

THE \$2 BILL RETURNS

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On April 13, 1976, the \$2 bill will be issued for the first time in ten years. This move will help fill the need for a currency denomination between the \$1 and \$5 bills. The last \$2 series was discontinued in 1966 after low production and the concomitant unpopularity of the bill resulted in insufficient use. This time, however, an ample number (400 million) of bills will be printed annually to permit widespread use of the \$2 denomination.

The New Design The Secretary of the Treasury is authorized by the Federal Reserve Act to determine the denomination and design of all currency. The front of the new \$2 bill features an engraving from a portrait of Thomas Jefferson painted in the early 1800's by the American artist Gilbert Stuart. Also on the front, as required by law, appear signatures of the Secretary of the Treasury and Treasurer of the United States, William E. Simon and Francine I. Neff, respectively. Unlike the last \$2 bill, which was a United States Note, the new bill is a Federal Reserve Note.¹ Therefore a Federal Reserve Bank seal replaces the number 2 to the left of the portrait, and the corresponding Federal Reserve Bank identification number is added on both the left and right sides. Date of the series is 1976.

The design of the back of the bill is completely new. The picture of Monticello, Jefferson's home in Virginia, that was on the earlier \$2 bill has been replaced by an engraving based on John Trumbull's post-Revolutionary painting "Signing of the Declaration of Independence."² Six figures

in the painting, four seated on the extreme left and two on the extreme right, have been omitted in the engraving for aesthetic and security reasons.³

Once it was decided that the \$2 bill would be reissued, widespread support was voiced for a bicentennial theme for the bill. Despite the 1976 issue date, however, the reissue of the bill is not intended as simply a commemorative act for this year, but rather it signifies the permanent addition of another U. S. denomination. Printing of this bill will continue in subsequent years, and there will be no "collector's" or other special issues of it.

Earlier \$2 Bills History of the \$2 denomination in U. S. currency goes back 200 years, just prior to this country's independence. On June 25, 1776, the Continental Congress authorized the issuance of \$2 denominations in "bills of credit for the defense of America."⁴ Under this power, 49,000 \$2 bills were issued. Almost a century later, on July 11, 1862, Congress acted to make the \$2 denomination part of the nation's legal tender. Since that time, it has appeared as oversized U. S. Notes, Silver Certificates, Treasury Notes, and National Currency. Portraits on the front have included those of Alexander Hamilton; Thomas Jefferson; James B. McPherson, Winfield S. Hancock, both Civil War generals; William Windom, Secretary of the Treasury under Presidents Garfield and Harrison; and George Washington. In 1928 the smaller, more familiar, \$2 U. S. Note was issued with Jefferson's picture on the front.

¹ A chief difference between these notes is that the Federal Government must "make good" on United States Notes, while Federal Reserve Banks are liable for all Federal Reserve Notes. In addition, U. S. Notes are backed by gold held by the Treasury; both gold and U. S. Government securities back Federal Reserve Notes.

² The original painting is in the Trumbull Gallery, Yale University. In 1817, Congress commissioned Trumbull to reproduce his painting in a mural for the Capitol Rotunda. The only noticeable difference between the painting and the mural is that the foreground figures in the painting appear to be seated on a wooden platform, while a rug covers the platform in the mural.

³ Omitted on the left were: George Wythe, Virginia, lawyer; William Whipple, New Hampshire, merchant and judge; Josiah Bartlett, New Hampshire, physician and judge; Thomas Lynch, Jr., South Carolina, lawyer. Omitted on the right were Thomas McKean, Delaware, lawyer; and Philip Livingston, New York, merchant. Omission of these figures allowed greater detail in the engraving, thereby reducing the risk of counterfeiting.

⁴ U. S., Department of the Treasury, "Historical Narrative on the \$2 Bill," (Washington, D. C., November 3, 1975).

His picture has appeared on each series since then, as illustrated in Table I.

