

EMERGENT TREASURY-SUPPLY IN MASSACHUSETTS IN EARLY DAYS.

BY ANDREW MCFARLAND DAVIS.

IN the course of her career as colony, province and state, Massachusetts, in the effort to fill her treasury by other than ordinary means, has had two calamitous episodes, each caused by the emission of bills of public credit. The first of these was inaugurated during the administration of affairs by the temporary government organized after the overthrow of Andros, and was continued in the days of the province for a period amounting altogether to a little over half a century. When Hutchinson and his followers, in 1749, were able, by a lucky chance, to secure a resumption of specie payments, through the appropriation for that purpose of the fund allowed by the British government for the reimbursement of the provincial expenditures in the Louisburg expedition, there were but few business men living who had seen a metallic currency in circulation in New England, and there must have been a great many tradesmen to whom coined silver was but an object of idle curiosity.

The return to a specie basis, while it placed in the hands of the people enough silver—when combined with the additional coin let loose by merchants—to meet the needs of ordinary trade, carried with it inevitably, through its disarrangement of the circulating medium, the impending disadvantage of an empty treasury. This was met, when it occurred, by a recurrence to the policy of borrowing from the people on short terms, a method which had been established in the days of the colony. The process then resorted to was continued from year to year until May,

1775, when the printing-press was again made use of to supply the treasury. The special subject which I have selected for our consideration today—Emergent Treasury-Supply in Massachusetts in Early Days—leads up to and would naturally include the transition to the methods employed after the establishment of the Commonwealth, but the limits necessarily imposed upon a paper of this sort preclude the pursuit of the topic beyond the retirement of the State's quota of the continental bills and the emission of state notes in place of the same, on the basis of forty for one, which was provided for by the General Assembly in May, 1780.

The experience had been as I have indicated; first, nearly sixty years of borrowing, then sixty years of emitting denominational currency, then twenty-five years of borrowing. Following this came a little over two years of dependence upon bills of public credit, after which the State settled again upon the policy of borrowing, on interest-bearing notes.

I have elsewhere described in great detail the features of the paper-craze, through which our forefathers passed in the first half of the eighteenth century. In what I have to say today I shall not trespass upon that ground more than is necessary to illustrate my topic, but the development of the facts connected with the emission of bills of public credit and treasurer's notes, for the supply of the State treasury, from 1775 to 1780, will enable me to round out the story of the participation of Massachusetts in attempts to supply a denominational currency based solely upon government credit, down to the establishment of the Commonwealth.

It is true that the legislation with reference to the circulating medium from the days of "Corn-Money" to the era of "Dollars" has been collated by Felt¹ in his "Massachusetts Currency," and further that Mr. Charles

¹ An Historical Account of Massachusetts Currency, by Joseph B. Felt.

H. J. Douglass¹ has in his "Financial History of Massachusetts" brought together the facts relating to the special subject under consideration and has also analyzed the colonial and provincial laws bearing thereon, thus smoothing the path for successors in this work and relieving them from prolonged study. Moreover, I myself, in the "Confiscation of John Chandler's Estate," was compelled to devote a chapter to the consideration of the emissions of the revolutionary currency of the State, 1775 to 1778, in the vain hope of determining in "sterling," the various values assigned to Chandler's estate at different times in terms of "lawful money." My approach to the subject at that time, was, however, from a special point of view, and much was left to be said in order to complete the story of the currency emissions by Massachusetts. I trust, therefore, that I shall be able to make such use of the material at my command as to avoid the charge that the subject is too hackneyed for our consideration. The field is so important that pre-emption cannot be tolerated and so wide that it cannot be exhaustively covered by any two or three writers.

COLONY.

When the group of colonists who bore with them the charter of the company arrived in Massachusetts and set up a local government under that instrument, they were necessarily compelled to meet the question, How should that government be supported? Taxation through the medium of the general court and the towns was the answer given, and in this solution of the question the settlers acquiesced. Then, as now, there were times when the treasury was empty, and then, as now, the government met outstanding obligations by treasury notes or by

¹ Studies in History, Economics and Public Land, Columbia College, Vol. I., No. 4.

directly borrowing from those who were able to come to the rescue of the government credit.

While we have no record of any such proceedings in the first decade of the government, we nevertheless find that one of the duties prescribed for the Auditor-General in 1645 was to "examine all notes, bills and accompts upon w^{ch} the Country is to make payment or satisfaccion to any pson."¹

We might, perhaps, doubt whether the word "notes" actually referred to obligations given by the treasurer for money loaned or in settlement of debts incurred, were it not that entries in the records, shortly after the date of the Act quoted from, fully justify the proposition that the treasurer was in the habit at that time of supplying the treasury, and of meeting outstanding obligations of the government, in this manner. Thus at a session of the Court in November, 1646, we find the following entry:

"Whereas, it appeares by a note, und^r y^e Treasurers hand, y^t there is due to Rich^d Saltonstall, Esq^r, nyne pound, p^t of a debt due to S^r Rich: Saltonstall for a^munition, &c, & whereas he affirmes (w^{ch} we believe) y^t he disbursed for y^e Country, a good time since, some oth^r monyes, y^e C^ur^te ord^rs hee shall have tenn pounds paid, in a small peece of ordinance (to be valued by y^e Survey^r Gen^r,) he rend^s y^e overplus (if any be) in ready mony."²

It was at this session that the general tax act was brought into shape and the system for the assessment and apportionment of taxes for the general government which prevailed during the days of the colony was inaugurated.³ The rates, even, were fixed, which were to govern from year to year—a poll tax of one shilling and eightpence per person and a tax on real and personal estate of one

¹ Mass. Colonial Records, Vol. III., p. 54.

² *Ibid.*, Vol. II., p. 165. See also Vol. III., p. 83.

³ *Ibid.*, Vol. II., p. 173. Also recorded in Vol. III., p. 88; Colonial Laws, 1660 Ed., p. 14; Colonial Laws, 1672 Ed., p. 23.

penny in every twenty shillings of assessed value. The system prevailed and the "rate" remained the same, during the days of the colony, but as the functions of the government were magnified the treasurer was ordered to assess two rates or three rates, as the case might be, and during the Indian wars the assessment rose as high as ten of the rates fixed in 1646.¹

Succeeding the entry of the tax act in the record, the following illustration of the method of raising emergent supplies occurs:

"It is ord^d, y^t such Monyes as have been borrowed of div^rse men by y^e Co^rte are to be & shalbe, repaid y^m, by y^e first of y^e 2^d M^o next, in mon^y, beav^r, or Wheate at 3. 8^d ~~p~~ bushell, & wth all, y^t y^e Treasurer may engage himselfe for satisfaction accordingly."²

With the growth of the colony, accompanied as it was with increased expenditures and an enlarged field of operation for the treasurer, we find that such items as the payment of a debt of nine pounds with a piece of ordinance, if such incidents continued to occur, are eliminated from the records and as is natural, we discover some evidence of greater formality in effecting loans than the mere issuance from time to time by the treasurer of his notes. In August, 1661, the borrowing was put in the hands of a committee of the general court³ and the treasurer was authorized "to engage in the name of the Court for their repayment thereof, wth due allowance for the same, to the satisfaction of such gentⁿ as shall make supplies thereof in moneyes, here & in England, for the occasions afore^sd." In December of that year the same course was followed, the action of the committee being at that date "confirmed and allowed" in advance, and the treasurer ordered to "engage for the same."⁴

In August, 1664, the treasurer was authorized to borrow

¹ Mass. Colonial Records, Vol. V., p. 81. ² *Ibid.*, Vol. II., p. 175.

