

Lesson 3 A Brief History of U.S. Banking

Word bank:

Commodity, Federal Reserve Bank, speculation, gold standard, Anti-federalist, wildcat banking era, Thomas Jefferson, Federalists (twice), Alexander Hamilton, Philadelphia (in 1791), gold standard, held tax revenues, helped collect taxes, issued representative money, monitored state-chartered banks, Nicholas Biddle, Second Bank of the United States, 1811, 1832, 1863, 1864, 1. Charter banks, 2. Require banks to hold adequate reserves of silver and gold, 3. Issue a single national currency, F.D.I.C. (twice), 1. It set a definite value on the dollar, 2. The government could only issue currency if it had gold in its treasury to back its notes.

You can either copy the following into your notebook or print it out and fill in the blanks using the word bank above. Use your textbook or the internet to fill in the blanks.

Early American banking

_____ believed the country needed a strong central government to establish economic and social order.

_____ was in favor of a national bank which could issue a single currency, handle federal funds, and monitor other banks.

_____ were against a strong central government and favored leaving powers in the hands of the states.

_____ opposed the creation of a national bank, and instead favored banks created and monitored by individual states.

Who won? _____

The first Bank of the United States was created in _____. The Bank

1. _____, 2. _____,

3. _____, and 4. _____.

Chaos in American Banking

The first Bank lost support and its charter expired in _____. Different, state-chartered banks began issuing different currencies.

The Second Bank of the United States

The _____ was created in 1816 and was responsible for restoring stability in banking. _____ was the bank president starting in 1823.

Andrew Jackson and the bank

The Second Bank's charter was not renewed by President Andrew Jackson in _____ and another period dominated by state-chartered banks took hold. Sometimes known as the _____

States were allowed to print their own notes sometimes not backed by a _____.

There was no consistency. Some states had 5 cent notes and others only had round dollar amounts.

Some states even allowed cutting a note into pieces to make change

Abe Lincoln and Banking Stabilization

The National Banking Acts of _____ and _____ gave the federal government the power to:

1. _____
2. _____
3. _____

In 1900, the nation shifted to the _____, a monetary system in which paper money and coins are equal to the value of a certain amount of gold. It had two advantages:

1. _____
2. _____

The Panic of 1907 was a bank run

Define a bank run (not in word bank): _____.

In response, the Federal Reserve Act of 1913 created the _____. It served as the nation's first true central bank.

Parts of the Great Depression was caused by _____.

The Banking Act of 1933 created the _____.

Today, the _____ insures customers' deposits up to \$250,000. The nation was also taken off of the gold standard