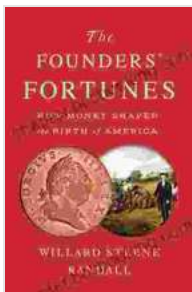


# How Money Shaped the Birth of America

## The Currency of Revolution

The story of America's birth cannot be fully understood without delving into the crucial role of money. From the very inception of the colonies, financial matters were intertwined with political aspirations and the struggle for independence.



## The Founders' Fortunes: How Money Shaped the Birth of America by Willard Sterne Randall

★ ★ ★ ★ ☆ 4 out of 5

Language : English  
File size : 3491 KB  
Text-to-Speech : Enabled  
Screen Reader : Supported  
Enhanced typesetting : Enabled  
Word Wise : Enabled  
Print length : 335 pages



The British Crown's tight control over colonial currency sparked widespread discontent. The colonists resented being forced to use British coins and banknotes, which often arrived in insufficient quantities or were devalued by royal decree.



In response, the colonies began issuing their own paper money. This act of defiance demonstrated their growing economic and political independence. The use of colonial currency became a powerful symbol of American identity and resistance to British rule.

### **Financing the Revolution**

The outbreak of the American Revolutionary War in 1775 presented a significant financial challenge to the fledgling nation. The Continental Congress, the governing body of the colonies, lacked a stable currency and the means to raise funds for the war effort.



To address this issue, the Congress issued Continental dollars, paper money backed by the promise of future taxes. However, the overprinting of Continental dollars and the lack of a central bank led to rampant inflation.

Despite these monetary struggles, the Continental dollar played a crucial role in financing the war. It provided the Continental Army with funds for

supplies, weapons, and the payment of soldiers.

## **Creating a National Currency**

After the Revolutionary War, the new United States faced the challenge of establishing a unified monetary system. The Articles of Confederation, the initial framework of government, did not grant Congress the power to tax or regulate currency.

The need for a national currency became apparent during the Constitutional Convention of 1787. The delegates recognized that a sound financial system was essential for the stability and prosperity of the nation.

The result was the "Coinage Clause" in Article I, Section 8 of the U.S. Constitution, which gave Congress the exclusive power to "coin Money, regulate the Value thereof, and of foreign Coin, and fix the Standard of Weights and Measures."

## **Money and the Constitution**

The Constitution established a framework for a centralized banking system and a national currency. The government was tasked with ensuring the value of the dollar, preventing counterfeiting, and regulating the flow of money within the economy.

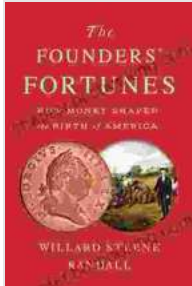


In 1863, the National Banking Act created a system of national banks that issued paper money backed by government bonds. This act standardized the currency and established a sounder financial system.

The Federal Reserve System, established in 1913, became the central bank of the United States. It was granted the power to control the money supply, set interest rates, and regulate financial institutions.

Throughout its history, money has played a pivotal role in shaping the development of the United States. From the financial battles of the colonial era to the establishment of a national currency and the creation of the Federal Reserve System, money has been an indispensable tool for financing, governing, and unifying the nation.

By understanding the intricate relationship between money and the birth of America, we gain a deeper appreciation for the challenges and triumphs that have shaped our financial system and the nation itself.



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