AMERICAN CAPITAL MARKETS PREMIER

A Review

WALL Streeters, stockholders, bankers, businessmen, and students of history take note. For the first time ever a comprehensive exhibit of the long forgotten but most important financial history of the foundation period of our American economy is on display at the Museum of Financial History (26 Broadway, New York, NY 10004).

In the implementation of Alexander Hamilton's nation-building 1790 "Plan . . . to Restore the Public Credit," the Treasury Department under the 1789 newly ratified Constitution exchanged approximately $65,000,000 of new standardized national securities for all of the many diverse unpaid Revolutionary War State and Continental debts. Hamilton succeeded in creating a single solution to the myriad of financial problems of each of the 13 original States and the Continental Congress. A cottage industry of mostly part time brokers and adventurers had grown up around the trading of the Byzantine array of securities used by the 13 States and Continental Congress to finance the 1775–83 Revolutionary War. After 1790, while the solution to paying off these war debts was being implemented, the business of trading securities became more of a full time specialized profession as an active international market developed in Hamilton's popular new standardized securities and new stockholder-owned companies were formed to meet the needs of our emerging country.

Historians have failed to adequately describe the financial history of this period and its dominating historical impact in sharp contrast to the endless stream of books interpreting and rehashing early American military and political history. Unlike the systematic collection of military and political history by a host of government and institutional repositories, much, if not most, of the important financial ephemera of our early history has unfortunately either been destroyed or scattered to the winds with no central repository emerging until the recent founding of the Museum of American Financial History. The net result is that the complex history of the foundation period of our country has not been well appreciated by recent generations of Americans and the value of our national heritage has been sadly diminished.

American capital market history collectors have risen to the challenge and attempted to intelligently piece together the original documents, letters, and financial instruments used in the period to learn what happened. A whole new view of our nation's beginning from a financial standpoint has resulted after over 200 years of neglect. It's easier to understand how our American capital markets have come today to dominate world securities trading when we realize that our country's present Constitutional system of government was designed primarily to enhance the value of the mostly defaulted-on securities then trading there and ultimately to honor our commitments while maintaining our hard fought-for freedom.

Now, likely for the first time in history, a cogent collection of those mostly rare original documents, letters, and financial instruments has been mounted in a public exhibition entitled "Rags to Riches," at the 26 Broadway, New York City attractive new quarters of the Museum of American Financial History. Most Americans will be amazed that neither the United States Government, the Treasury Department nor any other public or private institution has such a collection of our country's most important financial beginnings as is on display in this exhibit through September.

On display is an array of the incredibly diverse, individually tailored financial instruments, each creatively designed to best meet the special financial needs of its issuer during the tumultuous times of our nation's genesis. These are the mostly rare remnants of the first economy in the world to honorably make paper and promises do the work of hard cash over an extended period of time. From 1775 to 1793 they lead us on a journey which is the birth of American Capitalism. An example of America's first security, a Paul Revere engraved and printed 1775 King Philip Bond, can be found on the same wall as an example of the first obligation of all the 13 states combined, the 1777 Continental Loan Office Certificate. An incredible example of one of the most important American securities ever issued, a 3% 1792 Assumed Debt Certificate of Stock in the Public Funds of the United States issued to and signed by George Washington, is a wonderful interpretation of the new securities exchanged in the implementation of Hamilton's 1790 "Plan . . . to Restore the Public Credit." The share certificate in the 1784 Massachusetts Bank signed by James Bowdoin is the second oldest share certificate of an American business known. The William Duer 1791 signed share of the Society for Establishing Useful Manufacturers is an early reminder of the powerful influence greed would exhibit time and again in the new American capital markets! Far too many interesting pieces, many signed by our Founding Fathers, are displayed to describe adequately here. The heart of the exhibit is a selection of financial instruments used during and after the Revolutionary War arranged individually by the original 13 States, Continental Congress, and even the 14th State of Vermont. Mostly these are the securities that financed the war but then placed our country into default and depression. The seemingly unsolvable problem of who was responsible to pay them off (and how) created the need for a new government, the Constitutional Convention, Hamilton's "Plan . . ." and ultimately for "Wall Street" itself. A trip to the museum will help you understand how the mammoth debt problem was overcome by the simultaneous implementation of our present system of government with Hamilton's new financial system.

