The financial relations of North Carolina and the Continental Congress

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THE FINANCIAL RELATIONS OF NORTH CAROLINA
AND THE CONTINENTAL CONGRESS

BY

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THESIS

THE FINANCIAL RELATIONS OF NORTH CAROLINA AND THE CONTINENTAL CONGRESS.

BY

ESTON VALENTINE TUBBS.
The financial history of the American Revolution is a subject which has not, up to the present time, been treated in a manner which the importance of the subject demands. The reason for this is the general disinclination among students to undertake studies of this nature, and the inaccessibility of the necessary material. Professor Sumner of Yale University in the preface to his two volumes on "The Financier and the Finances of the American Revolution", mentions a very valuable source—the property of a private individual—which he was unable to have access to, and because of this circumstance, he frankly says that the work will have to be done over again either by himself or someone else when this material becomes available. Professor Sumner's work in this particular field is, notwithstanding its limitations, the most comprehensive treatment of Revolutionary finances extant.

Many valuable records regarding the financial legislation of the Continental Congress from 1775 to 1781 have been entirely lost. Authorities differ very materially both in their methods of treatment, and in their conclusions. This condition is due very largely to the lack of reliable sources of information appertaining to this particular field of study.

So far as we are aware, the financial relations of any one individual state with the Continental Congress has not been written on heretofore. Obscure as the Revolutionary finances are, even more so is the financial intercourse between the government of the Confederation and any one single state. The chief sources consulted in the preparation of this thesis were the North Carolina Colonial Records and the Journals of the Continental Congress. These have been supplemented by the writings of the leading contemporaries of the period of the Revolution. It is written from the standpoint of the state of North Carolina rather than from that of the Continental Congress. This position was taken for two reasons; first, because of the nature of the sources available, and secondly, it was an attempt to avoid treating the subject from the Continental side inasmuch as Revolutionary finance has uniformly and without exception, been considered heretofore from this angle of vision.

Most historians ascribe the blame for the States not complying promptly to the requisitions of the Continental Congress to the lack of power of the central government to enforce and execute its measures.
We expect to show that, although North Carolina was one of the most backward of the States in contributing to the common cause, and her financial showing on paper was about the worst, these circumstances are to be explained on the basis of her inability rather than her disinclination to pay, or the lack of the power of coercion on the part of Congress.

It has been necessary to incorporate a good deal more than the formal interchanges between North Carolina and the Continental Congress. Public finance has a broader application than this. It also includes the resources of the state, taxation, the administrative machinery and in short everything which pertains to fiscal affairs. A study of all these topics was absolutely essential to a proper understanding of the financial relations of North Carolina and the General Congress.
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INTRODUCTION.

Studies, statistical or financial, are usually dry and uninteresting. They lack the human interest involved in the field of diplomacy, the glamour and glitter which attaches to military exploits. They are apt to be vague and meaningless: but they are none the less important. A nation's possibilities of achievement are in direct proportion to the length of its purse. English gold brought about the downfall of Napoleon. Unless the Colonies or States had been able to obtain foreign loans during the Revolution, they probably would have been crushed.

Before nations go to war, they must be sure of their financial rating in the money markets of the world: for their success or failure may depend upon this one important particular. Pelatiah Webster in his "Political Essays", thus speaks of the importance of finance: "The finances or management of the stock or revenue of every state or individual, from the greatest empire down to the least republic, from the highest company to the lowest partnership, from the richest landowner or merchant to the poorest peasant or peddler, determine their fortunes or fate, is the great principle out of which their peace and plenty, or their embarrassment and straits, must grow, and from which must proceed their final honors and success, or their disgrace and ruin". ¹

In the struggle of the Colonies for Independence, our only hope was in the army. After the first flush of patriotism had receded, the proposition reduced itself very largely to a matter of dollars and cents. The soldiers must be clothed and fed. To do this was impossible without money. New enlistments had to be made to place the army on an effective footing. Even as early as the year 1776 it became necessary for the Continental Congress to offer bounties in order to secure recruits: and these were supplemented by bounties granted by the Provincial Assemblies. ² This course was necessary despite the fact that it was almost impossible to supply the troops then in the field with clothing and provisions. Of all the knotty problems which tried men's souls during this memorable conflict, that of obtaining money was undoubtedly the most difficult.

¹ Webster, Pelatiah., Political Essays, p. 344.
Some writers would have us believe that the panacea for the financial ills of the Revolution was in giving the Continental Congress full and complete powers in compelling the States to comply with the requisitions which that body might see fit to impose. This no doubt would have alleviated matters somewhat, but the economic, fiscal and social conditions in North Carolina were such that a prompt response to every demand of Congress was impossible. There were irregularities in the financial administration of all the Colonies. Poor management in matters of finance is an inseparable concomitant of pioneer conditions. Allowance must be made for misapplication, fraud and embezzlement as they are common to every nation and all ages. So long as human nature remains as it has been in the past or is at the present, we can expect the petty graft of a Puritan Father or the organized plunder of a Tammany Hall.