Prior to the April 13, 1976, reissue, the most recent \$2 series was the 1963 series, which was officially discontinued by the Treasury Department in August 1966. At that time the \$2 note accounted for approximately one-third of one percent of total currency outstanding. The average life of a \$1 bill is 18 months, of a \$5 bill is three years; when it was discontinued, the average life of the \$2 bill was six years. When pieces of currency are worn out, commercial banks return these "unfit" notes to Federal Reserve Banks for destruction. Upon receiving requests from commercial banks for additional money, the Reserve Banks ship them new, as well as "fit" (good used) money. Federal statutes require about \$320 million U. S. Notes to be outstanding at all times, and the 1963 issue of the \$2 note was

partly to meet the legal requirements.⁵ However, the limited quantity printed made the bill an extreme novelty, thereby contributing to public superstitions about it.

Reissuing the \$2 Bill As early as 1969, the Bureau of Engraving and Printing, a division of the Treasury Department, became interested in bringing back a \$2 denomination. Various other groups including Congress, the Federal Reserve System, and the bicentennial commission, as well as many individuals, have expressed support for its reissue. Great emphasis has been placed, however, on a sufficient quantity of such notes being available in order to help insure widespread public use of the bill. Accordingly, 225 million \$2 notes will be printed and some of these shipped to commercial banks for public distribution beginning April 13, the anniversary of Jefferson's

⁵ This requirement is now met entirely by \$100 U. S. Notes.

