

## *Collecting Colonial Currency*

by Louis Jordan

Colonial currency provides a fascinating window into the daily life of the early American colonists and, surprisingly, is a very easy and affordable collection area. Paper money helped to build the colonies and was critical to the Revolutionary War effort. Indeed, without the financial resources provided by printing money, the Continental Congress would not have been able to equip an army. On a personal level colonial currency was used to put bread on the table for generations of American laborers and craftsmen.

Colonial and revolutionary era notes are works of art that combine sophisticated typography with engravings and woodcuts of regional or political emblems, scenes and mottos, all of which is usually framed within an elegant scrollwork border design. These notes were produced in America by local printers from New Hampshire to Georgia, among whose number are such famous patriots as Benjamin Franklin and Paul Revere. Several currency issues were emitted for specific reasons that are documented on the notes, such as the humanitarian Pennsylvania issue of 1769 for “the Relief and Employment of the Poor in the City of Philadelphia” (Figure 1). Paper money that was printed to fund the construction of a lighthouse actually displays a picture of the lighthouse on the back of the notes (figure 2), while the Pennsylvania issue of April 10, 1775, contains a wonderful illustration of the Walnut Street Workhouse in Philadelphia (figure 3), which was financed by the notes, and several New York City “Water Works” issues include a detailed illustration of a steam operated water pump (figure 4).

Numerous printing techniques were employed in the production of these notes including the use of engraved plates, multiple colored printing and the invention of an anti-counterfeiting technique by Franklin called a “nature leaf print” (figure 5). In a nature print a plaster impression of a real leaf was used to produce a lead casting that was set in the press so the design could be printed onto the back of each note. The concept behind this process was that the precise shape and vein structure of each leaf was unique, so a leaf used by a counterfeiter would make a somewhat different impression from the leaf used on an official note.

Even the paper used to print the notes was special, sometimes including the use of watermarks or embedding anti-counterfeiting blue and red threads and mica flakes into the stock or experimenting with marbled paper. The first time someone has an opportunity to examine colonial currency they are amazed not only by the technical skill of the colonial printers but also by the beauty and regional diversities expressed in these notes, there is a real sense of holding a piece of history in your hands. What is less commonly known is that paper money is uniquely American, western paper currency was actually “invented” in colonial America.

### *The Origins of Paper Money*

The personal promissory note, an IOU, has been recognized as a legal agreement between two or more parties for centuries. These notes, scrawled out on a scrap of paper and signed by the debtor, were legally binding contracts. In America necessity sometimes required these

agreements to be treated almost like “bearer instruments” circulating from person to person, rather than as private contracts. For instance, let’s say in March a blacksmith provided shoes for a farmer’s horse. The farmer, like many early settlers did not have any gold or silver, so, in return for the horseshoes the farmer gave the blacksmith a note promising to pay the smith two bushels of corn at harvest time in August. In April the blacksmith discovered he needed his shop reroofed and so signed over the IOU to a carpenter as payment for the roof repairs. By August the IOU may have gone through five or six hands, before it was finally presented to the farmer for payment.

Expediency forced the colony of Massachusetts Bay to take the concept of the circulating promissory note a step further. In 1690, the legislature found itself faced with an immediate need to pay expenses relating to a failed military action against Canada during King William’s War. Massachusetts had anticipated a victory and counted on French booty to increase their depleted coffers so they would be able to pay their troops and the colony’s creditors. No spoils were forthcoming but the returning soldiers still expected their wages. The situation soon grew serious with the threat of a mutiny by the armed soldiers. Massachusetts could not expect financial support from Britain nor could they wait the year or two it would take to collect a special tax. Instead, on December 10, 1690, the Massachusetts Bay General Court authorized the issuance of £7,000 in public paper currency. This novel solution seemed the only way to immediately satisfy both the soldiers and the creditors of the otherwise bankrupt colony. At the time no one fully realized the significance of the event; this was the first public paper money issued in the history of Western civilization! The experiment was a success, in 1703, South Carolina authorized an emission and in 1709, New Hampshire, Connecticut, New York and New Jersey began issuing their own currencies, soon thereafter paper money was circulating in most colonies.

