

Lesson Plan 110

US Currency - The “Large Size” Era

Compiled by Jeff McCauslin from
Information courtesy of the Professional Currency Dealers Association (PCDA)

Note - The history of US Currency begins earlier than the Civil War. However, items such as Colonial Currency, Continental Currency, Obsolete Currency, Interest Bearing Notes, Fractional Currency, Demand notes, etc. are not the subject of this discussion.

Terminology used in paper money collecting

1. Face – the front of the note which usually has the name of the issuing party and a portrait.
2. Back – the reverse side of the note usually with a historic scene or allegory of some sort.
3. Dates, Serial Numbers, Signatures, Color, Material used, and method of manufacture are also important in determining the value of a note.
4. Condition – as with any other numismatic material condition is key. Creases, folds, torn corners, holes, etc. all detract from the value of the note.
5. Horse blanket – Nickname of Large size currency.

History

1. The US did not issue circulating paper currency until the Civil War. Prior to that the policy was to allow states to regulate their own monetary affairs and banking needs.
2. This was chaotic as individual currencies from one area would not be accepted in another area. See PCDA booklet Collecting US Obsolete Currency for more detail.
3. In 1861, the US issued a \$5, \$10, and \$20 Demand notes. This is typically the start point for most collectors of US paper money.
4. The Civil War served to begin the process of standardizing our national currency.

US Currency

1. Began with the concept, just as with coins, that currency should be backed by something tangible. In order for a piece of currency to become a substitute for gold or silver there had to be something of tangible value behind it.
2. So you had Silver Certificates, Gold Certificates, or notes that were backed government issued bonds.

National Currency

1. The National Currency Act of 1863 established a system whereby qualified banks were allowed to issue government sponsored paper money in their own names. To do this they had to be chartered and purchase US Government issued bonds. Then they could issue notes up to 90% of the bond value. So in case of failure the notes could still be redeemed. The interest from the bonds helped fund the Civil War.
2. These were intended for local circulation but were usable nationwide.

3. Over time, Federal Charters were granted to those banks which became part of this system those charter numbers appear on most notes. Over 14,000 banks were chartered and had note issuing privileges but many did not do so.
4. Each note had to have the word “National” appear in the title. National currency was issued throughout the Large Size era and from 1929 to 1936 in the small size era.

Collecting Large Size and National Currency

1. Very popular series to collect. Each note had a basic design but was overprinted with the name of the local bank, their charter number, and local signature combinations.
2. Some issues are very common. Some smaller lesser known bank notes are rare and expensive
3. You can collect them in many ways – by denomination, city, state, theme, person portrayed, etc.