³ *Ibid.*, Vol. IV., Pt. 2, p. 32. ⁴ *Ibid.*, p. 40.

on the best terms that he could, the specific sum of one hundred pounds,¹ but in October, 1666, the following was the language used in the resolve passed for the purpose of raising money for the colony's use:

"It is ordered that the Secretary and Treasurer shall signe all such orders as the Co[m]itte impowred to raise money for the Country's use shall agree upon, & give them signed under their hands, in order to the raying of the said money, & for the security of such as shall lend it."²

In this case not only does a committee intervene, but the secretary is associated with the treasurer in the signing of the obligations to be issued by the colony. The fact that the amount to be raised was indeterminate may have been the cause of this unusual formality.

The session of the court in which the foregoing order was recorded is nominally October 10, 1666,³ but there is entered as though it constituted a part of the proceedings of the same session a copy of a letter ordered by the court to be written, which bears date October 24th. Following this letter in the record is an order authorizing Mr. Henry Ashcourt with others in London, to "take up upon loane to the value of one thousand pounds"—to the payment of which the court bound itself, the order closing in the following words:

"And in testimony of this Courts obligation thereto, wee have appointed our Treasurer to signe this order as the Act of this Court, and that there be affixed the seale of the colony hereto."

In April, 1668, the court recited that they had "passed an act whereby they have obliged the treasurer for the payment of a very considerable summe of money,"⁴ and in case there should be any failure of the money coming

¹ Mass. Colonial Records, Vol. IV., Pt. 2. p. 123. ² *Ibid.*, p. 328. *Ibid.*, p. 329.

⁴ *Ibid.*, p. 369.

from the expected sources the treasurer was authorized and empowered to borrow as much money at interest as the engagement of the court should require.

In February, 1675-76, the court announced that the country treasury was exhausted through disbursements in prosecuting the Indian war.¹ As the war was still in progress and more money was needed, the faith of the colony was pledged to those who should make loans to the government. A receipt under the hand and seal of the treasurer was to be sufficient evidence that the lender was entitled to the further security of the public and common lands and the interest of the colony in any conquered lands. The treasurer was to arrange with lenders as to the time of their respective loans and the interest thereon.

The close of the Indian war was followed by a period of relative quiet during which there was a great abatement of taxation and an apparent cessation of borrowing, although in February, 1683-84, the treasurer was ordered to "procure" one hundred pounds for a special purpose.² The fact that borrowing had then practically ceased was perhaps demonstrated by the action of the court in May, 1684, in ordering half a country rate to be collected, the same "to be improved for emergent occasions, &c." This may indicate that the financial condition of the colony was such that there was no longer need for resort to borrowing, or that the credit of the government was affected by the legal proceedings taken for the abrogation of the charter in England. The moderation of the rates at this period would seem to favor the former proposition. In any event, the days of borrowing as a colony were over, but the foregoing quotations from the records show that beginning with the recognition of certain treasurer's notes, for the execution of which no trace of authority is to be found, we from time to time find evidence of borrowing

¹ Mass. Colonial Records, Vol. V., p. 71. ² *Ibid.*, p. 432.

by the treasurer and of his furnishing lenders with obligations, such debentures being emitted under varying degrees of formality, but with an evident recognition of the need for greater circumspection as the size of the loans increased.

PRESIDENT AND COUNCIL.

The proceedings under the President and Council in the days of Dudley and Andros might, perhaps, be disregarded altogether in this connection. The decision in the scire facias case had annulled the charter and the arbitrary form of government substituted in its place, carrying with it the claim on the part of many that all colonial laws had been abrogated, would probably have caused capitalists to hesitate before lending to an administration whose demands for recognition were based upon such obnoxious theories. The records of the council, both under Dudley¹ and under Andros,² have been published. They contain no allusion to any other methods of raising money than by taxation, nor is there any indication in the discussions at a later date concerning the accounts of Wells and of Usher, treasurers during this period, of any credits due to unusual sources.³

PROVISIONAL GOVERNMENT.

It was during the brief life of the provisional government which assumed control on the arrest of Andros, that an entirely new and theretofore unheard of method of supplying the treasury was inaugurated.

A combined military and naval expedition was organized for the capture of Quebec and was dispatched upon its mission without any arrangements being made for payment of the wages of the soldiers and sailors or for the settlement

¹ Proceedings Mass. Hist. Soc., 2d Series, Vol. XIII., p. 226.

² Proceedings Am. Ant. Soc., Vol. XIII., Pt. 2, p. 239; Vol. XIII., Pt. 3, p. 463.

³ See Acts and Resolves, Prov. of Mass. Bay, Vol. VII., p. 645 *et seq.* Consult the Index for further references to these accounts.

of the expenses incurred in its preparation. The disastrous failure of the expedition prevented the colony from making payment out of the expected plunder from Quebec, and the ingenious scheme was resorted to, of adjusting these accounts by means of certificates of debt, issued by the colony, having different denominational values and capable of being used in lieu of money.

PROVINCE.

The provincial government continued to make use of this device during a period of a little over fifty years, the same being practically coincident with the first half of the eighteenth century. The method of proceeding, which soon became stereotyped, was to meet from year to year all outstanding debts and immediately impending obligations of the government, by emissions of bills of public credit in the form of due bills. Accompanying each emission was a pledge that the same amount of bills should be called in by tax at a specific future date. The taxes, therefore, of this period were laid, not for the purpose of meeting obligations or paying debts, but for the retirement of bills of public credit. The government, indeed, instead of being a borrower, became a lender,—not of money, but of bills, which were defined to be “in value equal to money.” Loans were made to citizens, either direct or through counties or towns, from which positive gain was expected in the form of interest, and through which it was hoped that the disturbance to the circulating medium from the funding process, which took place annually when taxes were collected, would be lessened. These loans were called “banks.”

Such were the processes by means of which the colonists were accustomed to furnish supplies for the treasury in the days of the province; in fact, such only were the processes which were in vogue under the second charter

from its arrival in 1692 down to 1750. The expenses of the Phipps expedition had been met with "Old Colony bills." The Hill and Walker expedition could not have gone forward except for the loans of province bills made to the Boston merchants. The chronic troubles with the eastern Indians and the expedition to Nova Scotia were all met through the same means, and, finally, the great coup of Shirley, the Louisburg expedition, was made possible through the power of the province to create bills of public credit at will. The marvellous, and almost incomprehensible success which attended this expedition was gained at the expense of the bankruptcy of the province, but the very fact that affairs in Massachusetts were so deplorable, compelled recognition on the part of the British government that this condition had been mainly brought about in securing for Great Britain a prize useless to the province, but of enormous value to the home government in the negotiations through which the peace of Aix-la-Chapelle was accomplished. Thus, an expedition begun under circumstances which seemed capable of producing only military disaster, and conducted, so far as the financial methods of the province were concerned, in a way that could lead only to ruin, through the extent of its success in the field and of the overwhelming bankruptcy which it produced at home, brought about the reimbursement of the province in coin, for expenditures made in bills of public credit, and gave opportunity for the resumption of specie payments.

For upwards of fifty years the government had been exempted from the necessity of borrowing. The time had now come when the conditions were such that there would probably be a period each year when the treasury would be empty and so far as the immediate future was concerned, the situation was aggravated by the obstructions placed in the way of the redemption of the bills through the delays of collectors in remitting to the treasurer.

“The bills being all exchanged by the silver imported from England,” says Hutchinson,¹ “and provision made by law, that no bills of credit should ever after pass as money, there was a difficulty in providing money for the immediate service of government, until it could be raised by tax. Few people were at first inclined to lend to the province, though they were assured of payment in a short time with lawful interest. The treasurer, therefore, was ordered to make payment to the creditors of government in promissory notes, payable to the bearer in silver in two or three years, with lawful interest. This was really better than any private security; but the people, who had seen so much of the bad effects of their former paper money from its depreciation, could not consider this as without danger, and the notes were sold for silver at discount, which continued until it was found that the promise made by government was punctually performed. From that time the public security was preferred to private, and the treasurer’s notes were more sought for than those of any other person whomsoever. This was the era of public credit in Massachusetts Bay.”

