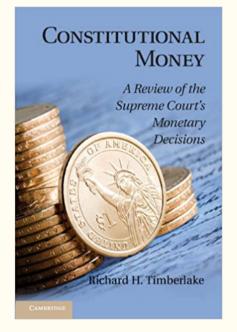


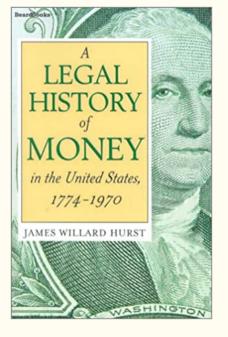
Money and the Constitution

Jesús Fernández-Villaverde¹

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¹University of Pennsylvania





An introduction

The text

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.





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.





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.