A study of the fiscal and economic conditions of North Carolina, which is in many respects the most typical of the Southern States, enables the student to understand many of the difficulties which confronted the States from the year 1775 to 1783. On the 27th. of November, 1775 in a letter to Richard Henry Lee, who was one of the most influential members of the Continental Congress, Washington makes a plea which is full of despair and reveals the peril of his situation. He says, "For God's sake hurry the signers of money that our wants may be supplied".¹ In this one sentence is bound up a great deal of the fiscal and economic history of the Colonies. Indeed each colony was a microcosm in which might be discerned the tendencies which later became facts in the financial history of the American Revolution.

On June 22nd., only a few months before, Congress had passed a resolution which provided for the emission of Bills of Credit equivalent to 2,000,000 Spanish milled dollars for the general defence.² This, the first fiscal act of the Continental Congress, was a provision for the issue of paper money. The question might be asked, why did the delegates adopt such a scheme which was to prove so disastrous in the end? This question cannot be intelligently answered except a thorough study has first been made of the individual history of the States themselves. Paper money was common in all the States. The delegates to the Continental Congress were

¹ Washington, Geo., Writings, 111., p. 238.
² Jour. of Cong., 11., p. 103.
well acquainted with this expedient, and they did not dare to start in by levying taxes. This course undoubtedly would have resulted in disaster. The resort to the use of paper money then, was the only course open to them. It seems that every nation must have its experience with cheap money at some stage in its economic development. The result is invariably the same regardless of the time, place or conditions. In Sweden the experiment was tried during the reign of Charles XII. of forcing the circulation of copper coins, which were small in size and in intrinsic value, on a parity with dollars. The project, of course, was a failure. The gun money of James II. of England is another illustration of the same kind of an experiment. During the siege of Leyden by the Spaniards, the civil authorities issued a kind of card money which was used as specie. At one time in the history of France, the necessity arose for issuing cheap money, and a piece of silver clenched upon a larger piece of leather was used as a medium of exchange.

Thus the precedents for cheap money were not lacking. The experience of the Continental Congress was very much the same as that of each individual colony. This is the source to which we must go for a proper understanding of continental finance during the American Revolution.
CHAPTER 1.

THE ECONOMIC AND FISCAL CONDITION OF NORTH CAROLINA BEFORE THE REVOLUTION.

At the beginning of the Revolution, North Carolina had an estimated population of 300,0001 which included a large number of negroes. The province was settled very largely by people in poor circumstances who had come from Virginia and Pennsylvania in search of better ranges for their stock. The mountain districts in the western part were inhabited by a Scotch-Irish element which greatly predominated in that section. The wealthier classes were to be found near the seacoast and were engaged for the most part in commercial pursuits. The principal ports of the province were New Bern and Wilmington: and these by no means, could be called first class. The economic life of the people was very crude and there was but little intercourse with the other Colonies.

Before 1775 there was very little manufacturing carried on in the State. The colonists to the northward were becoming so aggressive in this direction that the English Parliament soon began to pass restrictive measures for the protection of British industries. The people of North Carolina, however, depended very largely upon the English merchant for their supply of manufactured articles. Not until the outbreak of the Revolution did they arouse themselves to a realization of the importance of manufactures to their well-being. In September 1775, the Provincial Congress passed resolutions for the purpose of encouraging industrial enterprise. Premiums were offered to any person or persons who would undertake the establishment of factories for supplying saltpeter, gunpowder, cotton and woollen goods, cards of wire, pins, paper, and linen goods. These premiums ranged from £25 to £750.2 In November of the same year, the Continental Congress took similar action regarding the manufacture of saltpeter.

The staple commodities of the province were Indian corn, naval stores, hemp, indigo, flax-seed, and tobacco. Agriculture was fast becoming an important industry, and the people were beginning to raise wheat and rice in increasing quantities.3

The kinds of taxes and the various methods employed in taxation serve as an index of the stage of economic development and refinement of a community. In North Carolina, the ordinary revenues derived from import duties laid especially upon wines and spirituous liquors sufficed for the ordinary governmental expenses in times of peace and taxation was seldom resorted to. The governor who was the highest salaried official in the province, was paid out of the quit-rents due to the king. He was also entitled to certain fees but they were inconsiderable in amount. His allowance during the early administration of Governor Burrington (1731-1734) was £700 per annum but this sum was later increased. The governor's salary was left unpaid more often than it was paid: and because of this fact was the cause of bitter complaint on the part of nearly every incumbent of the office. In 1746 Governor Johnston complained to the Board of Trade that his salary had not been paid for eight years.

During the colonial period of North Carolina there was no necessity for a highly organized system of judicature. The number of courts was exceedingly small as the Colony was thinly settled and the people were not so litigious as their neighbors to the north. Josiah Quincy in writing of North Carolina in 1773 says, "there are but five provincial laws in force through the Colony, and no courts at all in being. No one can recover a debt except before a single magistrate, where the sums are within his jurisdiction, and offenders escape with impunity."