In this paragraph Hutchinson sums up the situation in 1750 and epitomizes the story of methods of treasury-supply of the next quarter of a century. It will be observed that he indicates that the treasurer was ordered to give his notes, payable in silver. Such indeed was the practice, but it is not impossible that a part of the distrust with which these appeals of the government for assistance were at first received was due to the fact that although it was “Spanish milled dollars” that the government sought to borrow, the obligation which was at the outset offered to lenders did not contain a specific promise to pay in silver, or even in dollars, but the phraseology of the treasurer’s receipt was couched in pounds. It was in June, 1750, that the first borrowing was effected, the alleged purpose of the loan being to defray the charges of the government.² The process was renewed in October

¹ Hutchinson’s History of Mass., Vol. III., p. 10.

² Acts and Resolves Province Mass. Bay, Vol. III., p. 513.

of the same year, and this time the treasurer promised "to pay the same number of like dollars."

In making these loans the government could only learn by experience the size of the note, or as it was called in these acts "the treasurer's receipt," which would meet with the most favorable reception. In June, 1750, the treasurer was ordered not to give his receipt for any less sum than £50. In October the lowest note was to be £5, and thereafter the minimum limit was generally fixed at £6. It may be inferred from this that dependence was placed upon the people rather than the capitalists.

All of these notes bore interest, the rate down to 1765 being 6% and after that 5%. The needs of the government in excess of the amount derived from the import and excise was very small, but the redemption of a large number of bills of public credit, which remained in circulation, had to be provided for, even after the application of the reimbursement funds for this purpose and after the levy of a special tax to cover deficiencies. To retire these bills, special legislation was effected as late as 1754.¹ Following this drain upon the people, outside the ordinary annual charges of the government, there came first the expenses caused by Indian troubles in Maine, and later heavy charges consequent upon the outbreak of hostilities between England and France. The annual contribution to the Crown Point and Canadian expeditions, which then ensued, led to a steady increase of the amounts borrowed by the treasurer. In 1758, they passed the £200,000 mark. In 1760, they reached the sum of £242,714. In 1765, after a brief period of decline, a second culminating point of £197,000 was reached, after which the size of the loans steadily declined, until in 1771-1772, there was no borrowing at all.

It was in 1765 that the rate of interest upon the loans was reduced. The province was then carrying a load

¹ Acts and Resolves Prov. Mass. Bay, Vol. III, p. 717.

of debt amounting to a little over £400,000, all of which would mature in the years 1766 and 1767. The secret of the credit of the government while staggering under such a burden is to be found in two causes: First, the British government had followed the precedent established in connection with the Louisburg campaign and had reimbursed the colonies for certain of the expenses incurred in the Canadian expeditions; and, second, the province, now that the war was over, had deliberately set to work to retire the outstanding treasurer's receipts, in annual instalments of such size that the tax levy would not cripple the resources of the province.

In 1765, Governor Bernard wrote to the Lords of Trade relative to the provincial act for supplying the treasury with £197,000 through the treasurer's receipts:

"The General Court reduces their debt by 50,000 pounds every year, and as they are obliged conformably to the Act of Parliament to confine their bills of Credit within 2 years, they annually borrow a sum less by £50,000 than what will be due at the end of the year, by which the whole debt appears on the face of the Bill and is every year £50,000 less than the former."¹

The reference by Bernard to the Act of Parliament gives a clue to the reason why no attempt was made to float a number of loans which should mature at different periods in the future and thus avoid the annual recurrence to the borrowing process. The province was trammelled in this regard by the Act of 24th George II., Ch. 53, which restrained the colonies in the emission of bills of public credit. This law made void any Act of the Assembly, creating any paper bills or bills of credit of any kind or denomination whatsoever, except bills for the current service of the year where provision was made for their repayment within two years. It is true that under stress, the province had emitted treasurer's

¹ Quoted in *Acts and Resolves Prov. Mass. Bay, Vol. IV., p. 863.*

receipts, which ran for three years. This had been overlooked, but in 1775, the question was gravely discussed in the Privy Council whether certain of these treasurer's receipts which ran for two years and four days were not emitted in contravention of law.¹ Hutchinson, in his "Diary," says regarding this transaction:²

"I did not believe the obligations given by the Treasurer could be considered as the Bills of Credit intended by that Act": and then adds: "for though they were assignable, they passed as money between man and man in the Paper-Money Colonies."

From which one might infer that they ought so to have been considered.

Bernard's characterization of the treasurer's receipts as "bills of credit," and this remark of Hutchinson brings us face to face with the close resemblance of the financial proceedings at this time, to those of the paper-money period. Then an emission of bills of public credit was made each year adequate to meet the requirements of the province. Simultaneously a future tax was ordered which was pledged for the retirement of the bills. Now, the province borrowed what it needed each year, giving the lenders interest-bearing treasurer's receipts in sums not less than £6, which were protected by a future tax pledged for their payment. The important points of difference between the proceedings at these different dates were: 1st. The reception of the treasurer's receipts was purely voluntary, while the bills of public credit were forced upon the people by their legal tender attribute and through the fact that they then constituted the only circulating medium; 2nd. The receipts bore interest and hence would be held in reserve by capitalists, thus releasing a corresponding amount of coin for circulation. Their

¹ Quoted from the papers of the Board of Trade in Acts and Resolves Prov. Mass. Bay, Vol. V., p. 411.

² Quoted in Acts and Resolves Prov. Mass. Bay, Vol. V., p. 411.

effect, therefore, so far as they tended at this time to increase the circulating medium, was not disastrous, as would have been the case of interest-bearing notes in the days of paper-money; 3rd. The size of the minimum receipt was high for ordinary purposes of circulation. We must not overlook the fact, however, that we are no longer dealing with times when the treasurer recorded that he had given his note for nine pounds. In 1765, Governor Bernard wrote:

“This winter a gentleman who had acted considerably as a Banker, stop't payment for £170,000 Sterling.”¹

Six pound notes were certainly not too large for the ordinary use of a gentleman who could fail for this sum, and if there were many more in Boston whose transactions were on a similar scale, it well may be that in certain channels these notes found circulation. Yet we must bear in mind that Hutchinson himself² said that:

“From an aversion to silver currency, the body of the people changed in a few months, and took an aversion to paper, though it had silver as a fund to secure the value of it.”

Taking this into consideration, his qualification that these notes circulated “in the Paper-Money Colonies”

¹ Quoted in Acts and Resolves Prov. Mass. Bay, Vol. IV., p. 793. The amount of this failure seems incredible, but I am assured by our associate, Mr. Hubert Hall, of H. M. Public Record Office, that the letter is correctly quoted in the Acts and Resolves, &c. Mr. Hall adds, “It appears that the person in question was a banker, and that explains much. It is said to have been like ‘an earthquake’ in the town.”

Mr. H. E. Woods, the editor of the *Historic Genealogical Register*, was kind enough to endeavor to identify the person of the bankrupt. He sends me these references from the *House Journal*:—

Page 216, 6 Feb., 1765: “A petition of creditors of Nathaniel Wheelwright of Boston, Merchant, who hath lately stopped payment,” etc.

Pages 220-223, 7 Feb., 1765: “An Act for protecting the person of Nathaniel Wheelwright, of Boston, Merchant,” etc.