### *Bills of Credit*

Colonial paper notes functioned as currency but actually they were bills of credit, that is, short-term public loans to the government. Previously, money had been limited to coins that had an intrinsic value based on their gold or silver content. Now, for the first time, the currency itself had no intrinsic value. Rather, the value of the notes came from the fact they were both issued and accepted by the government of the colony in payment of debts.

The process of issuing currency would occur as follows. The colonial legislature would pass a resolution authorizing the printing of a specified quantity of notes, which it would then use to pay creditors. The creditors would, in turn, use the notes to make other purchases and so put them into circulation. As part of each currency resolution the legislature would authorize a tax equal to the amount of the emission. It was expected that individuals would pay the tax using the printed notes, and in this way the emission would be taken out of circulation. This system has been called “currency finance” because the currency was printed to pay government debts based on anticipated or future tax income. As long as colonies had the ability to retire older emissions the system worked. If previous emissions could not be retired when newer emissions were issued, then the new emissions would simply add to the quantity of circulating paper. A continually increasing supply, or oversupply, of paper notes would naturally cause prices to rise and the purchasing power of the notes to decline. The key to this system was for the colonies to

only print as much money as they could expect to collect in taxes.

### *Circulation Parameters and Denominations*

Paper money was printed in each of the original thirteen colonies, as well as in Vermont, Louisiana and by the Continental Congress. During the colonial era each colony was a separate government with its own laws, currency and borders. Traveling from Boston, Massachusetts, through Connecticut to New York City was similar to traveling from Paris, France, through Belgium and on to Amsterdam in the Netherlands, in the days before the European Union. The paper money of each colony was quite different from that of its neighbors and usually only circulated within its own borders.

Most early currencies were denominated in the British system of pounds (£), shillings (s) and pence (d). The basic system is the: Pound = £1 = 20s; Crown = 5s; Shilling = 1s = 12d; Sixpence = 6d; Threepence = 3d; Penny = 1d; Halfpenny = 1/2d; and the Farthing = 1/4d. However, although the denominations of these currencies were the same in every colony, the values were not equal. Today, the United States and Canada both use the same denominations, namely, the dollar, quarter, dime, nickel and penny, but the US dollar does not have the same value as the Canadian dollar. So to, in colonial America, paper currencies of the same denomination were not equal in value.

The basic coin available in colonial America was the Spanish-American eight reales, often called the piece-of-eight or the Spanish-American dollar, which was valued at 4s6d in British sterling. Maryland kept its currency at the British standard but in other colonies the currency had lower values. Expressed in terms of the value of a Spanish-American dollar, the exchange rates in the later colonial period would be as follows: 4s6d in Maryland paper money = 6s in Massachusetts Bay and other New England paper currencies = 7s6d in Pennsylvania notes = 8s in New York paper money. In 1767, Maryland became the first government in the world to issue paper currency denominated in dollars; several other colonies and then the Continental Congress followed their lead. Of course, this was not the decimal dollar of 100 cents but the Spanish-American dollar, so in New England a dollar was valued at 6s, which equaled 72 pennies or pence. This situation led to the creation of numerous unusual denominations, for instance in 1777, Rhode Island issued notes of  $\$1/36^{\text{th}}$  and  $\$1/24^{\text{th}}$  of a dollar, equal to 2 and 3 pennies, respectively, and, contrary to the current cliché, three-dollar bills were quite common.

Fortunately, collectors need not be concerned with the denominations or conversion rates. Current market prices for colonial notes are based on the rarity of the item, the condition and demand for the specific note, without regard to their original value. Obviously, a note printed by Benjamin Franklin is in greater demand and therefore commands a premium over a note of equal rarity printed by Timothy Green of Connecticut. For the most part, the denomination of a note does not affect price. For example, Benjamin Franklin and David Hall printed an emission of currency for Pennsylvania authorized on April 29, 1759. The emission included 10,000 notes of each of the following denominations: 5s, 10s, 15s, 20s, 50s and £5. Generally the price of a note from this emission will not vary between the denominations, although low denomination notes usually saw more circulation and thus may command a premium over higher denominations. Based on the current market one should be able to locate a very fine example of this Franklin

emission for \$750, regardless of whether the specimen is the 20s or the £5 note.