Taxation had been employed as early as 1716. From this time up to the Revolution taxes were intermittently and only for extraordinary purposes. The capitation tax was for a long time the most important source of income. It was imposed on all the inhabitants of the province whether Gentile or Jew, bond or free. The early land tax was what we would consider as very light, 2 shillings and 6 pence per hundred acres, but at that time great care had to be exercised in matters of taxation for the people did not take kindly to such methods of raising money. In the colonial days no extensive public works were undertaken. The most pressing

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2. Ibid., IX., p. 53.
3. Ibid., IV., p. 164; 251.
4. Ibid., IV., p. 792-3.
5. Ibid., IX., p. 612. Extracts from Memoirs of Josiah Quincy.
demands were for the improvement of public highways and for bridges across streams to obviate the necessity of fording. What court houses had to be built were very plain and inexpensive. For the erection of such public buildings, special taxes were levied in the county which was to receive the benefit. The province had not reached that stage of development which necessitated expenditures for the support of eleemosynary institutions for the care of the insane, the blind, and the deaf and dumb. These matters were attended to by the local units of government.

In the year 1740 it was provided by a resolution of the Provincial Assembly that the tax levied for that year was to be paid in commodities which were enumerated and rated as follows:¹

<table>
<thead>
<tr>
<th>Commodity</th>
<th>£</th>
<th>s</th>
<th>d</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pork in Barrels at rate of</td>
<td>1</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>Beef in Barrels at rate of</td>
<td>0</td>
<td>17</td>
<td>6</td>
</tr>
<tr>
<td>Tobacco per hundred</td>
<td>0</td>
<td>10</td>
<td>0</td>
</tr>
<tr>
<td>Rice &quot; &quot;</td>
<td>0</td>
<td>7</td>
<td>6</td>
</tr>
<tr>
<td>Deer skins &quot;</td>
<td>0</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>Bees wax &quot; &quot;</td>
<td>0</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td>Tallow &quot; &quot;</td>
<td>0</td>
<td>0</td>
<td>3</td>
</tr>
</tbody>
</table>

A noted German economist has made the statement that every nation must pass through three stages of development. The first stage he designates as the Natur Wirtschaft, the second as the Geld Wirtschaft, and the third as the Credit Wirtschaft. Applying this standard to North Carolina, the period before the Revolution is clearly in the first class, or the first stage of economic development.

The people of the province were as much averse to being taxed as were the inhabitants of Massachusetts, and were as fully determined in their opposition to the Stamp Act. An account of the popular demonstration against this measure of the British Ministry was related in the North Carolina Gazette, Nov. 20, 1765 as follows:²

"On Saturday the 19th of last month, about 7 o'clock in the evening, near 500 people assembled together in this town (Wilmington) and

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2. Ibid., VII., p. 123-4.
Proclamation Money, according to Act of Assembly passed the 3rd of April, 1761.

See next page.
Proclamation Money

See next page
Proclamation Money was issued quite frequently and was used very extensively from 1712 up to the Revolution when it was supplanted by the State and Continental currency.

Copy taken from D.A. Tompkins' "History of Mecklenburg County".
exhibited the effigy of a certain Honorable gentleman: and after letting it hang by the neck for some time near the court house they made a large bon-fire with a number of Tar Barrels etc. and committed it to the flames. The Reason assigned for the Peoples' Dislike to that gentleman, was, from being informed of his having several times expressed himself much in favor of the Stamp-Duty - After the effigy was consumed they went to every house in town, and brought all the gentlemen to the bon-fire, and insisted upon their drinking, Liberty, Property, and no Stamp-Duty, and confusion to Lord B-te and all his adherents, giving three Huzzas at the conclusion of each toast.

"On Thursday, 31st of the same Month, in the Evening, a great Number of People again assembled, and produced an Effigy of Liberty, which they put into a Coffin, and marched in solemn Procession with it to the Church-Yard, a Drum in Mourning beating before them, and the Town Bell, muffled, ringing a doleful Knell at the same Time: - But before they committed the Body to the Ground, they thought it advisable to feel its Pulse: and when finding some remains of Life, they returned back to a Bonfire ready prepared, and placed the Effigy before it in a large Two-armed Chair, and concluded the Evening with great Rejoicings, on finding that Liberty had still an Existence in the Colonies".

