

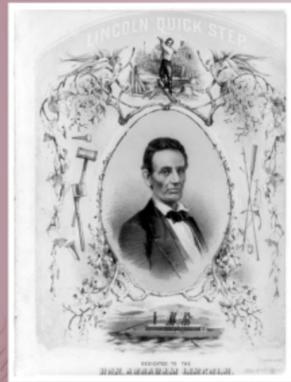
Lincoln and the Founding of the National Banking System

Lincoln's Financial Frontier

Abraham Lincoln understood the importance of a common national currency and bank credit to support a healthy economy. As a young man in frontier Indiana and Kentucky, he saw the ways in which unreliable paper money and inadequate credit frustrated the ambitions of his neighbors. These experiences shaped his political outlook.



Map of the American interior, circa 1831



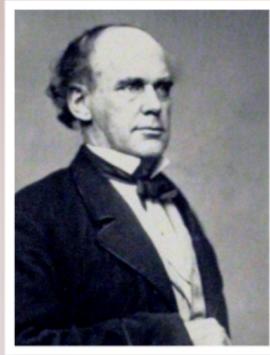
Lincoln as flatboat operator



Notes issued by state banks
National Numismatic Collection, Smithsonian Institution

Financing the Civil War

To meet the government's financial needs during the Civil War, President Lincoln and Treasury Secretary Salmon P. Chase borrowed from foreign governments and American citizens, instituted the country's first general income tax, and printed paper money – so-called “Greenbacks.”



Treasury Secretary
Salmon P. Chase



Army of the Potomac at
Cumberland Landing,
Virginia, 1862.



'Give me more Greenbacks,' says
Secretary Chase in this cartoon.

National Banks and America's Future

To promote opportunity, a dynamic economy, and a stronger Union, Lincoln and Chase conceived the national banking system and the Office of the Comptroller of the Currency to regulate and supervise it. Lincoln took pride in signing the National Currency Act, which he believed would provide “great benefit” to the people and the government.

“The national system,” he declared in his State of the Union message of 1864, “will create a reliable and permanent influence in support of the national credit and protect the people against losses in the use of paper money.”

Lincoln and Chase working on the national banking legislation. N.C. Wyeth painted this mural in the lobby of what was then the Federal Reserve Bank of Boston. The former bank building is today the Langham Hotel.

