

Money and the Constitution

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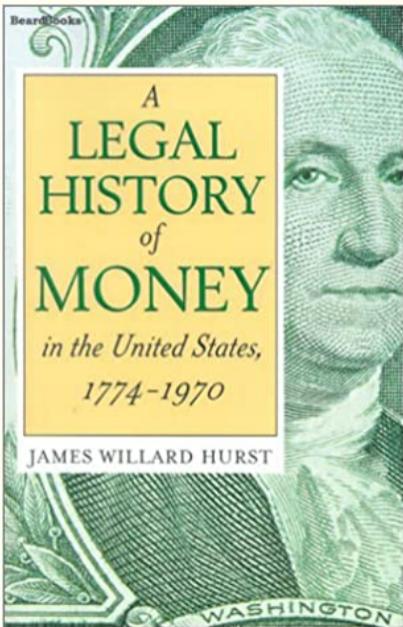
CONSTITUTIONAL MONEY

*A Review of the
Supreme Court's
Monetary
Decisions*



Richard H. Timberlake

CAMBRIDGE



An introduction

Article. I., Section. 8.

The Congress shall have Power ...

To coin Money, regulate the Value thereof, and of foreign Coin, ...;

To provide for the Punishment of counterfeiting the Securities and current Coin of the United States;

Article. I., Section. 10.

No State shall ... coin Money; emit Bills of Credit; make any Thing but gold and silver Coin a Tender in Payment of Debts;

The Constitutional Convention

- Issues related with money (spice money, banknotes, etc.) were contentious issues between the colonies and Britain in the decades before the Revolution.
- Later on, the suspicion of paper money will be behind much of the opposition to the First and the Second Bank of the United States.
- Nathaniel Gorham (1738-1796; member of the Committee of Detail): no explicit authorization for paper money in the Constitution, but not prohibition either.

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RESERVE

NOTE

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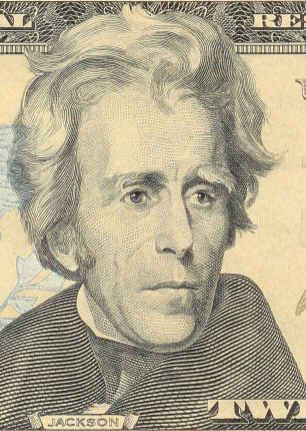


THIS NOTE IS LEGAL TENDER
FOR ALL DEBTS, PUBLIC AND PRIVATE

Anne Escobedo Cabral

C3

Treasurer of the United States.



JACKSON

THE
UNITED STATES
OF AMERICA

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TWENTY
USA
USA
TWENTY

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SERIES 2006

Henry M. Paulson Jr.
Secretary of the Treasury.

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TWENTY DOLLARS



Coinage Act of 1792

- The Coinage Act approved by the U.S. Congress on April 2, 1792.
- Six measures:
 1. It creates the U.S. dollar as the standard unit of money: equal to the value of one Spanish milled dollar (416 grains or 26.96 g. of standard silver; in Spanish: Real de a ocho o Peso).
 2. It sets the relative price of gold to silver at 15:1 (bimetallism).
 3. It imposes a decimal system.
 4. It determines the denomination structure, from eagles (\$10) to half cents.
 5. It makes the U.S. dollar legal tender.
 6. It establishes the United States Mint. First director: David Rittenhouse (1732-1796; as in "Rittenhouse Square").
- System unchanged until Coinage Act of 1834, which raised the silver-to-gold weight ratio to 16:1.



UNITED STATES
N. 07072 Fifty-five Dollars.



THE Bearer is entitled to receive FIFTY-FIVE Spanish MILLED DOLLARS, or an equal Sum in Gold or Silver, according to a Resolution of CONGRESS of the 14th January, 1779.

55 Dollars.

Jas Quintas Jr Recd

DEPARTMENT OF THE TREASURY
UNITED STATES

Paper money

The greenback controversy

- The Legal Tender Act of 1861.
- Legal Tender Cases of 1871: Knox v. Lee and Parker v. Davis.
- Overrule Hepburn v. Griswold (1869).
- The Greenback Party between 1874 and 1889. Peter Cooper (1791-1883; of “Cooper Union”).
- Veazie Bank v. Fenno.
- Know v. Lee and Parker v. Davis.



