

Not Worth The Paper It Is Printed On

by Lynne Belluscio

Although the Continental Congress determined that the official monetary system would be based on the dollar in 1785, it took six years before the first American coins were struck at the U.S. Mint in Philadelphia. But because there was a shortage of American coins, businessmen accepted British, French and Spanish money. Pistareens, doubloons, half joes, and moidores were some of the picturesque names for the foreign coins as well as the more common shilling and pence. American pounds, shillings and pence were worth less than the English version. And then there was the Spanish milled dollar. A New York State pound was worth \$2.50. A shilling was worth 12 ½ cents or 8 shillings equaled a dollar. (Got this straight?)

Farmers and early settlers troubled by heavy debt and low prices advocated cheap paper money. In New York State, in 1786, the advocates of cheap money won control of the legislature and with Governor George Clinton's reluctant support, L 200,000 in bills of credit were distributed to county loan offices where farmers and settlers could secure loans if they presented their mortgages as collateral. It was an effort to stimulate the economy. (Does any of this sound familiar?)

Inflationary rise in the price of land was accounted in the Centennial History of Erie County. An early settler bought two lots for \$250 in 1815. In April 1836 he decided to sell the two lots. He told the first man who approached him that the asking price was \$6,000. The man hesitated and the next man asked the price and was told the price was now \$7,500. The second potential buyer hesitated and the next day, the price had gone up to \$20,000. An eager buyer asked the terms. "Ten percent down and the rest in four annual payments." The buyer countered with six payments and the deal was sealed. But like all the land deals at the time, the sale was on credit and many defaulted.

There were often two or three



mortgages on a piece of property. Jacob LeRoy and other land agents resorted to taking wheat and cattle in lieu of hard cash for mortgage payments. Not only was it difficult to conduct business without currency, travelers were frustrated by the currency exchange. (It was like traveling in Europe before the Euro only worse.)

One traveler wrote that "the currency passing at par in one state is often at a discount in the adjoining one . . ." The value of the paper currency was published weekly in the local newspapers, but travelers often lost money in the exchange. "I supplied myself with large dollar bills of the United States Bank and on changing which, the hotel keepers and coach-office keepers asked the direction I meant to travel and gave me silver coin or such provincial bills as they knew would pass at par. Throughout the whole tour I did not lose a cent by depreciated paper currency . . ."

In 1853, a newspaper in Elmira published an article which encouraged a "war on the cur-

rency of shillings and pence. All sensible people ought to do the same. There is no good reason why we should longer recon in an obsolete currency. And there is no reason why a person in buying a few pounds of an article should find it reckoned up a few cents more than the price stated as in the case in most instances. Let every one turn their face against shillings and pence and the remedy can be effected."

One of the other problems at the time was counterfeiting. In 1836, there were 1,600 local state-chartered, private banks and most of them were issuing paper

money in a variety of denominations. Banks in one community rarely accepted currency from another community. Imagine living in LeRoy in the 1820s and trying to do business or pay bills. The Historical Society has four pieces of LeRoy paper currency. Three little certificates have the image of General Winfield Scott and is signed by John H. Lent "For value received twenty five cents promise to pay the bearer in current bank notes when presented in sums of one dollar & upward at any office." The other bill is for one dollar from the First National Bank of LeRoy, signed by Wm. Lampson, president, dated 1865. The front is engraved in black. The back is in green with the Landing of the Pilgrims, the seal of New York and an eagle.

Other LeRoy currency exists, although there are no examples at the Historical Society. One is from Anderson and Lathrop and is extremely rare. It's hard to imagine, but there was no national paper currency until the Civil War.

In 1861, on the brink of bankruptcy, Congress authorized the United State Treasury to issue paper money for the first time in the form of non-interest bearing Treasury Notes called Demand Notes. A year later, the Demand Notes were replaced by United States Notes, commonly called "Greenbacks". (They were last issued in 1971.) The Secretary of the Treasury was empowered by Congress to have notes engraved and printed by private banknote companies. (The Federal Bureau of Engraving wasn't formed until 1877.)

Covington United Presbyterian Church's Annual
Pancake Supper/Bake Food Sale
Candy Sale/Mini-Bazaar
Tuesday, Nov. 4th (Election Day)
 5:00 to 7:00 p.m.
 Church Address Is: 1701 Craig Rd., Pavilion

