbolic of Panama between ships approaching from the west and east.



Federal Reserve Note \$100, 1914

A portrait of Benjamin Franklin (1706 – 1790) is on the front with an engraving by Kenyon Cox on the back that was originally intended to be the standard back for all small-sized currency.

Federal Reserve Notes – continued



Federal Reserve Note \$10, 1914



Federal Reserve Note \$1000, 1914



The front features a portrait of President Andrew Jackson. The back has vignettes called “Farming” and “Industry.”

On the front, a portrait of Alexander Hamilton and on the back, an eagle vignette by M.W. Baldwin.

Federal Notes – Highest Denomination

The highest denomination Federal Reserve Note ever printed was \$100,000.

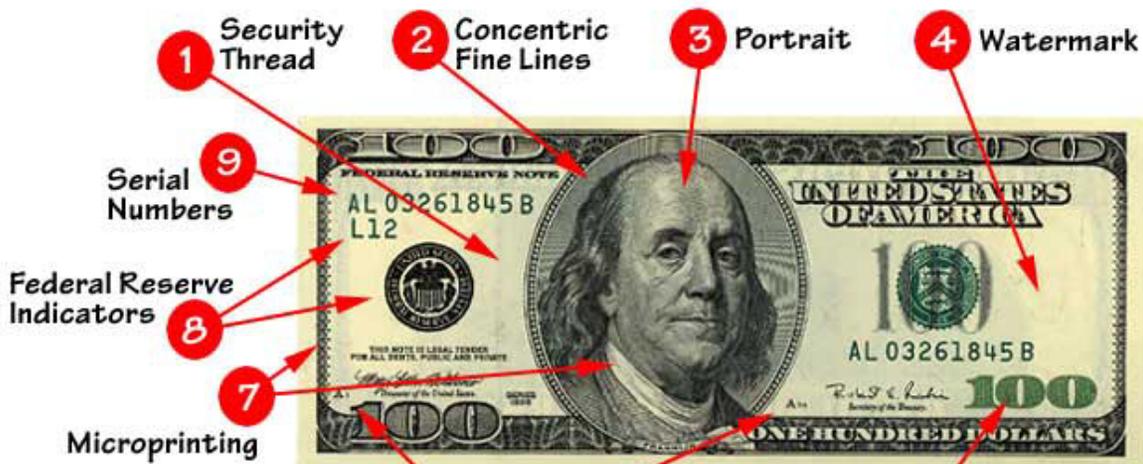
This note was never intended to circulate, but was meant for bank-to-bank transfers between Federal Reserve Banks.



Federal Reserve Note \$100000, 1934

On the front, a portrait of President Woodrow Wilson (1856 – 1924) who founded the League of Nations which was the forerunner organization of the United Nations.

What's new about U.S. Paper Money?



Redesigned \$100, 1996



Redesigned \$20, 2003



Redesigned \$50, 2004



Finally, Bourse Bucks are here!

The Crescent City Coin Club has begun issuing Bourse Bucks to encourage interest and participation.

Bourse Bucks can be redeemed for numismatic items only at meetings and shows sponsored by the Crescent City Coin Club.



\$1, 2005

For more information about Bourse Bucks, visit our website at crescentcitycoinclub.org



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Thanks for your time and interest!



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