Such were the dignified protests of the people of North Carolina against the Stamp Act. But in the following year, the opposition took on the form of armed resistance.¹

The early charters of the province gave the colonists an unusual degree of freedom, and every attempt on the part of the British ministry to invade or disregard their rights was as bitterly resisted as were similar usurpations in Massachusetts. The people steadily disavowed any intention of disloyalty to the Crown but steadfastly maintained that any attempt by Parliament to levy taxes upon them without their consent was unconstitutional and contrary to the fundamental rights which they had enjoyed from the earliest beginnings of the province.² The opposition to the Stamp Act was universal in North Carolina but the attitude of the people in the eastern and western parts of the Colony towards the general question of taxation was quite different. The inhabitants of the mountain

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2. Ibid., 877.
districts resented the imposition of taxes by the Provincial Assembly for local purposes. The disputes growing out of the imposition and collection of taxes led ultimately to the war of the "Regulation" under the administration of Governor Tryon.¹ The insurgents refused absolutely to pay any taxes whatsoever, and made threats against the lives of any officers who would undertake to collect them.² The "Regulators" were finally suppressed but this circumstance had a very important bearing upon North Carolina's financial history during the Revolution.³

Difference over matters of taxation were very instrumental in bringing about a dissolution of Royal Government in North Carolina. In 1772 the General Assembly of the province, in response to popular sentiment, abolished the tax of a shilling on polls and the impost of four pence on spirituous liquors. By all the rules of honesty and fiscal science, the duties should have been continued. Governor Martin entered a vigorous protest against this proceeding ⁴ but to no avail.

Public opinion regarding taxation is clearly expressed in the instructions of the County of Orange to their representatives in the General Assembly which may be considered as typical of the attitude of the people in general. They are enjoined "on every Occasion, for the time to come, to use your best endeavors, to prevent the continuance of taxes."——-

While we are speaking to you of Taxation we must desire you to look carefully into every article of public expence, and use your endeavours to restrain all such as are not absolutely useful.——-

"Once for all, Gentlemen, we desire you to keep in mind that no part of your duty more particularly claims your attention than what respects Taxation. You well know the Inhabitants of the county you represent are, for the most part, poor laboring men, who find it enough for their best endeavours to maintain their Families, and of whom many have been obliged to give up necessaries which nature stands most in need of as Distresses for the payment of Taxes."⁵

The first Provincial Congress on Aug. 25, 1774 passed resolutions condemning the course taken by the British ministry regarding the raising of revenue by duties on tea and other articles, as usurpations contrary to

3. Ibid., VII., p.16.
the spirit of the English constitution and the inherent rights of all
subjects of Great Britain. They were very particular in asserting their
loyalty to the Mother Country and the abhorrence with which they looked
upon any means or measures which tended to bring about misunderstandings
and discord between the King and his subjects in America; but at the
same time and in the same breath they assert their rights with a boldness
that commands our admiration and respect. With such conditions prevailing
in North Carolina, and the general attitude of the people regarding taxa-
tion previous to the Revolution, which was very similar to conditions
in the other Colonies, it is not strange that the Continental Congress
restrained from imposing taxes in view of the fact that the primary cause
which led up to the Revolution was that of taxation itself. Any measure
incorporating any scheme of direct taxation would undoubtedly have worked
a dissolution of the Confederation, and perhaps would have changed the
whole course of the war. But we are dealing with questions of probability
when we try to measure influences under different conditions from those in
which we find them. But so far as our knowledge of human nature and cir-
cumstances goes, we can tell with some degree of certainty at least, what
might have been the outcome if some other course of action had been pur-
sued. In the light of subsequent events, we think it is safe to say, that
had it not been for the defects of the Articles of the Confederation, we
would never have had our present Constitution. Foremost among these de-
fects was the lack of the power on the part of the Continental Congress
to levy taxes. This function was sedulously reserved by the States.

There were no banks in North Carolina previous to the Revolution.
Such functions were exercised by individuals, mostly business men in the
sea-coast towns. The debtor laws in all the Colonies were extremely harsh
and especially so in the province of North Carolina. The use of credit
was undeveloped at this early stage of colonial history, and it was only
natural that the people should resort to the issue of paper money. It was
believed that under this plan, relief would speedily come. Massachusetts
was the first of the Colonies to conceive the idea of converting the credit
of that province into wealth, and in the year 1690 she issued her first
paper money. The contagion spread rapidly and by 1760, or fifteen years
before the rupture with England, each of the thirteen Colonies had followed

1. C.R., IX., p. 1041.
the example set by Massachusetts. The experience of any one of the Colonies in matters of finance before 1775 is in many respects, common to all of them. But in North Carolina we find the mania for paper money in its most aggravated form.

As early as 1712 North Carolina had resorted to the issue of Bills of Credit for the purpose of defraying the expenses incurred in a war with the Indians. Except in unusual exigencies, the ordinary business of the Colony could be carried on by means of barter currency. In 1715 an act was passed by the Provincial Council rating the staple commodities, thus creating a medium of exchange and a means for the payment of financial obligations. As gold and silver were not mined in the Colonies, coins made of these metals were very scarce indeed: and this was especially true in the case of North Carolina. What little specie there was came through the channels of trade. As there were no good harbors and the population was small, the Colony was not greatly enriched through commerce, but was unusually poor as compared with the rest of the Colonies. Writing in the early days of the province, Rev. William Gordon thus describes the fiscal conditions which obtained: "In this as in all other parts of the Province, there is no money: every one buys and pays with their commodities, of which corn, pork, pitch and tar are the chief".

