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Colonial Currency: **New Money in a New Country**

Today we have many familiar forms of money, including coin, paper, check, direct deposit, credit card, online bill pay, online payments and apps including PayPal and Venmo, and new Cryptocurrency such as Bitcoin. How did we develop new forms of money? Was the change inspired by technology or by the marketplace? We will learn how the marketplace changed trade in the new American colonies and how money changed due to the change in marketplace.

There are basically two forms of money today; specie which is mostly coin money, if the value of currency changes, at least the coin in gold or silver has value in and of itself. The “silver certificates” of old were a form of specie as theoretically one could turn in dollar bills for their equivalent in silver at an American bank or Treasury. We also have fiat money, which means the money has no specie to back it up. Today’s dollar bills have no value in and of itself, as the US was taken off the gold standard years ago. A payment by direct deposit has no real dollar behind it. We as a society agree to attach value to the dollar, which is fiat money.

In early colonial times, barter and trade without money was common, as specie was sparse due to British legislation.

The first type of money in the early US colonies was wampum, made from sea shells. The shells were carved into beads for jewelry or belts and was a form of specie. This was considered legal tender in the colonies as it could be used as currency. This eventually gave way to “hard currency” specie coin, which included the British Crown, Spanish Pieces of Eight, Portuguese real, and the French livre. Pieces of Eight was legal tender in the US until 1857.

The British Stamp Act of 1765 angered colonists. It was impossible to pay taxes with silver coin when silver coins were practically illegal by Parliament and so sparse they were not used. The absurdity of the Stamp Act rose to Revolutionary levels and began the American idea of “No taxation without representation.”

The Paper Debate can be summarized by John Wise vs. William Douglass. Wise believed in circulation of money like the blood circulating through the human body. Douglass believed circulation of money was bad, like the circulation of spreading contagious disease.

Douglass had views that today would be called elitist and racist, and the lower classes had no real use for money and did not deserve it. Let them have their food and shelter so they can serve the upper class, no money required.

Short term, the Douglass philosophy won out as it appealed to the British Crown and Parliament. Long term, the Wise philosophy won out as paper money was printed in the colonies, even against the law of Britain, and eventually in the United States as well.

The American Dollar is the most accepted currency in the world today.

In 2023, Sweden is scheduled to go cashless, and other countries will follow suit.

This presentation honors what our colonial Patriot Ancestors did 250 years ago, and commemorates the 250th Anniversary of the founding of the United States.

Recommended Reading:

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