

## The Beginnings of America's Monetary System

As everyone must know, we in New England are the product of British colonies established by British subjects commencing in the early 17<sup>th</sup> century.

Initially, there was no need for money as such, with trade in commodities and barter serving in its stead. Fixed in everyone's mind, however, was the British monetary system consisting of Pounds, Shillings and Pence. There were 12 pennies, or pence, in a shilling. 20 shillings, in turn, comprised 1 pound (written £). At the time of the War of Independence, and for many years after, the value of a shilling, at least locally, was calculated to be worth 12 ½ cents. Notice the emphasis on the term "locally". After several years of struggling with colonial currency values for the various colonies, I have come to have great empathy for those researchers who must tackle this thorny problem. The reason being that the perceived values of a shilling changed over time, as well as fluctuating regionally. What happened in the colonies, money-wise at least was that for the most part, England seldom supplied hard money of any sort (an exception being the introduction of half pence coins struck for use in Ireland, but refused there because the coins showed the Irish harp with the British royal crown on top. In order to recoup their losses in this venture, they shipped them to North America. Four of them have turned up at the Richard Smith forge site in Robertsville.) Lacking the metal supplies that would have allowed us to manufacture our own, we decided that the Spanish milled dollar would be the hard money of choice. The Spanish had a system of calibrating their dollar (called a Real, pronounced "Ree-ahl") in units of 8, thus one of them was referred to as a "piece of eight". As 12 ½ cents make up one-eighth of our dollar, the connection becomes more understandable. Spanish milled dollars were legal currency, indeed the coin of choice, in the United States until 1857.

Using this figure of 12 ½ ¢ as the value of a shilling, we see that a pound was worth \$2.50, and the penny 1.04¢.

A legitimate question along about now might be "What in the world do we need to know all this about old money?" The answer is that we are dealing with the foundations of the American Dollar; what we have today is the result of what went before, and the predominant term used in all the old documents is the shilling. That in itself seems strange, as you would suppose that the fundamental unit would have been the pound, which is, after all, made up of 20 shillings. It's as if we were to say that something has the value of so many quarters, rather than so many dollars, but all old documents refer to something's value as a certain number of shillings.

All the time however, keep in mind that seldom did anyone lay eyes on a silver coin going by the name of a shilling; it was just a method of calibrating the worth of a transaction. The ledger books have the debits on the left hand page, and the credits on the right, and when they are tallied up, even though one person might owe the other "18 shillings", unless the term 'hard cash' is used, the settlement would be made by work, or services of some nature agreed upon by both parties as being of equal value.

Technically, the young United States adopted the decimal system in 1787, but ledgers kept by stores as well as private citizens continued to figure worth in shillings well into the 19<sup>th</sup> century. I spent the better part of one winter deciphering ledgers. One was kept by Daniel Sears and his son, Henry, who lived just north of us in Sandisfield;

this began in 1793 and continued until 1853. References to something's value being so many shillings are common well into the 1840s. Other documents included court papers from Columbia County, New York, which also employ the same system as late as 1849.

Entries at the back of Sears' ledger have long lists of currency bills from various banks that they presumably had been in possession of. The reason each bill, its issuing bank, the date it was printed and its serial number is listed, was the prevalence of counterfeited bank notes, so common in the years between the War of Independence and the War of 1812. For a time, it was estimated that there was one counterfeit in circulation for each authentic one. As the penalty for counterfeiting could be death, every possessor of a bank note kept records of where he came into possession of each bill, and from whom he received it.

The documents from Columbia County, loaned to us by Mr. & Mrs. Burton Millard, (better known as Babe and Ethel), are particularly interesting. One covers the years 1839-1849, and contains entries indicating the transitions taking place in America during that decade. In 1839 for example, a razor strop cost 10 shillings, 6 pence, and an almanac cost 6 pence. The total is listed as \$1.37. In February of 1840, a purchase of quills was made, costing 13 cents (these for writing). Then in September 1845 there is an entry "steel pens, 2 shillings". History books tell us that steel pens came into general use around the early 1850s, but here we see with our own eyes, so to speak, the beginning of a truly momentous change in every-day life.

Another entry made July 24<sup>th</sup>, 1846 states: "letter stamp, 1 shilling, 6 pence", or 18.7 cents. That seems to be rather steep for a letter, but oh, how many of us would give our right arm to have that stamp today! Interestingly, the Encyclopedia Britannica, (eleventh edition, 1911), states that the use of adhesive stamps was authorized by Congress on March 3, 1847, so I don't know quite how to view our entry here.

The Colebrook Historical Society is slowly amassing what is turning out to be a wealth of information of our economic, political and social structure, to the point where we can compare and contrast our local area with surrounding regions. This material has been entered into our computer, which means that it is now possible for researchers to utilize information not formerly available to them due to the difficulty of reading and interpreting these old, delicate documents.

#### **Historic Bytes**

Bob Grigg