During the 17th and 18th centuries, the monetary standard of England was the silver pound sterling which contained 1718.7 grains of pure metal. The value of the various articles used for purposes of barter was fixed by law but owing to fluctuations in the supply and also in the quality, coupled with infrequent revision of the ratings, there was a great deal of inconvenience, unfairness and fraud. The commodities used and their value as established by law were as follows:

<table>
<thead>
<tr>
<th>Commodity</th>
<th>£</th>
<th>s.</th>
<th>d.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indian Corn per bushel</td>
<td>0</td>
<td>1</td>
<td>8</td>
</tr>
<tr>
<td>Tallow per Pound</td>
<td>0</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td>Beaver and Otter Skins per Pound</td>
<td>0</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>Butter per Pound</td>
<td>0</td>
<td>0</td>
<td>6</td>
</tr>
<tr>
<td>Raw buck &amp; Doe Skins per Pound</td>
<td>0</td>
<td>0</td>
<td>9</td>
</tr>
</tbody>
</table>

2. Ibid. III., p. 185.
COLONIAL CURRENCY. (COINS)

1. This coin was called the "Colonial Token". At the present time it is very rare.

2. This was a medal or coin made in the shape of a silhouette of a bear, which passed for money in all the colonies.

3. The reasons for setting up these tokens were laid down in 1722 and 1723 by the Pennsylvania Company, which were called the "Pennsylvania" money.

4. This is another token which can be seen in the next page. 733.

1. This coin was called the "Carolina Elephant". At the present time it is very rare.

2. This was a medalet having upon it the bust of Pitt, which passed for money in all the colonies.

3. The demands of the colonists for more specie was met in 1722 and 1723 by the issue of these coins which were called the "Rosa Americana" money.

4. This is another Rosa Americana coin which was struck in the year 1738.

£  s.  d.

Feathers per Pound  0  1  4
Pitch per Barrel full gauged  1  0  0
Pork per Barrel  2  5  0
Tobacco per hundred weight  0  10  0
Wheat " Bushel  0  3  6
Leather tann'd uncurried per lb.  0  0  8
Wild Cat Skins per piece  0  1  0
Cheese per Pound  0  0  4
Drest Buck & Doe Skins per Pound  0  2  6
Tarr per Barrel full gauged  0  10  0
Whale Oil per Barrel  1  10  0
Beef per Barrel  1  10  0

Regarding the issue of bills of credit, the Mother Country being much in advance of the Colonies in economic development, took the highly conservative viewpoint, while with the colonists it was the only means of meeting emergencies.

Some writers on the subject of finance maintain that notions of cheap money are inherent in pioneer conditions. This in a measure, is true; but the discrimination is not properly made. Present necessity is more potent than any other factor. It makes little difference whether we have frontier conditions or a highly developed community: if there is an insistent demand for more money, it must be satiated. The most speedy and effective way of meeting such an exigency is to issue paper money. After our own unhappy financial experience with paper money during our struggle for Independence, the French nation from the year 1789 to 1795 issued paper money to the extent of forty-eight billion livres, and on Nov. 3, 1795 they were worth only one per cent of their face value. On Feb. 4, 1797 the nation repudiated its paper money, which was practically confessions judgment and going into bankruptcy. In this instance, pioneer conditions were wholly lacking. In a case of prime necessity, the rules of monetary science give way to the demands of the moment.

In the royal instructions to the governors of North Carolina, they were enjoined not to give their assent to the issue of bills of credit unless a clause should be appended to the Act which would make necessary

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the approval of the Crown officials in England before it could go into effect. After 1712 when the precedent was first established, the issue of paper money was resorted to very frequently and at times when such a course was wholly unwarranted. The craze for paper currency became so fixed in the minds of the people that the Royal governors were forced time and time again to placate the insistent demands of the Lower House for cheap money by consenting to further issues: their instructions to the contrary notwithstanding. Governor Johnston in a letter to the Board of Trade in 1749 says, "I shall not trouble your Lordships with remarks on any of the Laws, except that one for building fortifications, because it gave rise to the small addition that was made to the Paper currency, and was the unhappy occasion of my being drawn in to Transgress a most plain and express Instruction of his Majesty, by which I am terribly afraid I have incurred his Displeasure and have reason to apprehend I shall be recalled from the government, and I assure your Lordships the first of these makes a much deeper impression on my mind than the Latter". 

Acts were passed by the General Assembly which aimed at the introduction into the Colony of foreign coins: but they failed to accomplish the desired results. The failure of these acts left only one alternative: the issue of more bills of credit. Small amounts were issued at irregular intervals but they proved insufficient to meet the demands for a convenient and elastic currency. The only remedy for these financial difficulties seemed to lie in additional batches of paper money.