Mr. Woods also calls my attention to references on pages 55 and 74 of “*Letters and Diary of John Rowe, Boston, Merchant, &c.*,” which seem to identify Wheelwright as the bankrupt in question.

² Hutchinson's *History of Mass.*, Vol. III., p. 9.

is emphasized and we may doubt if they found general circulation in Massachusetts.

There were at least two attempts to raise money for the province by lotteries during this period.¹ The only gain that was proposed for the government out of these transactions was the temporary use of the prize money. The first of these² was in February, 1750-51. Eighty-nine hundred tickets were to be sold for three milled dollars each, thus producing, if sold, \$26,700. Two thousand two hundred twenty-five prizes amounting to \$26,200 were to be distributed to the benefit tickets, one year after the drawing, and interest at 3% was to be allowed on the prize money. A tax for £8010 was ordered to be levied in February, 1751-52, thus furnishing a guarantee that the government would have the money to meet the prizes and pay the expenses of the lottery, while the treasurer, if the tickets were promptly sold, would in the meantime have had the use of the money for current expenses.

This lottery shared the fate of many others. In the original act, the drawing was ordered to take place April 18th, 1751, if five thousand tickets were then sold. This condition not having been complied with, the drawing was postponed to June 5th.³ The stipulation as to the three milled dollars for each ticket was then altered and province bills and treasurer's warrants were made receivable. The interest on the prizes was raised to 6%. When the day for drawing in June came round, matters had not progressed much and again there was a postponement, this time to August 6th,⁴ at which time the commissioners were ordered to close up the affair no matter how many tickets had been sold. What the actual condition was

¹ It will be understood, of course, that I deal in this paper only with lotteries which were created for the benefit of the Treasury of the Province. There were several lotteries during this period whose purpose it was to raise money for some local object. These do not concern us.

² Acts and Resolves Prov. Mass. Bay, Vol. III., p. 539. ³ *Ibid.*, p. 548.

⁴ *Ibid.*, p. 575.

at that time is shown by authority to borrow £4545 or \$15,150 conferred upon the treasurer in October.¹ Apparently, even with these two postponements, they were only able to sell tickets amounting to \$11,550.

In April, 1758, managers were appointed who were to devise and carry out a scheme for a lottery for raising and borrowing thirty thousand pounds.² The prizes were to be treasurer's receipts having about three years to run and bearing interest at 6%. This attempt was a complete failure, and in October, 1759, it was ordered that the money raised by the managers should be returned to "the possessors."³

The proceeds of the reimbursement for the Louisburg expedition were shipped to the province in 1749 by Bollan, the province agent, exclusively in Spanish silver coins, with the exception of a proportionate amount of copper for small change. The form of the obligations, then emitted by the treasurer, was governed by the situation in 1750, and they were made payable in silver. This practice was adhered to until 1762. The Resumption Act⁴ specifically provided that all debts, contracts and bargains were thereafter to be considered to be in silver at 6s. 8d. an ounce and that full weight Spanish milled dollars were to pass for 6s. It was soon discovered that there was some English silver in circulation and further that there was more or less Portuguese gold. Consequently, there was an act⁵ passed in 1750, fixing the rates at which such coins should be received in trade, the assertion being made in the preamble that they were being passed at a disproportionately high rate. Of this attempt to make these coins current at a lower rate than they naturally assumed in the market, Professor Sumner says:

"When the law . . . tried to keep them down by a

¹ Acts and Resolves Prov. Mass. Bay, Vol. III., p. 595.

² *Ibid.*, Vol. IV., p. 88. ³ *Ibid.*, p. 142. ⁴ *Ibid.*, Vol. III., pp. 433-434.

⁵ *Ibid.*, p. 494.

penalty for passing them at a higher rate, it only drove them out."¹

Not long after the passage of this law the London market effected what the act of 1750 was impotent to accomplish.

"Silver bullion," says Hutchinson,² "for a year or two past had advanced in price, in England, from 5s. 3d. to 5s. 7d. an ounce. A greater proportion of silver than of gold had been exported, and people, who observed the scarcity of silver, were alarmed. A bill was brought into the house of representatives and passed, making gold a lawful tender at the rates at which the several coins had been current for many years past."

This was in 1762, and simultaneously with the passage of this act a new form of note was adopted payable in silver or gold.³ Bernard bears testimony to the cause for this legislation, saying that dollars were "transmitted to England, being the best specie for that purpose," and, again, that "the Province would have suffered very much if it had been obliged to make its payments in the tenor of its bills."⁴

In addition to the fact that there was a movement at this time of Spanish dollars towards the London market, there was simultaneously an unusual amount of Portuguese gold in circulation in the province; 10,424 $\frac{3}{4}$ johannes and 1414 $\frac{1}{2}$ moidores remitted by Bollan, on the Mercury, arrived⁵ December 3, 1759; 28,528 johannes and 3000 moidores arrived on the Fowey, March 14, 1760.⁶ These shipments had been made pursuant to specific instructions, but, in April, 1761, Governor Bernard called the attention of the assembly to the fact that the various expenses attendant upon the transportation of the specie amounted

¹ Coin Shilling of Mass. Bay, Yale Rev., Nov. '98, p. 274.

² Hutchinson's History of Mass., Vol. III., p. 99.

³ Acts and Resolves Prov. Mass. Bay, Vol. IV., p. 516.

⁴ Letters quoted in Acts and Resolves Prov. Mass. Bay, Vol. IV., p. 559.

⁵ Acts and Resolves Prov. Mass. Bay, Vol. IV., p. 347. ⁶ *Ibid.*, p. 438.

to upwards of ten per cent. of its value, while at the same time Boston merchants were shipping coin to London at a similar expense. He proposed, therefore, that the province thereafter, instead of causing these reimbursements to be remitted, should draw bills on the province agent and sell them to Boston merchants.¹ Bollan estimated that this plan would save the province about seven per cent.² The obvious advantages to be derived from such a course led to its adoption. The bills were sold in 1761 for 136, in 1762 for 138, in 1763 for 136, in 1764 for 135 and in 1765 for 135 New England shillings for 100 sterling, thus confirming the judgment of Bernard.³

During the remainder of the days of the province, there was nothing worthy of mention in connection with supplies for the treasury. The peace of 1763 had permitted affairs to assume their normal condition, during which the outstanding treasury receipts were redeemed and no new cause arose for the application of stringent methods in the way of raising money, so long as the chair of state was filled by a royal governor. The next occasion for an emergent supply arose under the second Provincial Congress, an elective body, which came into existence under the following circumstances.

PROVINCIAL CONGRESS.

On the first of September, 1774, General Gage sent out his precepts for the election of representatives who were to be convened at Salem, October fifth. Notwithstanding the fact that by a proclamation issued September twenty-eighth, the General sought to prevent the very session for which he had issued this summons, the representatives elected in pursuance of these precepts, assuming that his

¹ Acts and Resolves Prov. Mass. Bay, V-1, IV., p. 541.

² Letter quoted in Acts and Resolves Prov. Mass. Bay, Vol. IV., p. 449.