### *Collection Strategies and Opportunities*

Colonial currency enthusiasts have a wide array of interests and collect accordingly. One popular and well-defined goal is to acquire a note from each of the thirteen colonies. I have seen several collections of this type matted and framed, hanging on the wall of an office or den. Other collectors will select a specific colony and try to collect an example from as many emissions as possible, or specialize in collecting all the denomination from specific emissions. Fortunately there is an excellent guide to assist collectors, Eric Newman, *The Early Paper Money of America* (Iola, WI: Krause, 5th ed., 2008), the single most important work on the subject. This book lists all the emissions and includes every known denomination along with a price guide for each note. Generally, emissions from 1755 or earlier are difficult to locate and are much more expensive than later emissions. During the French and Indian War of 1756-63, several colonies such as New York, Pennsylvania and New Jersey printed numerous emissions, so that paper money from that period is rather plentiful and can often be acquired in very fine condition for under \$500. One of the many interesting aspects of these notes is that several varieties include visual aids for colonists who could not read, the New York notes include pictures of one pound weights, thus three weights on the face of the note represented a £3 note; in Pennsylvania a 5s note displayed a crown, with 10s, 15s and 20s notes respectively displaying two, three and four crowns.

Many collectors focus on Revolutionary War era notes. This is an area with a wealth of collecting options. There are many highly historic issues and several very popular images appear on these notes. From Massachusetts there are the famous “soldier notes” (figure 6) printed from a plate engraved by Paul Revere. Soldier notes were signed and issued between June 5 and 16, 1775, and were being handed out to the army for their pay up through the eve of the Battle of Bunker Hill. Doubtless, several of these notes were in the pockets of the soldiers who stood their ground against the onslaught of British regulars on June 17th.

Another fascinating Massachusetts series are the “Sword in Hand” emissions, again printed from plates engraved by Paul Revere. The back of these notes display a soldier brandishing a sword in one hand while holding the *Magna Charta*, the foundation of English liberties, in the other. We see that as late as the emission of December 7, 1775 (figure 7), the soldier still holds the *Magna Charta*. From this note, we discover that even a patriot such as Paul Revere still thought of himself as an Englishman, even after the Battles of Lexington and Concord and Bunker Hill! However, when we examine an example issued on November 17, 1776 (figure 8), just four months after the July 4th meeting in Philadelphia, we find that the soldier on the note now holds the Declaration of Independence, clearly demonstrating a break from the motherland. The images on these notes show just how radical the Declaration of Independence was and that as late as December of 1775, not even a patriot as ardent as Paul Revere realized the magnitude of the events in which he was a central participant! Several other colonies also issued important notes with patriotic slogans and images.

In June of 1775 the Continental Congress authorized the first national paper currency “for the defense of America.” Over the next three and a half years, the Congress authorized eleven currency emissions totaling over \$240 million dollars. This was a staggering amount when

compared to the individual states, for an individual state's emissions totaled to no more than about a million dollars per year at that time. On top of the \$240 million in legal issues, tens of millions of dollars in counterfeit continental currency were printed by the British, in an attempt to disrupt the American economy. Continental currency was so plentiful that its value quickly plummeted; indeed, a notice was placed in the *New York Gazette* on October 28, 1776, stating someone wanted to purchase bulk quantities of continental notes to use as wallpaper! This rapid depreciation was the origin of the phrase "not worth a continental." Due to the large number of bills continental currency is readily available to the collector from many paper money specialists, with most notes currently selling for about \$100 in very fine and around \$300 in uncirculated condition, although a few rarer specimens sell for up to \$3,000. Contemporary counterfeits are scarcer than the legal issues and command a premium price, often about double that of an original issue.

Continental Congress notes display a variety of patriotic vignettes and mottos making them highly desirable to the collector. One of the more famous symbols created for this series is the circular chain containing thirteen links, representing the thirteen united colonies. The design was created by Benjamin Franklin and was first used on the fractional issues of the February 1776 emission (figure 9). This was the inspiration for the circle of thirteen stars that first appeared on the \$40 Continental Currency notes of 1778 (figure 10), designed by Francis Hopkinson, and that later appeared on what is commonly referred to as the Betsy Ross flag.