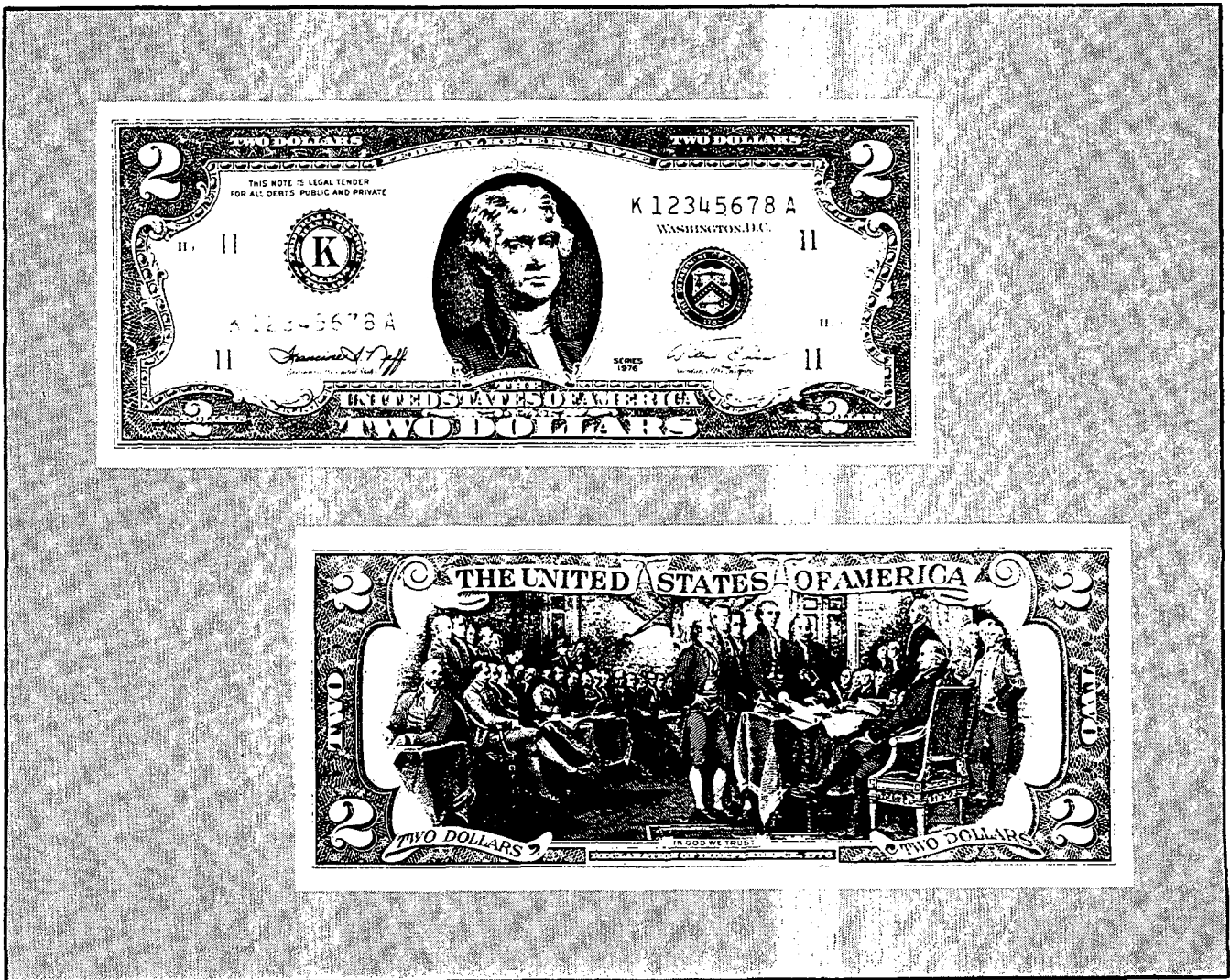


Table I

HISTORY OF EACH PRIOR \$2 BILL RELEASED**UNITED STATES NOTES—LARGE SIZE (LEGAL TENDER ISSUE)**

<u>Series Date</u>	<u>Total</u>	<u>Description</u>
1862	Not Available	Alexander Hamilton
1869	14,408,000	Thomas Jefferson
1874	11,632,000	Thomas Jefferson
1875	11,518,000	Thomas Jefferson
1878	4,676,000	Thomas Jefferson
1880	28,212,000	Thomas Jefferson
1917	317,416,000	Thomas Jefferson

TREASURY NOTES

1890 & 1891	24,904,000	James B. McPherson
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SILVER CERTIFICATES

1886	21,000,000	Winfield S. Hancock
1891	20,988,000	William Windom
1896	20,652,000	Allegorical Vignette
1899	538,734,000	George Washington

FEDERAL RESERVE BANK NOTE (NATIONAL CURRENCY)

1918	68,116,000	Thomas Jefferson
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NATIONAL BANK CURRENCY

<u>First Charter Period (No Series)</u>	<u>Not Available</u>	<u>Description</u>
1875	1,381,205	Allegorical Vignette

UNITED STATES NOTES—SMALL SIZE

1928-1928G	430,760,000	Thomas Jefferson
1953-1953C	79,920,000	Thomas Jefferson
1963-1963A	18,560,000	Thomas Jefferson

Source: U. S., Department of the Treasury, "Historical Narrative on the \$2 Bill."

birth. By July 4, 1976, an additional 150 million bills will be printed. This total is about 60 times greater than the average number of the last \$2 note printed. It is anticipated that about 400 million \$2 bills will be printed in subsequent fiscal years, further helping to provide an ade-

quate supply. The Federal Reserve Bank of Richmond estimates that its share of this year's production will total about \$92 million. This sum will be released through the Richmond Reserve Bank and its Baltimore and Charlotte branches.

The Bureau of Engraving and Printing, which prints all U. S. currency, began work on the new Federal Reserve Note in late summer 1975. Approximately seventeen weeks later, in December, the first bills rolled off the presses. To satisfy the initial requirement, 11 million \$2 bills are being printed each day. Production of the \$2 bill does not interfere with the printing of other denominations, which continue to be printed in their usual volume.

About \$75 million worth of bills of varying denominations are printed each day. The printing cost of any bill is 1.525 cents. "Ones" now account for 55 to 60 percent of the number of pieces of currency in circulation. By replacing about half the "ones" with an equivalent dollar volume of "twos", thus decreasing the number of bills in circulation, the Federal Government will save about \$27 million (in 1976 dollars) in printing, handling, storage, and shipping costs between 1976 and 1981. Similarly, individuals will need to carry fewer "ones", thereby facilitating small cash transactions and reducing the number of pieces of currency retailers and banks must handle. Decreased handling, in turn, will help to lower business operating costs.

Success of the \$2 bills depends on the public's reception of and demand for the new note. The bill should become more acceptable once the public realizes that the Treasury has made it a permanent component of U. S. currency. Its use can save the Government, and therefore all taxpayers, money and increase the convenience of cash transactions.

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