The first emissions were intended to pass at the same value as proclamation money. A statute was passed during the reign of Queen Anne fixing the value of foreign coins in the Colonies and the term "proclamation money" came to be applied to commodities and to the paper currency as well. The early issues of bills of credit were to be redeemed by a tax levied on land and polls. The intention was to raise a fixed amount each year "till the Public Debts are answered and paid". For the redemption of each emission the credit of the Colony was faithfully pledged. But in

1. C.R., III., p.95.
2. Ibid. IV., p.919.
3. Ibid. IIII., p.187.
COLONIAL COINS.

1. These coins were called 1. in England and denarius, and were very plentiful in the colonies.

2. This coin was known as the "Virginia Shilling".

3. This coin was the first coin to bear a motto on one side and the date on the other. It was later called the "Five Cent".

See next page.
COLOMBIAN COINS

1.

2.

3.

See next page.
1. These coins were called the "Virginia Half Pennies", and were very plentiful in the colonies.

2. This coin was known as the "Virginia Shilling".

3. This coin was first made in England about 1733, and was called the "Bar Cent".

Copies taken from A.M. Smith's "Coins and Coinage" pp. 95-96.
a letter to the Duke of Newcastle Governor Burrington writes that this
"Faith was afterwards broke in upon". For a time these taxes seem to have
been collected with some degree of regularity. The people were very much
averse to taxation and gradually the taxes were lessened and finally not
even a pretense was made to collect them. The governmental machinery for
the collection of taxes was crude and inefficient. Fraud and defaulting
on the part of collectors were frequent.

Notwithstanding the many inconveniences of such a medium, the craze
for paper money did not abate, and by 1741 there was in circulation in
bills of credit in North Carolina, the vast sum of £52,500. If the acts
of issue had been carried out these bills should have all been redeemed
by 1744. But the taxes which were intended for the sinking fund were so
illegally managed that none of the issues were taken up. The fiscal affairs of
the province had fallen into a deplorable state, and in 1748 the action
taken by the General Assembly practically repudiated all issues before
that date.

During the administration of Governor Dobbs, treasury notes were
issued for the first time. These bore interest and were to be secured by
a poll tax and a duty on liquors. It is worthy of note that the public
faith was not violated in this instance as it had been previously. At the
time of the passage of the Stamp Act there was £74,833 of paper money of
one kind or another in circulation in the province, but the amount of
specie was insignificant. Judge Hasell who was Chief Justice of the state
at this time when holding court in the spring of 1766 at Salisbury said
there was "scarce any specie circulating among the people of this section,
not enough to pay the stamp duties, should that odious act be enforced".

On the eve of the Revolution the finances of North Carolina were in
chaos and the credit of the Colony was in an exceedingly bad way. The
internecine wars with the Regulators together with the conflicts with the
Indians had drawn heavily upon her resources. The province was poorly pre-
pared to engage in the coming struggle for Independence. At the beginning
of the war the total amount of specie in the thirteen Colonies was less

1. C.R., 111., p. 145.
2. Ibid., IX., p. 699.
3. Ibid., 230.
4. Ibid., IV., p. 415-6.
5. Ibid., 757; 792-3.
than $12,000,000. Their treasuries contained only a few thousand pounds.

Such was the financial condition of the Colonies considered as a whole, but the treasury of North Carolina was empty, her creditors were clamoring for their money and the salaries of her public officials were greatly in arrear. But what complicated the situation all the more, was the lack of an efficient system of taxation. The province was sparsely settled: there was little communication among the inhabitants, and the economic development was in the primitive stage. Handicapped as they were in many respects, the people were not lacking in patriotic zeal to the cause of Independence.

When subscriptions were being taken for the people of Boston in 1774, their needs met with a hearty response in North Carolina. A gentleman of Wilmington writing to a friend in Massachusetts says, "As to publick matters I shall likewise please you that a patriotick spirit possesses every bosom, which all ranks of persons seem emulous to express, by actions as well as by words.------A subscription having been set on foot for the support of the Bostonians (suffering nobly in the common cause of America) a very few days, from a few individuals produced as much as loaded the vessel by which this letter comes: and by this time, I have no doubt, enough is collected to load another. Nor is this all: for there is apperant in almost every individual a proper sense of the injury done to the colonies, in the tendencies of those oppressive Acts of Parliament, and a determined spirit of opposition and resentment worthy of a human bosom in the great cause of liberty".

On August 8, 1775 Governor Martin issued his last proclamation to the people of North Carolina, and the royal government came to an end. The die was cast. Unprepared though she was, the Colony was eager to cast in her lot with her sister Colonies in the long, gruelling struggle for Independence.

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1. Webster, Pelatiah, Political Essays, p. 6, note c.
CHAPTER II.

THE MACHINERY OF NORTH CAROLINA AND THE CONTINENTAL CONGRESS FOR OBTAINING MONEY AND SUPPLIES.