In addition to these wonderful illustrations, some collector's focus on the signatures added to the notes. Two individuals signed each Continental Congress note, except for the fractional denominations of under a dollar, which had just one signer. There was a group of 271 different individuals who assisted in signing these notes including several of the members of the Continental Congress, some of whom also signed the Declaration of Independence, the Articles of Confederation or later signed the Constitution. Collecting examples of specific signers or as many different signers as possible is a goal for some collectors. In addition to the images and signers there are also several important historical milestones recorded on these notes, and most collectors want an example from these issues. By 1777, it was clear the British would soon capture Philadelphia so the Continental Congress moved to Baltimore. This is reflected in the emission of Feb. 26, 1777 (figure 11), which states on the front of the note that the resolution authorizing the notes was passed at Baltimore rather than Philadelphia. Further, on the back of all earlier emissions the notes stated "Printed by Hall and Sellers, Philadelphia" while on the Baltimore and all subsequent emissions the notes do not reveal the location of the press. Even the headings on the notes have historical significance; from the first emission in 1775 through the Baltimore issue of February 1777, the notes use the name "The United Colonies," however, starting with the emission of May 20, 1777 (figure 12), the heading was revised to "The United States."

As the Revolutionary War continued each independent state printed more and more paper money to finance the war effort. These notes are remarkable for their patriotic imagery and technical printing skill, and are widely collected. Several collectors consider the most elegant notes to be the magnificent £3 and £6 bills from the New Jersey issue of March 25, 1776, with the face printed entirely in blue and red inks from plates engraved by David Rittenhouse, an instrument maker, President of the American Philosophical Society and the first Director of the

US mint (figure 13, the £6 note). As more and more notes were printed, eventually, as happened with the Continental Currency, inflation took hold and the purchasing power of the notes fell, resulting in higher and higher denominations being printed, with circulating notes reaching as high as the \$1,000, \$1,200, \$1,500 and \$2,000 bills from Virginia in 1781 (figure 14 is a \$1,200 note).

Because of this situation, it is possible for a collector to accumulate a sizable number of high denomination notes at prices substantially below their original face value! With the adoption of the Federal Constitution in 1789 the individual states lost the right to print their own currency. Thereafter, only the federal government and banks were allowed to issue paper money bringing the period of colonial currency to an end.

The diversity of colonial money goes far beyond the few items discussed in this brief introduction. For a more complete discussion on all aspects of collecting colonial paper money, see the work by Eric Newman mentioned above; for additional information and hundreds of examples see my presentation of the Robert H. Gore, Jr., Collection on the University of Notre Dame website *Colonial Currency* accessible from ([www.coins.nd.edu](http://www.coins.nd.edu)), it is the second link on that page.

#### *Acquiring, Preserving and Storing Colonial Currency*

Colonial currency is printed on acid free rag paper that is typically quite sturdy. Many issues are on rather thick stock, similar to baseball cards, so that the printing sinks into the paper and on nicer specimens appearing to give it some depth, although some other issues are on thin, more fragile paper. The notes vary in size, pre-1750 bills are often larger, in the range of 4"x6" with later notes either somewhat like modern paper money at 2"x6" or smaller, several issues are 3"x 4". These sizes are very easy to store and display. Many collectors keep their notes in polyester (mylar, melinex) currency sleeves, which are sold in various sizes by a number of archival companies. Most colonial notes fit in the smaller size sleeves. These sleeves can be kept in an archival file box, which allows one to quickly thumb through the individual bills, or, like photographs, they can be slipped into pocket pages that are stored in a three ring binder-album. Grading services are now authenticating and grading colonial notes, which they seal in sturdy polyester holders. Colonial currency is usually offered on eBay and by a variety of colonial numismatic dealers.