³ Acts and Resolves Prov. Mass. Bay, Vol. IV., p. 458, p. 581, p. 602, p. 720, p. 805.

power of prorogation did not exist in anticipation of actual session, met at the appointed time, and the governor not being present, organized themselves into what they termed a provincial congress, for the purpose of considering the condition of public affairs and of determining measures to promote the prosperity of the province.¹ On the tenth of December² this body, being then in session at Concord, provided for its own dissolution and for the election of members to represent the towns and districts of the province in a second congress to assemble at Cambridge February first, next ensuing. The delegates elected in pursuance to this call were to remain in session until May twenty-ninth and no longer.³ They met at the appointed time and held meetings first at Cambridge, then at Concord, then at Watertown. A third congress was convened at Watertown May thirty-first. The second congress had voted, April 1, that if writs were regularly issued for a general assembly, the towns ought to obey the precepts, but that the representatives then elected ought not to transact business with the mandamus councillors.⁴ The battle of Lexington rendered this session of the court impossible, and May 4th congress reconsidered this vote.⁵ May 5th, it was resolved to call upon the towns to forthwith elect delegates to a third congress,⁶ the one that convened as above, May 31st. It will be seen from the foregoing that

¹The attention of the student ought, at this point, to be called to the function of the County Convention in preparing the people for a Provincial Congress and in determining them to make use of the Assembly already elected for that purpose. The proceedings of the various County Conventions, in the fall of 1774, are collated in Lincoln's Journals of the Provincial Congress, but apparently they are not given in full there. For a discussion of this question, the reader is referred to Vol. I, Transactions Colonial Society of Mass., pp. 163 *et seq.* By meeting at Salem and adjourning to Concord as they did, the Assembly complied with the recommendations of the different conventions, and thus had an expression of popular approval behind them. This was not, however, the full equivalent of a specific election to a provincial congress.

²Journals of the Provincial Congress of Mass. Bay, p. 73.

³The charter provided that the Governor should convene the General Court on the last Wednesday of May each year.

⁴Journals of the Provincial Congress of Mass. Bay, p. 116.

⁵*Ibid.*, p. 190, p. 192. ⁶*Ibid.*, p. 196.

the first provincial congress, as a representative assemblage, stands upon a different footing from the second and the third. The steps taken in assumption of the powers of government originated within itself. Although an elective body of legislators, the members had not been chosen to serve in a provincial congress. With the second and third congresses the case was different. The delegates were elected by the people to represent them specifically in this way. This difference is fundamental, and would justify the consideration of these congresses in two classes; the one self-created, the other deriving its origin from the people. For our purposes, however, we may treat all three as one stage in the process of the evolution of the state.

The first provincial congress, when it severed its connection with the administration of General Gage, very soon found that it was incurring expenses without funds at command to meet them. It was known that the assessors, constables and collectors outside Boston were generally in sympathy with the movement in opposition to Gage and it was hoped that through them the needed funds could be obtained. A tax had been laid at the regular session of the assembly which was not yet collected. The assessors were, therefore, instructed to go ahead with the assessment. A receiver-general was elected and constables and collectors were urged to turn over to him public moneys then in hand or which should thereafter be received by them. From time to time efforts were made to compel these officers to comply with these requests, but that there was some reluctance on their part to do so may be inferred from the statement of the receiver-general on the twenty-fifth of April, 1775,¹ that he had received only £5000 where £20,000 was due. During the brief career of these congresses no direct tax was levied. They were not only without executive head, but they also lacked

¹ Journals of the Provincial Congress of Mass. Bay, p. 151.

the support of a council. For a time indeed it was thought possible that there might be another session of the general court, but the events which occurred on the 19th of April dissipated that expectation. They were, nevertheless, compelled to go ahead and incur debts, which in the course of time had to be met. The first congress made no effort to procure funds outside those remitted to the receiver-general in response to the call upon the collectors of taxes, but on the third day of May, 1775, the second congress voted to borrow £100,000 lawful money¹ and appealed to the continental congress to recommend the several colonies to give currency to the securities on which this sum should be raised. The form of note then prescribed was a promise in the name of "the colony,"² which was payable in June, 1777, in silver or gold with interest at six per cent. A minimum limit³ of £4 was set for the notes. May twenty-fifth,⁴ the provincial congress issued an appeal addressed to the inhabitants of Massachusetts Bay to subscribe for these securities.

On the twentieth of May,⁵ funds being required for the advance pay for the army, it was voted to issue a sum not exceeding £26,000 in notes of a new form and of the following denominations: 20s., 18s., 16s., 15s., 14s., 12s., 10s., 9s., and 6s. The notes were dated May twenty-fifth, 1775, and the form was a mere certificate that the possessor was entitled to receive from the treasury of "the colony" the designated sum in lawful money, May twenty-fifth, 1776, with interest at six per cent., the note

¹ Journals of the Provincial Congress of Mass. Bay, pp. 185, 186. In regard to this loan the Council in a message to the House, in 1776, said: "The Treasurer in May, 1775, was directed by this State to borrow the sum of one hundred thousand pounds, lawful money, about seventy-five thousand of which he actually did borrow." Records of the Council quoted in Acts and Resolves Prov. Mass. Bay, Vol. V. p. 668.

² In the 5th Volume of the Acts and Resolves of the Province of Mass. Bay, pp. 505, 506, 507, Mr. Goodell gives a clear account of these transactions and explains why "Colony" was used instead of "Province."

³ Journals of the Provincial Congress of Mass. Bay, p. 187.

⁴ *Ibid.*, p. 255.

⁵ Journals of the Provincial Congress of Mass. Bay, p. 246.

in the meantime being receivable in all payments at the treasury, for its face value, without interest. It was provided that the notes should circulate in "the colony" without discount or abatement.

Twenty-five thousand nine hundred ninety-eight pounds were then printed from the plates prepared for this emission, and July seventh an additional sum of four thousand and two pounds, making in all thirty thousand pounds of these small notes. Three plates were prepared for this emission, each having thereon engraved bills amounting to forty shillings. They were divided as follows:¹ 1st plate, 10s., 18s., 12s.; 2nd plate, 16s., 15s., 9s.; 3rd plate, 20s., 14s., 6s.;² 5000 impressions from each plate being required to produce the £30,000. July first, 1775, Paul Revere was allowed fifty pounds "for procuring and engraving four plates and printing 14,500 impressions of colony notes." The fourth plate must have been that from which the notes for the £100,000 loan were impressed.

June fifth, 1775,³ a committee was appointed "to bring in a resolve for the purpose of giving a credit to the bills of all the governments on the continent." On the twenty-eighth of June a resolve was passed, making the notes and bills of this and the other colonies of the continent, except Nova Scotia and Canada, a legal tender. Thus was the way made easy for a new régime of paper money, toward which the provincial congress had nominally contributed,⁴ when it was dissolved July nineteenth, £130,000, all in the form of interest-bearing securities payable in 1776 and 1777, £100,000 in notes of £4 and upward, to be paid in silver and £30,000 in small notes payable in lawful money. The £30,000 was obviously intended for

¹ Journals of the Provincial Congress of Mass. Bay, p. 464.

² The reference in the Journals, etc., p. 297, to the plate containing the \$20, \$14 and \$6 notes is obviously a misprint or a clerical error. The plate must have been the 3rd Plate.

³ Journals of the Provincial Congress of Mass. Bay, p. 299.

⁴ Attention has already been called to the fact that the receiver-general apparently received only £75,000 from the £100,000 loan.

local circulation, and it may be inferred from the appeal to the continental congress, May third, for aid in obtaining circulation for the securities of the colony, that the £4 notes also, notwithstanding their form, were expected to find some sort of circulation. The debt thus incurred was assumed by the new government, which took charge of affairs when the third provincial congress dissolved.

GENERAL ASSEMBLY.

(At first Colony, then State.)

May sixteenth¹ in the days of the second provincial congress an application had been made to the continental congress for "advice respecting the taking up and exercising the powers of civil government." The answer which was communicated to the third congress suggested that a call should be made upon the inhabitants to elect representatives to an assembly; that the representatives thus chosen should elect councillors, and that the council and the house should exercise the powers of government.² Pursuant to these suggestions a new government styled a General Assembly, or General Court, still without an executive officer at the head, was inaugurated July nineteenth on the dissolution of the third Congress. It must be borne in mind that the Charter of 1691³ made the council the executive head of the government in case of a vacancy in the offices of both governor and lieutenant-governor. Moreover, this contingency had occurred, in 1714, when by failure to appoint a new governor within six months after the death of Queen Anne, Dudley's commission became void, and his council, for a few weeks, assumed charge of the government.⁴

¹Journals of the Provincial Congress of Mass. Bay, p. 230.

