

ORIGINS OF THE FIRST BANK

History of the First Bank of the United States

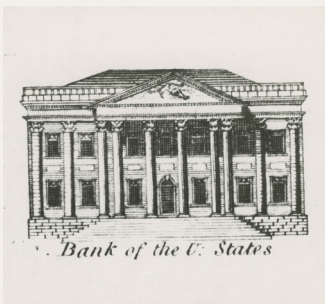


Secretary of the Treasury Alexander Hamilton presented to Congress his concept of a commercial basis for the nation in 1790, and he justified the creation of a central banking system through the concept of implied powers derived from the “necessary and proper clause” of the Constitution. Congress passed his bill to create the First Bank in 1791 despite objections



from several politicians, including Secretary of State Thomas Jefferson and U.S. Representative James Madison of Virginia, but Hamilton’s 15,000-word rebuttal justified it to President George Washington.

The First Bank opened in Carpenters’ Hall on Dec. 12, 1791, with Thomas Willing appointed its first president. It became a signal achievement of Washington’s first administration



as it consolidated the overwhelming debt amassed by the states following the Revolutionary War, helped establish the nation’s foreign credit, launched robust financial markets prior to the start of the Industrial Revolution, and gave stability to a new national coinage. Its prominence allowed it to unofficially set monetary policy and regulate other banks as a precursor to the Federal Reserve.

The First Bank’s directors acquired the land for the building in 1794, and it operated until 1811, when Congress allowed

its 20-year charter to expire by one vote in each chamber. Madison, a longtime critic who by then had been elected President, changed his stance once he recognized how beholden the government had become to private bankers to finance the War of 1812, and in 1816 signed legislation authorizing the Second Bank of the United States.

“Our first central bank was the centerpiece of Alexander Hamilton’s financial system and it was a bold, visionary leap at a time when the new nation had very few private banks and little conception of a central bank,” says Ron Chernow, a Pulitzer Prize-winning author whose biography, “Alexander Hamilton,” is a New York Times bestseller and the inspiration for the hit Broadway musical *Hamilton*. “The creation of such a bank helped to catapult the country into the modern financial era.”



Merchant Stephen Girard purchased the building and most of its assets after the First Bank’s charter expired and established Girard Bank in 1812. A successor bank with the same name significantly renovated the building in 1902, then vacated it once it merged with Philadelphia National Bank in 1926. The American Legion began using the building in 1930 and the city’s Board of Directors of City Trusts followed in 1945. The National Park Service acquired the building in 1955 and used it as a visitor center until constructing a new visitor center for the celebration of the United States Bicentennial in 1976.

Learn more about the project at firstbankphilly.com