## Illustrations

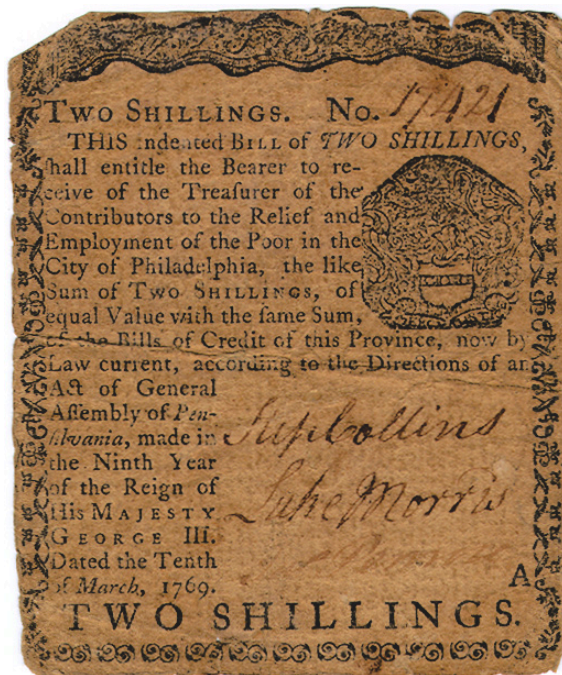


Figure 1 – Front, Relief and Employment of the Poor in the City of Philadelphia (blank back)



Figure 2 - front and back, lighthouse





Figure 3 – front and back, Walnut Street workhouse

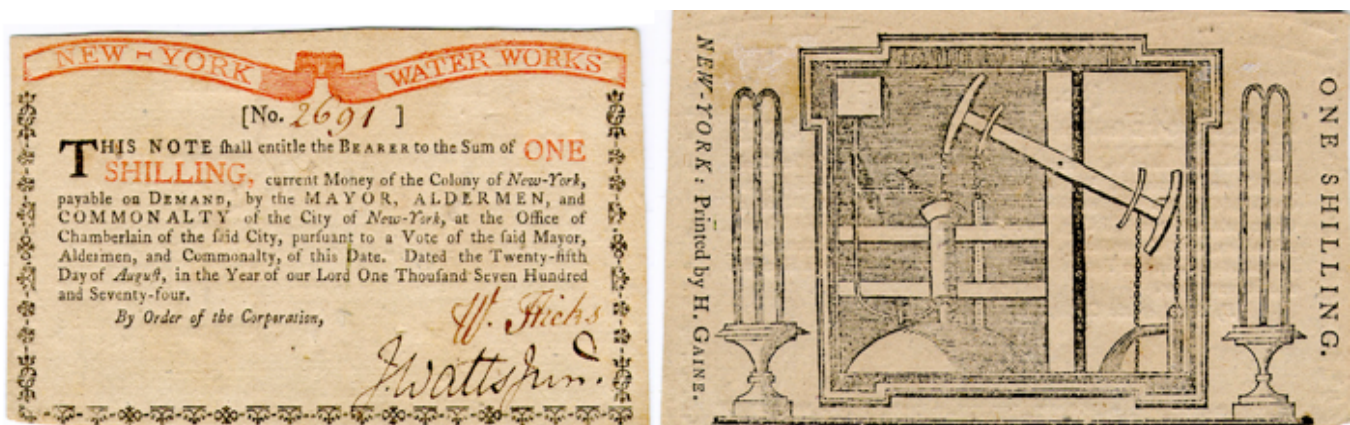


Figure 4 – front and back, water works



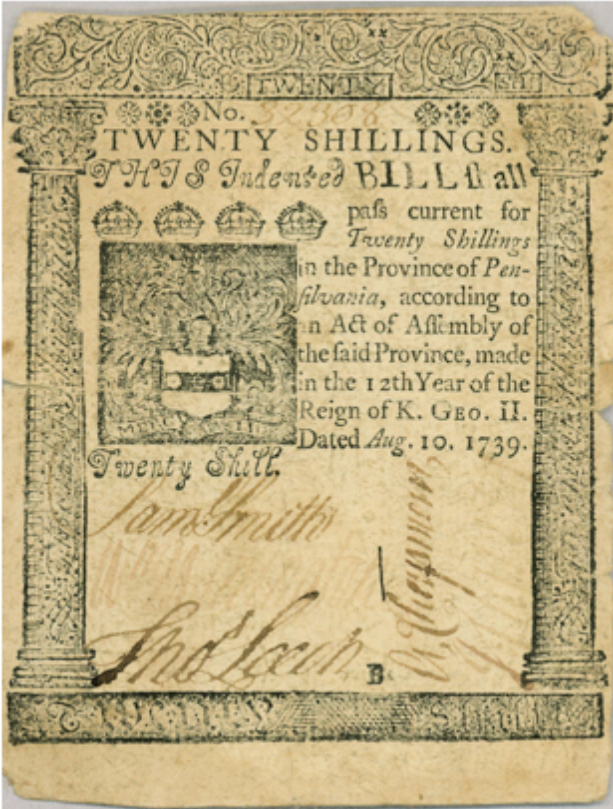


Figure 5 – Front and back, the earliest surviving emission featuring a nature print.