In the early history of North Carolina, the sheriff was the most important officer of the fiscal administration of the Colony. He occupied about the same relative position and exercised much the same functions as he did in England under the Tudors and the Stuarts. After a valuation had been placed on property subject to taxation, it was assessed by an official who was called the "assessor", and the taxes to be paid were collected by the sheriff who was entitled by law to a commission of five per cent of all monies paid in to him. The other ninety-five per cent was to be turned over to the State Treasurer. During the controversy with the Regulators, the execution of the duties of the office was full of danger particularly in those counties in the region of the disaffection. The General Assembly of the province made all needful regulations regarding the office, and the sheriff was subject to the orders of both the lower branch of the legislature and the governor.

The functions of the assessor were the same as they are at the present time: the formalities in making the assessments for taxes, however, were more elaborate than they are at present. Each person making a return of his or her taxables had to subscribe to an oath that all property owned by them had been honestly given in. Lists of taxables were made for every county in the province.

The money collected for taxes was turned over to the various treasurers of the province. The keeping of the public revenues was entrusted to several treasurers rather than to one man at the head of the whole department for the reason that the people were distrustful of too much power being placed in the hands of a single individual. This same distrust was entertained by the delegates of the Continental Congress when the direction of the affairs of the treasury department was placed under the control of a committee. There was a treasurer for every precinct of the province and

1. C.R., XXIV., p. 200. 5. C.R., VII., p. 145. See appendix B.
2. Ibid., VII., p. 901.
3. Ibid., XI., p. 740: VII., p. 801.
4. Ibid., XXIV., p. 200. Oath on return of taxables. - "I, A.B., do swear that the list by me now delivered contains a just account of all the Lotts, Lands and their improvements, slaves under sixty years of age, Horses, Cattle from one year old and upward, Money, Money at Interest, Stock in Trade, Bonds, Notes, and other Obligations which bear or include Interest,
below them were under treasurers. The former were called public treasurers to distinguish them from their subordinates. Each precinct had as many collectors of taxes as the population and wealth of this unit would warrant. These officials were under the treasurers^1 and settled their accounts with them. At the beginning of the Revolution, in pursuance to a recommendation of the Continental Congress^2 the entire province was divided into two districts, northern and southern, and a treasurer placed over each one to have control of the public revenues of the territory under his jurisdiction.

The funds for carrying on the war for Independence were to be supplied by means of a common treasury, to which all the States were to contribute in proportion to their population. Matters which were continental in their nature were to be charged to the account of the continent. The States were given the privilege of drawing on the Continental treasury for defraying any expenses incurred in behalf of all the States. On Sept. 8, 1775, North Carolina first exercised this right and the treasurers or either of them were directed by the Provincial Congress to draw on the common treasury for £15,000 to support the troops of the province which were upon the continental establishment.^3

During the course of the war the state treasurers were directed many times by the General Assembly to draw upon the continental treasury for money which was to be charged against the State when granted.^4 It was the duty of the State treasurers to pay any sums directed to be paid by the General Assembly, and for whatever purposes that body might direct. Payments were made for matters which varied widely in their nature, and there was a great difference in the purposes for which they were intended.^5 The treasurers were appointed by the Provincial Assembly at a salary of £500 per year, and they were responsible to it.

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which to me belonged or were in my possession as Agent, Factor or Attorney on the first day of April last without deductions for any demands against me, and that I have not directly or indirectly lent or conveyed away any part of my property with intent to evade payment of the tax to which by law the same is liable, So Help Me God^6:

2. J. of C., 11., p. 221.
4. Ibid. 358.
The provincial officer known as the "Receiver" continued to exercise his function as a tax collector down through the Revolution. Before the dissolution of the royal government in North Carolina, his time was taken up very largely in providing rent rolls and in collecting the quit-rents for the King,\(^1\) as by far the greater part of the money raised by taxation went to the Lords Proprietors in England. The receivers of the continental taxes in the States were appointed by the Superintendent of Finance and were subject to his orders and those of Congress.\(^2\) The amount of the bond they had to furnish was forty or fifty thousand pounds.\(^3\)

Soon after the First Continental Congress met in 1774, an address to the Colonies was prepared in which each one was recommended to appoint committees for the various districts and towns\(^4\) which were to exercise such powers as would best secure the territorial divisions over which they exercised control. The Committees of Safety of North Carolina were composed of thirteen members each, and were responsible to a Council of Safety from which it received instructions as to what methods and courses of action should be pursued.\(^5\)

These committees became a very important factor in the administrative machinery of each State. The subscriptions made for the relief of the people of Boston were accepted by and forwarded through this medium.\(^6\) They passed resolutions as to the amounts which should be collected from the militia companies\(^7\) as they, in a collective capacity, directed the military operations within the State. Supplies of gunpowder, provisions, etc. were issued by them to the troops; they fixed the pay of the soldiers and conferred authority upon the officers.\(^8\)

