

BARTERING

Bartering is the practice of exchanging one commodity or service for another commodity or service. Bartering became an important part of the early colonial economy due to the low circulation of specie (coin) and paper money had not been created in what is now the United States. Typical commodities used in bartering were tobacco, corn, animal pelts, grain, and cattle. In fact, the General Assembly of Virginia passed a law in 1619 making tobacco a legal tender.

WAMPUM

The Native Americans made wampum (or shell money) and gave it as a gift. These beads were made from shells that were polished and then strung together. The European Settlers used wampum mainly in the Northeastern part of what is now the United States. At first, the Native Americans made wampum for the new settlers, but the colonists started to manufacture their own wampum. As a result, wampum decreased in value.

EARLY COINS

Foreign specie (coin) from a variety of countries was circulating throughout the colonies. Each colony kept a “money of account” using a standardized denomination. This was a bookkeeping practice to track how much specie was circulating in their colony. Many colonies chose the English denomination of pounds, shillings, and pence to value their specie. These values differed from colony to colony. Here is a list of a few of the foreign coins that circulated the colonies:

- Spanish American eight reales or Spanish American Dollar, doubloon, escudo
- Dutch ducatoon, rijksdaalder, lionladder
- English Crown, pound, shilling, pence
- French crowns

COLONIAL NOTES/BILLS OF CREDIT

Paper money became essential due to the scarcity of specie. In 1690, the Province of Massachusetts Bay issued the first American paper money in the form of a bill of credit also known as a colonial note.

- Issuances
- Reasons for Issue
 - Military Expenditures
 - Public Work Structures

- Relief for the poor
- Burned Tobacco Inventory
- Tobacco Warehouse Certificates
- Public Loan Offices
- Private Loan Banks
- Counterfeiting
- The British Parliament passed the Currency Acts to regulate the colonial paper money and protect British merchants from depreciating money.
- Revolutionary War Issues

CONTINENTAL CURRENCY

The Continental Congress authorized the issuance of continental currency in 1775.

- Issuances
- English Economic Warfare through Counterfeiting
- “Not Worth a Continental”
- Funding Act of 1790

BANK NOTES

After the Revolutionary War, the State governments authorized banks to issue bank notes. The Bank of North America was one of the first ones that opened in 1781 in Philadelphia, Pennsylvania. This bank was rechartered by the State of Pennsylvania in 1782. Bank notes were only redeemable in the area where they were issued.

- Issuances
- Embargo Act of 1807
- General Bank Law of 1857
- National Banking Acts 1863, 1864, 1865, and 1866

NATIONAL BANK NOTES

Congress authorized a twenty-year charter in 1791 for a national bank called the [First] Bank of the United States. This bank issued National Bank Notes that could be redeemed anywhere in the United States. In 1811, the First Bank of the United States closed its doors due to the charter expiring. Congress granted a charter in 1816 for the Second Bank of the United States and it closed its doors in 1836. The National bank notes were retired in the 1930s.

UNITED STATES MINT

The Coinage Act of 1792 (or the Mint Act) established the United States Mint in Philadelphia, Pennsylvania. This Act designated the dollar as the monetary standard for the United States and declared the silver dollar as the legal tender of the United States.

FRACTIONAL CURRENCY

In 1815, coins were hard to find. Banks, stores, and other businesses issued fractional currency to keep consumers buying. These were known as scrips or shinplasters.

NOTES ISSUED BY UNITED STATES GOVERNMENT

Notes issued by the United States government began in 1861. The first \$1 Legal Tender Note was issued in 1862.

- Demand Notes
- United States Notes or Legal Tender Notes
- United States Secret Service
- George Washington

SILVER CERTIFICATES

The Department of Treasury issued silver certificates in 1878 as the result of legislation increasing the purchase of silver.

- \$1 silver certificate

TREASURY NOTES

Treasury Notes were issued in 1890 by the Department of Treasury. Treasury notes were short-term debt instruments that were used to pay duties, taxes, and public use. They were not considered legal tender.

FEDERAL RESERVE SYSTEM

The Federal Reserve Notes were first issued in 1914 and is what we use today. These notes have been through a few redesigns.

- Federal Reserve Act
- Central banking system was created in 1913

- Federal Reserve Notes
- Standard design in 1929
- Congress prohibits the redemption for gold in 1963

CRYPTOCURRENCY

Cryptocurrency is an unregulated digital currency where the transactions and other information are stored in a digital ledger. According to [currency.com](https://www.currency.com), there are almost 10,000 types of cryptocurrencies. This type of currency is not considered a legal tender in the United States.

- Ecash
- Digicash
- B-money
- Bitcoin
- Namecoin
- Litecoin
- Peercoin
- El Salvador, Cuba, and China

SUGGESTED READING

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