Time Line of US Monetary and Financial Events

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Abstract

This note provides a timeline of the major changes to monetary and financial regulation from 1791-2024.

1 US Historical Time Line

Our papers (Payne et al. (2023a), Payne et al. (2023b), Payne and Szőke (2024)) reference many changes to monetary and financial regulation. Here we collect those events into a historical timeline, which is shown in table 1. The time line is broken up into a collection a collection of banking "eras". The first era is from 1791-1836, during which the First and Second Banks of the US operated alongside state banks. The second era is from 1837-1962, during which state banks could automatically gain bank charters without a congressional review process, often referred to as the "free banking" era. The third era is from 1863-1913, during which the federal government charted national banks that issued bank notes backed by US federal government debt. The fourth era is from 1913-1933, during which the Federal Reserve Bank was introduced to act as lender-of-last resort to the banking sector. The fifth era is from 1934-1980, during which the New Deal financial regulations were in place. The sixth era is from 1980s-2009, during which the New Deal financial regulations were gradually unwound. Finally, there is the era from 2010 to the present day, during which the Dodd-Frank Act another financial crisis legislation are in place.

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Table 1 Time Line of Monetary and Financial Events

1791	Congress charters the First Bank of the US. The bank is privately owned. It operates as a commercial bank but also has the special privileges of acting as banker for the federal government (storing tax revenue and making loans) and being able to operate across states. It shares responsibility with state banks for bank note issuance. It influences state bank money and credit issuance by setting the rate at which it redeems state notes collected as tax revenue into gold.
1792	Coinage Act of 1792. Authorizes the US to issue a new currency, the US gold dollar.
1811	Charter of the First Bank of the US expires and is not renewed.
1812-5	War of 1812. Convertibility to bank notes to gold is suspended. Government issues Treasury Notes to finance the war.
1816	Congress charters the Second Bank of the U.S.
1819	Panic of 1819. Cotton prices fall, farms go bankrupt, and banks fail.
1832	Jackson vetoes bill to recharter Second Bank.
1833	Jackson removes federal deposits from Second Bank of the US
1834	Coinage Act of 1834. Changes the ratio of silver to gold from 15:1 to 16:1.
1836	Charter of the Sector Bank of the US expires and is not renewed. The Second Bank becomes a private corporation.
1837	"Free Banking" Era begins. Michigan Act allows the automatic chartering of banks (without requiring explicit approval from state legislature) that issue bank notes backed by specie (gold and silver coins). Over the next few years, other states pass similar laws.
1837	Panic of 1837. Sharp decrease in real estate prices leads to large bank losses. In New York, every bank suspends payment in gold and silver coinage. Many banks fail.
1857	Coinage Act of 1857. Foreign coins can longer be legal tender.
1857	Panic of 1857. Railroad company stocks drop sharply. Ohio Life Insurance and Trust company fails, which prompts a collapse in stock prices and widespread failures across mercantile firms.
1861-5	Civil War.

1862 Legal Tender Act. Authorizes the federal government to use nonconvertible greenback paper dollars to pay its bills.

1863-4 The National Bank Acts. The National Currency Act (1863) and The National Bank Act (1864) establish a system of nationally charted banks and the Office of the Comptroller of the Currency. National banks can issue national bank notes up to 90% of the minimum of par and market value of qualifying US federal bonds. Limit on aggregate national bank note issuance is $300 million. Banks must pay a 1% annual tax per on outstanding national bank notes backed by US federal bonds. State banks must start paying a 2% annual tax on state bank notes.

1865-6 Additional National Bank Acts. State banks must start paying a 10% annual tax on state bank notes.

1870 Limit on aggregate national bank note issuance increases to $354 million.

1873 Bank panic of 1873. Widespread failure of railroad firms leads to stock market crash and bank failures. Jay Cooke and Company goes bankrupt.

1875 Congress repeals limit on aggregate national bank note issuance.

1879 US Treasury starts to promise to convert greenbacks to dollars one-for-one.

1893 Bank panic. A combination of falling commodity prices, oversupply of silver, and a fall in US Treasury gold reserves prompted a run on bank deposits.

1896 Cross of Gold Speech. Democratic presidential candidate William Jennings Bryan gives a speech in favor of allowing unlimited coinage of silver into money demand ("free silver").

1900 Tax on national bank notes backed by US federal bonds paying coupons less than or equal to 2% is reduced to 0.5% per annum.

1900 Gold Standard Act. The gold dollar becomes the standard unit of account (further restricting the possibility of "free silver").

1907 Panic of 1907. The Knickerbocker Trust Company collapses prompting a bank run. J.P. Morgan organizes New York bankers to provide liquidity to shore up the banking system.

1913 Federal Reserve Act. Establishment of the Federal Reserve Bank to act as a reserve money creator of last resort during financial panics.

1914-8 World War I.

1917 2nd Liberty Loan Act establishes a $15 billion aggregate limit on the amount of government bonds issued.

1929	Stock market crash and start of the Great Depression.
1929	US issues first Treasury Bill.
1933	Banking Act (“Glass-Steagall Act”). Establishes the Federal Deposit Insurance Corporation (FDIC). Separates commercial and investment banking. Introduces cap on deposit interest rate (“Regulation Q”).
1933	President Roosevelt issues an Executive Order requiring people and businesses to sell their gold to the government at $20.67 per ounce.
1934	Gold Reserve Act.
1934	National Housing Act. Establishes the Federal Savings and Loan Insurance Corporation (FSLIC).
1935	The last national bank notes are replaced by Federal Reserve notes.
1938	Amendment to the National Housing Act established the Federal National Mortgage Association (FNMA), commonly known as Fannie Mae.
1939-45	World War II.
1942	The Treasury and Federal Reserve agree to fix the yield curve on Treasury securities.
1944	Bretton Woods Agreement.
1951	Treasury-Fed Accord ends the fixed yield curve on Treasury securities and establishes the Fed’s policy independence from fiscal concerns.
1968	Housing and Urban Development Act of 1968. Creates the Government National Mortgage Association (GNMA), commonly known as Ginnie Mae.
1966	Fed applies Regulation Q to impose deposit rate ceiling for the first time.
1971	US effectively terminates the Bretton Woods system by ending the convertibility of the US dollar to gold.
1977	Congress issues the Fed with the dual mandate to “promote effectively the goals of maximum employment, stable prices, and moderate long term interest rates”.
1980	Depository Institutions Deregulation and Monetary Control Act of 1980 starts to phase out Regulation Q.
1986-1989	Savings and loan crisis.
1994	Riegle-Neal Interstate Banking and Branching Efficiency Act. Allows banks to operate across states.

1999	Gramm–Leach–Bliley Act. Repeals provisions of the Glass-Steagall Act that prohibited a bank holding company from owning other financial companies.
2007-9	Great Financial Crisis.
2010	Dodd-Frank Wall Street Reform and Consumer Protection Act.

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