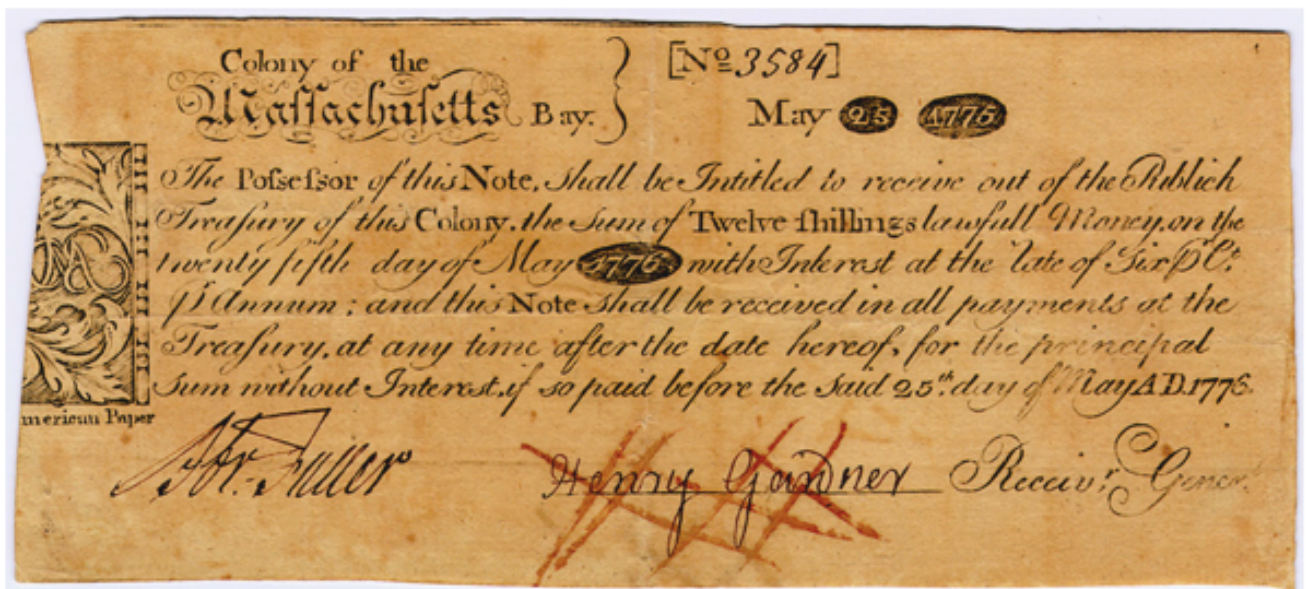


Figure 6 - Front, soldier note (blank back)



