

Econ 323
Economic History of the U.S.

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Today's Topics

- Early U.S. money
- Bimetallic Standard
- Banking and Bank Notes
- Central Banks

Coinage Act of 1792

One Dollar equals one Spanish Milled Dollar

Eagles	\$10	247 $\frac{4}{8}$ grain (16.0 g) pure or 270 grain (17.5 g) standard gold
Half Eagles	\$5	123 $\frac{6}{8}$ grain (8.02 g) pure or 135 grain (8.75 g) standard gold
Quarter Eagles	\$2.50	61 $\frac{7}{8}$ grain (4.01 g) pure or 67 $\frac{4}{8}$ grain (4.37 g) standard gold
Dollars or Units	\$1	371 $\frac{4}{16}$ grain (24.1 g) pure or 416 grain (27.0 g) standard silver
Half Dollars	\$0.50	185 $\frac{10}{16}$ grain (12.0 g) pure or 208 grain (13.5 g) standard silver
Quarter Dollars	\$0.25	92 $\frac{13}{16}$ grain (6.01 g) pure or 104 grains (6.74 g) standard silver
Dismes	\$0.10	37 $\frac{2}{16}$ grain (2.41 g) pure or 41 $\frac{3}{5}$ grain (2.70 g) standard silver
Half Dismes	\$0.05	18 $\frac{9}{16}$ grain (1.20 g) pure or 20 $\frac{4}{5}$ grain (1.35 g) standard silver
Cents	\$0.01	11 pennyweights (17.1 g) of copper
Half Cents	\$0.005	5 $\frac{1}{2}$ pennyweights (8.55 g) of copper

Dollar 1795



http://www.coincommunity.com/coin_histories/

Half Disme 1792



Quarter Eagle 1855



- Bi-metallic Standard
- Bank Notes

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CITIZENS' BANK
(OF LOUISIANA)

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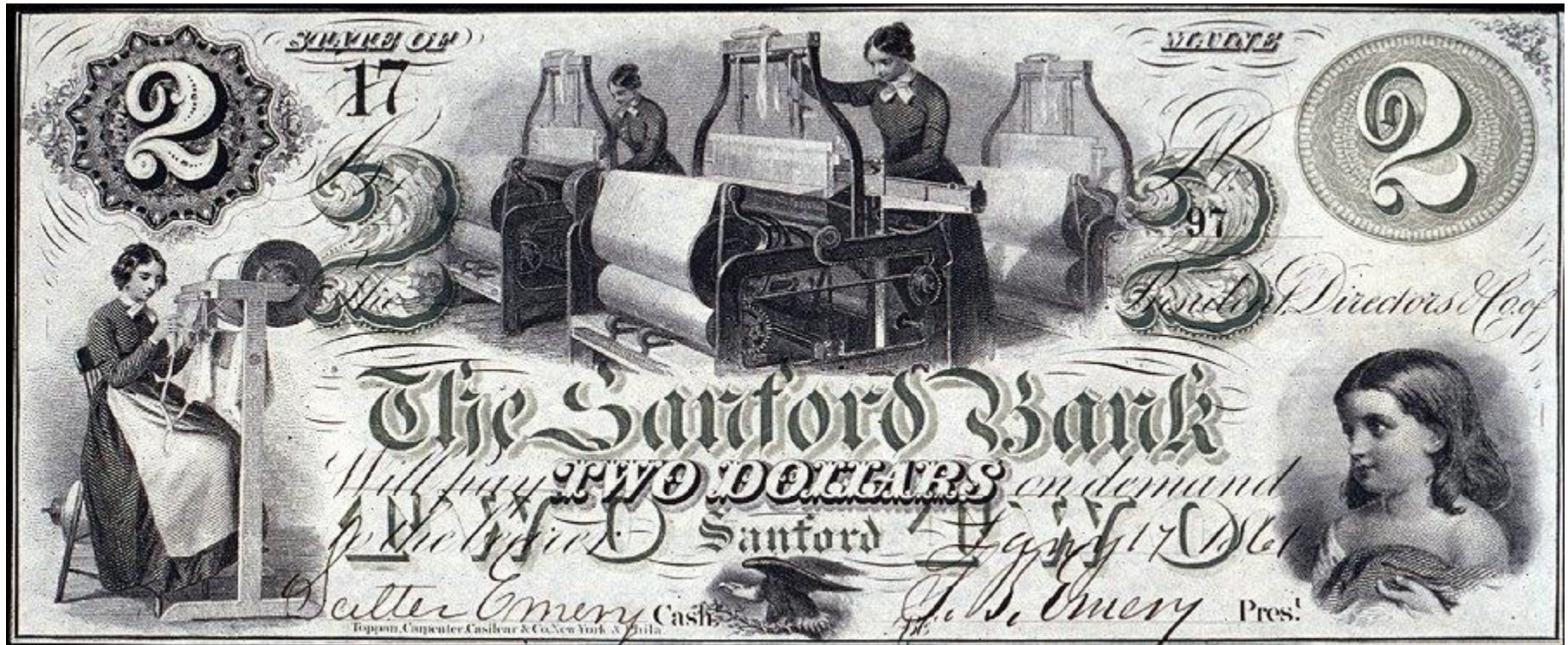


FIVE

Will pay to the order of
FIVE DOLLARS
NEW ORLEANS, La. Dec. 21 1860

CINQ

\$2 Bank Note, Maine 1861



United States Treasury Notes ("Legal Tender notes") from 1880



Problems with Bank Notes

- Counterfeiting
- Wildcat Banking
- Run on Bank (Bank Panic)
- Inflation
- Financial Instability

Solutions to Bank Note Problems

- Regularly present notes for redemption
- Force banks to hold gold coin reserves
- Create safety fund
- Regulate and monitor banks
- Lender of last resort

U.S. Central Bank History