²*Ibid.*, p. 359.

³Acts and Resolves of the Prov. of Mass. Bay, Vol. I., p. 19.

⁴Hutchinson's History of Mass., Vol. II., p. 191. Palfrey's History of New England, Vol. IV., p. 339.

Again, when Lieutenant-Governor Phipps died in 1757, the council, for a short time; acted, as Hutchinson¹ phrases it, "in a two-fold capacity, as governor, and as the second branch of the legislature," pending the arrival of Governor Pownall. Thus, it will be seen that, whatever the disadvantages of this form of government, it was not entirely new to the people of Massachusetts.

The first act of the "Council and House of Representatives in General Court assembled" was to confirm the doings of the provincial congresses; the second was to respond to a suggestion of the committee of safety,² July sixth, 1775, and to provide that there should be forthwith stamped on copper plates bills of credit of the colony to the amount of £100,000 in sixteen different denominational values, running from one shilling to forty shillings.³ The form of the bill of credit then emitted was in the nature of a certificate that the possessor would be paid the designated sum in lawful money and that the bill would be received in all payments. The bills of this issue were to be retired according to their terms, £40,000 in 1778, £30,000 in 1779 and £30,000 in 1780.

The action of the assembly in returning to the methods of the first half of the century and in the face of their recent experience, emitting bills of public credit⁴ secured by the pledge of a future tax would be inexplicable if the situation of affairs were not borne in mind. It must be remembered, however, that as yet no tax-levy had been made by the new government; that Boston, the most important source of revenue, was in the hands of the English and that elsewhere in the colony, the uncertainty and

¹ Hutchinson's History of Mass., Vol. III., p. 52.

² Journals of the Provincial Congress of Mass. Bay, pp. 588, 589.

³ Acts and Resolves Prov. Mass. Bay, Vol. IV., p. 416. In signing these bills red, blue and black ink was ordered to be used. Council Records quoted in Acts and Resolves Prov. Mass. Bay, Vol. V., p. 509.

⁴ There is one difference between these bills and the bills of public credit emitted by the Province. Instead of being drawn up in the form of irredeemable due bills, they contained a statement that by a given day the possessor should be paid.

disturbance caused by the collision with the crown, made it impossible to estimate closely the amount to be expected from such a levy. Moreover, the continental congress had settled the question as to the manner in which their own debts were to be met by making an emission of continental currency on the twenty-second of June. If the thought had been entertained in Massachusetts of relying upon taxation and loans for supplies for the treasury the obligation to support these bills would have compelled the colony or state to accept a currency medium and to abandon all hopes of maintaining a specie basis.

It would be a hopeless task to undertake a detailed analysis of the vast mass of material bearing upon the course taken by the general assembly in connection with the emission and retirement of these bills of public credit, or to attempt to account for the action of the various committees and public officers in their loyal efforts to sustain the credit of the continental congress. Mr. Goodell, with wonderful patience and industry, has collated in the notes to the chapters in the province laws devoted to the legislation of this period, copious extracts from the journals of congress; from the journals of the house; and from the council records; reports of committees from the archives; and explanatory matter from newspapers,—in short, just what is required to comprehend the motives which prompted action from day to day. These notes separately published would make a good-sized volume. To them one can turn for an explanation of the legislation, if the preambles of the acts do not furnish a satisfactory clue.

In 1775,¹ there were two emissions by the general assembly of bills of public credit of "the colony," £100,000 August twenty-third, £75,000 December twenty-second, each set being in sixteen denominations, the first running from 1s. to 40s., the second from 8d. to 48s. The bills were

¹ Acts and Resolves Prov. Mass. Bay, Vol. V., pp. 416 and 442.

to be received in all payments without discount or abatement. This practically should have made them a legal tender, but if doubts existed on the subject, they were cured in April, 1776,¹ by a section in the "Act to prevent the forging and altering bills of public credit, and for preventing the depreciation thereof and for making the bills of credit of the United Colonies and of this government a legal tender." The penalties for forging and altering and for receiving for a less sum than expressed in the bill, covered the emissions of the other colonies as well, but only the bills of the United Colonies and of this government were made a legal tender. By resolve of the provincial congress, already quoted, the bills of the other colonies had been made a legal tender. This resolve had been ratified by the present government. The legislation above referred to evidently was intended to discriminate against the legal tender function of the bills of other colonies, but it did not in words repeal the legislation which seemed by its terms to convey the same power to them. This was, however, specifically accomplished May sixth, 1777,² when it was enacted that after July first next ensuing, no other bills than those of the United States and of this government should be a legal tender and the resolve of the Provincial Congress, making other bills a tender, was specifically repealed.

June twenty-first, 1776,³ a third emission of "Colony" bills was made. £100,000 were "printed" in twenty-four denominations, running from threepence to forty-eight shillings. The form was new and stated that the bearer was entitled to receive by a certain date the designated sum in "lawful money." The bills were to be retired in 1778 and 1779, and they were given the legal tender function. Bills of the United Colonies and of this government were the only bills which could be received by collectors

¹Acts and Resolves Prov. Mass. Bay, Vol. V., p. 472. ²*Ibid.*, p. 640.

³*Ibid.*, p. 547.

of taxes in payment for the tax pledged as a fund for the retirement of these bills.

After the Declaration of Independence the word "State" was substituted in the bills for "Colony." Funds were prescribed in each act, providing for the emission of bills, and both the legal tender clause and the discrimination against bills of other colonies in the description of bills to be received in the taxes laid for funds were also as a rule, repeated.

All the bills were made payable in lawful money. The emissions in 1776 were. £50,004, September 16th;¹ £50,004, October 29th;² £20,034 December 6th;³ all to be retired in 1781; and £75,000, December 7th⁴ to be retired in 1784. The word "dollars" appears in this last series, for the first time, upon the bills of public credit. This was the last emission of bills of public credit of upwards of six shillings in denominational value. Nearly two years after this, October thirteenth, 1778,⁵ an emission was made of small bills for the purpose of replacing by exchange the tattered fractional currency then in circulation. Twenty-eight thousand pounds small bills, of twelve denominations running from twopence to four shillings sixpence, were ordered to be struck off from the plates of the last previous emission. These were by their terms to be retired in 1784. Eight thousand only were emitted, when the assembly became impatient and on the twenty-sixth of January, 1779,⁶ ordered the remaining £20,000 to be printed. A new form was used for this £20,000. The bills ran in twelve denominations, from one shilling to five shillings sixpence and were by their terms to be retired in 1782.

The reason for the stoppage of the emissions was to be found in the proceedings of the general assemblies of the New England States and of the continental congress. December twenty-fifth, 1776,⁷ a committee appointed by

Acts and Resolves Prov. Mass. Bay, Vol. V., p. 559. ² *Ibid.*, p. 589.

³ *Ibid.*, p. 600. ⁴ *Ibid.*, p. 610. ⁵ *Ibid.*, p. 906. ⁶ *Ibid.*, p. 921. ⁷ *Ibid.*, p. 609.

the assembly met, in conference in Providence, similar committees sent by New Hampshire, Connecticut and Rhode Island.