If there is any problem with this exhibit it is with the substantial number of displayed items lacking accompanying narrative as to its use and importance to the overall exhibit. But for the ambitious scope of the undertaking and for the very credible exhibit that results, this first time exhibit ranks an A+. This reviewer hopes more exhibits will be forthcoming from this period of history with a narrower focus about its most important individual themes, i.e. Shay's Rebellion, Privateering and the Earliest Share Trading, Hamilton's 1790–3 Most Important in American History Financial Transaction, Wall Street's Earliest Brokers and Auctioneers, the First American Bull Market (1787–92) and the First Crash (March–May 1792)—all

(Continued on page 99)

ABOUT TEXAS MOSTLY

THE NATIONAL BANKS IN GRAPEVINE, TEXAS

by FRANK CLARK

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Grapevine is a town northwest of Fort Worth in north Tarrant County. It is on the edge of the Dallas-Fort Worth International Airport. It is rapidly growing now because of this proximity to the airport. However, at the turn of the century it was a slower-paced community. The town had a total of three national banks. All of the banks were located on Main Street. This article will introduce them to you along with some of their bank notes.

A Series 1882 Date Back $20 issued by The Grapevine National Bank, Charter 5439.

THE GRAPEVINE NATIONAL BANK

THE Grapevinevine National Bank was chartered on June 19, 1900 with Charter 5439. This was the town's first bank and its capital was $25,000. The bank voluntarily liquidated itself on December 31, 1918. It was succeeded by the Grapevine Home Bank. Presently, the former building for the bank has been remodeled on the inside and the current occupants are a drug store and a rural artist studio. The bank issued only Second Charter $20 Brown Backs, $10 and $20 Date Backs, and $10 and $20 Value Backs. The total amount of circulation issued was $192,150, and the amount outstanding when the bank closed was $25,000.

THE FARMERS NATIONAL BANK OF GRAPEVINE

The Farmers National Bank of Grapevine was chartered in August of 1906 with Charter 8318. Its capital was $30,000.

A Series 1902 Plain Back $20 issued by The Farmers National Bank of Grapevine, Charter 8318.

This bank voluntarily liquidated itself also, on December 28, 1927. The Farmers National issued only Series 1902 Third Charter notes; these were $10 and $20 Red Seals, $10 and $20 Date Backs, and $10 and $20 Plain Backs. The total amount of circulation was $593,350. The amount outstanding when the bank closed was $9,570.

THE TARRANT COUNTY NATIONAL BANK OF GRAPEVINE

The Tarrant County National Bank of Grapevine was chartered in May of 1925 with Charter 12708. It had a capital of $50,000. When the previously mentioned Farmers National Bank of Grapevine closed it was absorbed by the Tarrant County National Bank on December 28, 1927.

This bank issued only Series 1929 small-size national bank notes. These were $5, $10, and $20 Type I and Type II notes. The total amount of circulation issued was $123,730. When the national bank notes program was closed in July 1935, the total amount outstanding for the bank was $38,650.

CAPITAL MARKETS (Continued from page 98)

could support their own very interesting and most informative exhibitions. By making this great history known, the Museum will help revive national understanding of our country's origins and corresponding pride in our noble financial heritage.

Anyone touched by our American capital markets, its many companies, their stockholders, as well as those Wall Streeters who arrange financing and trading for them, should see and enjoy this ambitious exhibit. For most it will be a first step in gaining substantive insight into the most important reason why our country's capital markets have been so successful: our country's Constitutional form of government and its subsequent implementation was designed to maintain our freedoms while equitably solving the war debt problem and enhancing the value of the mostly defaulted-on securities then trading in its capital markets. It's no wonder, then, that the United States has become the most prosperous nation on earth. Our forefathers classically built the most efficient capital market value building machine in the entire history of nations. Go and see the exhibit and see for yourself how it was done! (Ned W. Downing, ndhstry9@idt.com)