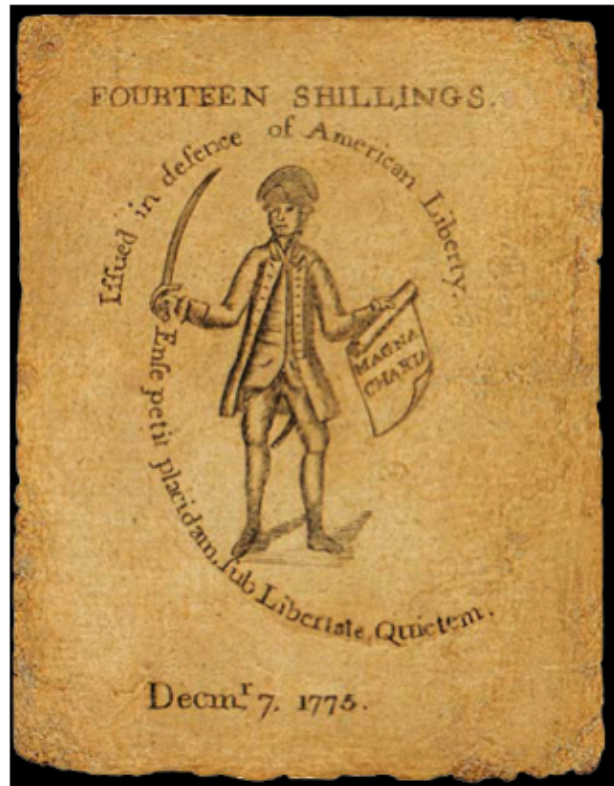
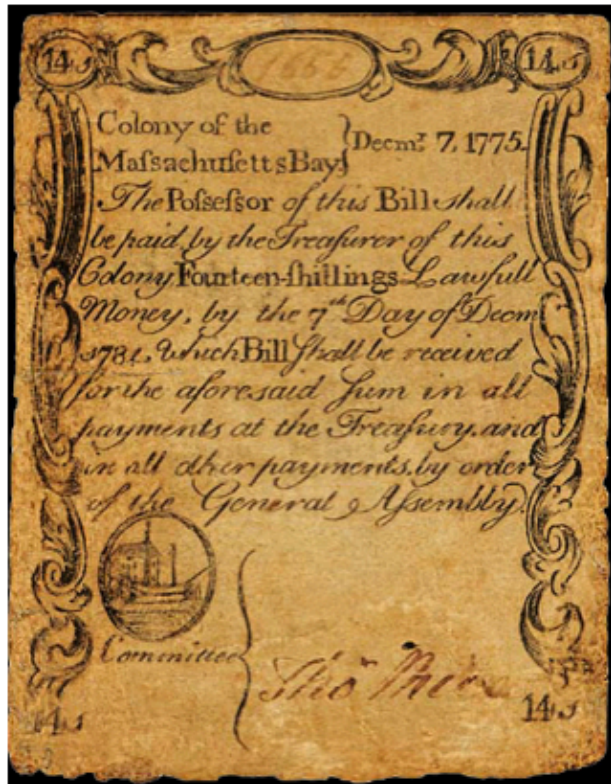


Figure 7 – Front and back, sword in hand, *Magna Charta*

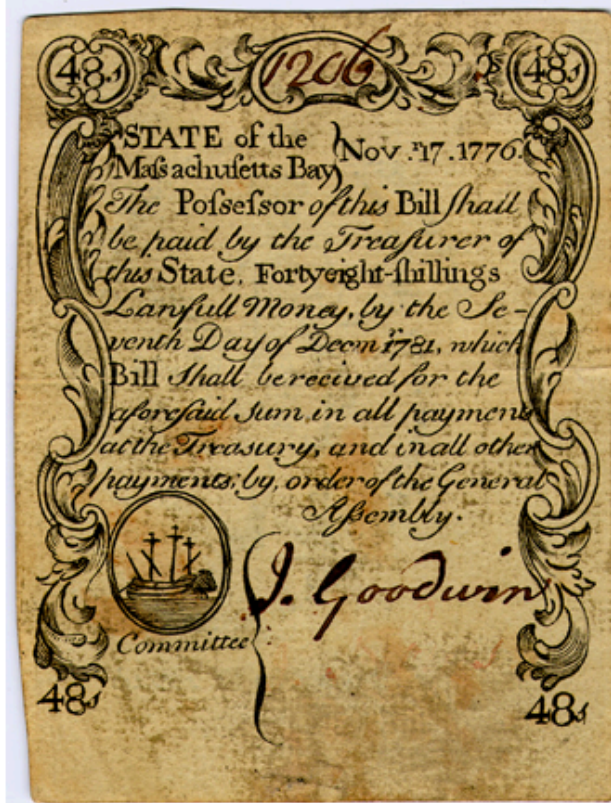


Figure 8 – front and back, sword in hand, *Independence* (contemporary counterfeit)





Figure 9 – Front and back, circular chain of thirteen links



Figure 10 – Front and back, circle of thirteen stars





Figure 11 – Front and back, Baltimore emission



Figure 12 – Front and back, first "United States" emission





Figure 13 – Front and back, plate engraved by David Rittenhouse