The Massachusetts committee was originally appointed to discuss what could be done to support the credit of the paper currencies in circulation and to control further emissions. The committee was afterward empowered to consider the subject of regulating embargoes and the price of goods. The "Act to prevent Monopoly and Oppression" passed January twenty-fifth, 1777,¹ embodies their report on the second part of their duties. So far as bills of public credit were concerned, they recommended² that the several states should desist from further emissions, should retire the bills already emitted, and should in future rely upon taxes and borrowings for terms not exceeding three years with interest not exceeding five per cent. In case of extreme emergency, the state was to reserve the right to emit bills bearing four per cent. interest, redeemable in three years or sooner. February fifteenth, congress by resolve disapproved of the interest-bearing bills, but otherwise commended the proposed action of the New England states. A new conference of committees from the same states to consider the same subjects was held at Springfield, July 30th,³ at which New York was also represented. This conference reported that the quantity of bills in circulation was excessive; that the bills of the several states and of the United States tended mutually to depreciate each other, and recommended that the several states should draw in their bills of public credit, except those of denominations below one dollar, and prohibit their further circulation after a fixed date. This proposition being submitted to the general court of Massachusetts, it was found that there was then⁴ outstanding £470,042 in bills of public credit not bearing interest, of which £30,962

¹ Acts and Resolves Prov. Mass. Bay, Vol. V., p. 583. Amended May 10. *Ibid.*, p. 642. Repealed October 13th. *Ibid.*, p. 733. ² *Ibid.*, p. 813. ³ *Ibid.*, p. 814.

⁴ *Ibid.*, p. 815.

12s. 8d. were for sums less than one dollar. On the thirteenth of October,¹ an act was passed, calling in all the Massachusetts bills of credit not on interest, those emitted for small change excepted, and providing for the emission of £400,000 in interest-bearing notes of ten pounds and upwards, payable in 1781 and 1782, for purposes of exchange. Possessors were to have until January first, 1778,² to effect the exchange, but after December first, it was made illegal to pass any bill of any of the states, in any payment whatsoever, except the interest-bearing notes of this state. After the first of December, continental bills and Massachusetts interest-bearing notes were alone to constitute the currency of the state. The passage of this act produced a whirlwind of excitement and the assembly was overwhelmed with remonstrances from the towns.³ An address to the inhabitants of the state was prepared and after adoption by the representatives, a printed copy was sent to the selectmen of each town. This address, although rather lengthy, was an able discussion of the situation and pointed out in a convincing manner the futility of the objections which were interposed against this legislation.

November twenty-second, congress approved the example of Massachusetts and recommended the other states to pursue the same course.

When this act was passed there were in circulation £439,079 12s. 8d. in non-interest-bearing bills, in denominations above the sum of one dollar. June ninth, 1779, a committee reported that under the provisions of the

¹ Acts and Resolves Prov. Mass. Bay, Vol. V., p. 734.

² The time for exchanging these bills was repeatedly extended, the last period fixed being August, 1779.

³ One of the arguments against the transaction was, that it would be better to arrange for raising the money by a series of tax acts, rather than to burden the country with interest. To meet this proposition, towns having the ability to raise the required sum by taxation were authorized to do so. The sum raised could be converted into a Treasurer's note, which the town could hold, and thus avoid the burden of interest money. Acts and Resolves Prov. Mass. Bay, Vol. V., p. 760.

act £337,378 15s. in interest-bearing notes had been emitted and that £337,249 19s. exchanged bills had been actually burned.

Up to that time there had been borrowed by the state on these interest-bearing notes, £606,400, of which £556,400 was still outstanding, £50,000 of which did not mature until May, 1782. Most of these notes were for ten pounds and upwards and all bore interest at six per cent. It is true that the first two loans were put out at five per cent., but by subsequent legislation the holders were given the benefit of the higher rate. Adding the £337,378, the amount of the notes given in exchange for the bills of public credit, there was outstanding in interest-bearing notes after this transaction, £893,778, which at the discount imputed to the notes in the scale of depreciation afterwards adopted made the silver value of the debt in October, 1777,¹ £325,010. This is based upon the assumption that the notes must practically have shared the degradation of the continental bills. The interest-bearing clause helped them somewhat, but with an allowance for accrued interest, their quotation must have been the same.

From that date to May third, 1780, £1,847,850 were emitted of these notes. This does not include the notes issued January thirteenth, 1780,² for the balance due the state's quota in the continental army, for which taxes, amounting to £8,000,000 collectible in 1781-2-3-4-5, were pledged as funds. The notes for this emission³ were drawn up in a special form with intent to make good to the officers and soldiers, the wages first promised them, regardless of the past depreciation of the currency or of any that might take place thereafter. To cover the question there was incorporated in the notes a clause through which the value was to be determined by taking for a

¹ Acts and Resolves Prov. Mass. Bay, Vol. V., p. 1412.

² *Ibid.*, p. 1133. ³ *Ibid.*, p. 1287.

measure the prices affixed in the Monopoly Act of 1777, to Indian corn, beef, sheep's wool and sole leather.

Methods were regulated for determining on this basis from time to time the relation of the currency to this standard. A clause in the form shows that when the notes were originally emitted, the current prices of the named articles were thirty-two and one-half times what they were when the Monopoly Act was passed. If the £8,000,000 in funds represents the currency which was required to settle these balances, the actual amount involved in this transaction, on the basis of thirty-two and one-half for one, was £246,154. On the third of May, when the last emission of these currency notes was made, the state stood pledged to redeem £11,442,628, besides £28,000 in small change still in circulation, but at the ratio of forty for one, the recognized depreciation at that time, this represented only £286,740.

May fifth, 1780, an act was passed in pursuance of a recommendation of congress, the purpose of which was to retire the state's quota of continental bills and furnish a new currency in place thereof. The state had yielded to congress the entire field in which to circulate its emissions of paper money and had retired its own bills of public credit. The emissions of the continental congress, never fully trusted, had fallen with each resort to the printing press until they were now admittedly worth only forty for one in silver. Having no power to raise money by taxation, congress had emitted these bills and had from time to time called upon the several states to retire by taxation certain amounts assigned to each.

In 1775, Massachusetts was asked to care for \$434,244¹ in four equal annual payments commencing November, 1779. In 1777,² the amount to be raised for congress during the year was \$820,000. In 1779,³ the quota was

¹ Financial History of the United States, Bolles, p. 40.

² Acts and Resolves Prov. Mass. Bay, Vol. V., p. 850. ³ *Ibid.*, pp. 933, 1034.

fixed in January at \$2,000,000, but in May,¹ congress called for an additional tax of \$6,000,000, and in October² a monthly assessment of \$2,300,000 to be remitted for nine months, was called for.

The first of the monthly assessments was to be paid in February.³ On the twenty-third of that month congress resolved to relinquish two-thirds of the quotas, but on the eighteenth of March voted to restore the full amount and to continue the assessments until April, 1781. In this resolve congress stated that the bills were depreciated thirty-nine fortieths of their face value and provided that silver or gold would be received in payment of the quotas on the basis of one for forty. The extraordinary monthly assessment of fifteen million dollars on all the states was for the purpose of retiring the discredited currency, the maximum limit of which had been fixed at \$200,000,000. In place of continental bills it was proposed that the states should emit interest-bearing notes payable within six years, in silver, at five per cent. These were to be guaranteed by the United States and were to be secured by taxes pledged as annual funds for six years, each of one-sixth the total amount. For every twenty retired of the old, one of the new was to be issued, six-tenths for the use of the state, four-tenths for the United States.

The act of May fifth, 1780, referred to above, was for the purpose of carrying out the foregoing recommendations. A tax was granted amounting to £5,600,000, or \$18,666,666, which with a previous tax of the same session, would, it was averred, provide for the state's quota of the currency to be retired. This tax could be paid in silver, gold, or the new bills. Continental bills would be received at the rate of forty for one. Four hundred and sixty thousand pounds were ordered to be emitted in bills of the character above described, for the redemption of which certain

¹ Acts and Resolves Prov. Mass. Bay, Vol. V., p. 1079. ² *Ibid.*, pp. 1137, 1295.

³ *Ibid.*, p. 1339.

future taxes, payable only in coin or certain produce, were ordered to be levied.

The tax for the retirement of the state's quota of the continental bills, amounting in round numbers to five million six hundred thousand pounds, was levied May fifth, 1780.¹ Collectors were authorized to receive one dollar in specie or one dollar of the new bills on interest in lieu of forty dollars of the bills then in circulation. The next tax, which was levied June fifth, for current state expenditures, was made payable in gold or silver coin, in bullion, or in certain articles at specified prices. On the twenty-ninth of September,² the Depreciation Act was passed. The preamble asserted that this was done in response to a recommendation of congress to the states, to revise the laws making continental bills a tender, and to amend them in the manner most conducive to justice, considering the present state of the paper currency. The scale ran from 105 currency for 100 in coin, January, 1777, to 4,000 currency for 100 in coin, April, 1780. As a matter of fact the resolve of congress in March, 1780, fixing the depreciation at that time at forty for one, had so completely undermined confidence in the bills that from that time on, no measure of their depreciation can be ascertained which can be regarded as accurate.³

The last act⁴ published in the edition of the laws, known as the Acts and Resolves of the Province of Massachusetts Bay, is a tax levy, of date of September thirtieth, of the same amount, character and purpose as that of May fifth,

¹ Acts and Resolves Prov. Mass. Bay, Vol. V., p. 1202. ² *Ibid.*, p. 1412.

³ House Document No. 107, 20th Congress, Washington, 1828, contains a letter from the Secretary of the Treasury, transmitting information relative to the amount of the Continental money and the depreciation of the same. The tables of depreciation for the several states, show wide differences. In Massachusetts the last date given is June, 1781, when the depreciation was given as 100 for 1. In New Jersey it was 150 for 1, in May, 1781. In Pennsylvania 225 for 1, in May, 1781. In Virginia 1000 for 1, in December, 1781. In North Carolina 725 for 1, in December, 1781.

⁴ Acts and Resolves Prov. Mass. Bay, Vol. V., p. 1421.

1780. The final effort of the general assembly—state—was in support of the confederation.

There was one lottery, at least, created by the assembly which was connected with our subject. It was established by resolve and not by act, but we are put upon the track of it in the preambles to acts for the emission of notes to meet the prizes which had been awarded. The resolve of the general court establishing it was passed May first, 1778,¹ and the purpose was to raise \$750,000 for gratuities to officers and soldiers who had enlisted for three years in the continental army, before August fifteenth, 1777. In order to pay prizes of fifty dollars or upwards notes were emitted as follows: February eleventh, 1779, £21,450 for tickets of first class;² April fourteenth, £81,570 for tickets of the second and third classes;³ May third, 1780, £49,830 for tickets of the fourth class;⁴ in all £152,850, or \$509,500.⁵ The total number of tickets in the four schemes amounted to \$950,000 and the blanks were fifteen per cent. or \$143,000.

Reference has been made to the passage of the Act to prevent Monopoly and Oppression.⁶ Such acts as this are not directly in the line of our inquiry, but their passage indicates a condition of financial affairs and a stage of economic opinion which justifies, perhaps compels, their mention. The failure to limit prices by means of the act referred to led to the passage, February eighth, 1779,⁷

¹ Acts and Resolves Prov. Mass. Bay, Vol. V., p. 933. ² *Ibid.*, p. 929.

³ *Ibid.*, p. 959. ⁴ *Ibid.*, p. 1193. ⁵ *Ibid.*, p. 1363 *et seq.* ⁶ *Ibid.*, p. 583.

⁷ Acts and Resolves Prov. Mass. Bay, Vol. V., p. 924; p. 1118; p. 1397. Reference has been made to the Conferences of Commissioners from States at Providence and at Springfield. At the suggestion of Congress a conference of Commissioners from all the Northern States was held at New Haven in January, 1778. The Commissioners reported a scale of prices for labor, produce and manufactures which was adopted promptly by several states, but was still under consideration in Massachusetts, when in June, 1778, Congress recommended the states that had adopted it to repeal the laws passed for that purpose. The legislation against forestalling was brought about by a recommendation from Congress, and although it did not trespass upon the laws of trade in the same way as the Act against Monopoly and Oppression and the Report of the Commissioners, still it was incapable of general enforcement. See Acts and Resolves Prov. Mass. Bay, Vol. V., p. 1012.

of a temporary "Act to prevent Monopoly and Forestalling," the time limit of which was twice extended. This act was directed against speculation in food. June twenty-fourth, 1779,¹ an act was passed the purpose of which was to compel those who had more of the necessaries of life than they needed for their families to sell them to those that were in want of them, and to receive in payment therefor continental bills, if offered.

September twenty-third, 1779,² under title of an act to prevent sundry articles being exported from this to the neighboring states, a temporary interstate embargo was laid on provisions of all sorts and on many other specified articles. This was enlarged in its scope by another act passed in October of the same year.³

In December, 1779, it was voted to send some suitable person to negotiate a loan in Europe, and in January, 1780, Jonathan Loring Austin was appointed for that purpose. Austin sailed for Bilboa, Spain, in the latter part of the same month, was captured by the English, taken to London and shortly thereafter was released, there being no evidence at hand against him. He proceeded to the continent, but, although he remained abroad upward

¹ Acts and Resolves Prov. Mass. Bay, Vol. V., p. 1073. ² *Ibid.*, p. 1114.

³ Acts and Resolves Prov. Mass. Bay, Vol. V., p. 1116. This was the last stage of the struggle against the rise in prices caused by the depreciated currency. A Convention was held in Concord, July 14th, 1779, which passed resolves for the purpose of appreciating the currency and lowering the prices of articles of consumption. They projected a scale for the limitation of prices, which was approved by the Assembly, but which could not then be put in force because the Assembly had in June resolved to lay an embargo on food, a method of procedure inconsistent with the co-operation with other States required to make the limitations effective. A Convention of Commissioners of the N. E. States and New York was called at Hartford, October 20th. This Convention favored the limitation, but believed that all States as far westward as Virginia ought to join. The repeal of the Embargo Act was recommended. Congress, in November, approved the doings of the Hartford Convention and recommended the several States to pass laws for a general limitation of prices. The Hartford Convention gave birth to a more general Convention held at Philadelphia, in January, which passed resolves. Complete co-operation was difficult to secure, but June 17th, 1780, these Embargo Acts were repealed by Massachusetts. Acts and Resolves Prov. Mass. Bay, Vol. V., p. 1253 *et seq.*

of a year, he was unable to accomplish the purpose for which he was appointed.

In order to establish a credit upon which Austin could operate, a future tax was granted January eleventh, 1780, to be paid in bills of continental currency, equal in value to one hundred and fifty thousand pounds sterling. This was to be collected in such a way as seasonably to discharge the loan, but, as the loan was never obtained, the tax act merely stands as evidence of the attempt to secure the loan.¹

THE COMMONWEALTH.

The borrowings from the people on short-term interest-bearing notes of small size did not cease with the change from the general assembly to the constitutional commonwealth in 1780. The great crisis in financial affairs was passed when the continental currency was discredited by the congress itself, and the attempt was made to secure its redemption by the states, on the basis of forty for one, but there still remained in the final days of the struggle much that was of interest. However valuable an investigation of these events might prove to be, the limits of this paper preclude their consideration today.

¹ Acts and Resolves, Prov. Mass. Bay, Vol. V., p. 1167.

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