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1. C.R., IV., 205; 185; 175.  
2. J. of C., VII., 169.  
3. C.R., XVI., 305.  
4. J. of C., 1, 79.  
5. Remembrancer, The. 1., 110.  
6. C.R., IX., 1081; IX., 1149.  
7. Ibid., X., 9.  
9. C.R., X., 263; X., 440; X., 456. Letter from Ralph Gorrell to the Council of Safety.—"July 14, 1776. Mr. Chairman, and Gentlemen of Honorable Council, as you will Receive by the hands of the Bearer a letter to you Directed from Brigadier Hutherford, (as I suppose) praying that your Honors would order sum salt for the Distract of Salisbury, for the use of the Militia now order'd out against them Indians; and as Col. John Peasley of Guilford has appointed me Comosary for the Guilford Battalion with the abrobation of the Brigadier for said Distract, I should be Glad that your Honors in your Great Prudence would be pleasent to order it that Each County in said Distract might know the Quantity, and I should be Glad that you would send by the Bearer if you think proper an order to me to Receive at Cross Creek what Quantity you may Judge necessary for Guilford so that I might be the more Expeditious in Setting the provisions ready for the men", etc., etc.
The Committees also exercised jurisdiction in civil matters. They could prevent debtors from moving out of the State without first satisfying all claims against them, and they could seize upon their property or persons, and compel a settlement of their obligations. They possessed the power of requiring all persons who were entrusted with the public monies to render an account of all sums paid in to them. The payment of some fines were made to them, and the proceeds resulting from the sale of goods which had been seized upon for the satisfaction of creditors, went towards replenishing the State treasury. In 1775 these committees together with the Council of Safety entirely supplanted the provincial government, and continued to exercise all the governmental functions until the State constitution was adopted in 1776.

The State militia of North Carolina was something more than a military force. It also served as a part of the fiscal machinery. It was subject to the orders of the Committees of Safety which determined the amounts necessary for any purpose, and each militia company was obliged to furnish its proportionate share. The captain of each company was responsible for whatever monies passed through his hands and statements of accounts were required by the Safety Committees. In cases of emergency they were empowered to raise whatever sums necessity might require. The militia officers also collected the fines which were imposed upon the soldiers for delinquencies. During the latter part of the war these fines must have amounted to very considerable sums as the men deserted in large numbers and mutinies were of common occurrence.

In 1778 the Tories of the State refused to pay any taxes. The civil authorities were unable to undertake their collection, and the execution of the laws together with the power to collect all taxes and fines was turned over to the State militia. The officers in charge were to have personal supervision of the collection of all money. In 1778 General William Skinner in writing to Governor Caswell says, "It is with real concern that I inform you, that since I left Newbern in December last, I have not

2. Ibid.
3. Ibid., 436; 920.
4. Ibid., Preface 111.
5. Ibid., X, 9.
6. See appendix C.
7. C.R., X, 9; X, 10.
8. Ibid., XI, 577.
10. Ibid., XI, 775.
received one shilling into the Treasury, either by the collection of the State Taxes or the opening of the Land office nor have I received £300 for old arrears." Even under the strong pressure brought to bear by the military organization of the State it was exceedingly difficult and well nigh impossible to collect the revenue necessary for the ordinary expenses of the government.

In addition to the agencies just described, the General Assembly during the course of the war appointed various commissions, boards and special agents as circumstances demanded. In 1777 the people of the State were beginning to realize that the struggle could not be carried on indefinitely by means of paper currency, and that sooner or later systematic methods of taxation must be employed. To bring about the establishment of such a system a committee was appointed to report a bill to the legislature for raising money by a general assessment. Later another committee was appointed which was to supervise the revenues of the State and prepare estimates of the amounts necessary to carry on the government. The report of this committee for 1786 is of special interest as it shows the great advance made in methods of taxation as well as the approximate amounts of the revenue. The estimated receipts for that year were:

<table>
<thead>
<tr>
<th>Tax Type</th>
<th>Receipts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land Tax</td>
<td>£14,749 1/7 1 1/2</td>
</tr>
<tr>
<td>Poll Tax</td>
<td>27,650 1/7 6</td>
</tr>
<tr>
<td>Town Property</td>
<td>728 1/6 8 1/2</td>
</tr>
<tr>
<td>Taxes in aid of the public revenue estimated at</td>
<td>3,800 1/5 9</td>
</tr>
<tr>
<td>The impost by water estimated at</td>
<td>10,000 1/6 9</td>
</tr>
<tr>
<td>The Cont'l. Tax of 1/6 etc. laid for this year only estimated at</td>
<td>7,305</td>
</tr>
</tbody>
</table>

Total amount of net revenue: £64,855 1/7 80

The estimated expenditures for 1787 were:

<table>
<thead>
<tr>
<th>Expense Type</th>
<th>Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>For Civil List dep't.</td>
<td>£16,000</td>
</tr>
<tr>
<td>Quota of prin. and int. on French and Dutch Loans to be paid in 1787</td>
<td>46,401 1/2</td>
</tr>
<tr>
<td>Contingencies</td>
<td>11,689 1/3 9</td>
</tr>
<tr>
<td>Commissions and Insolvencies</td>
<td>6,990 1/3 2 1/2</td>
</tr>
</tbody>
</table>

Total expenditures: £81,080 7/18 11 1/2

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1. C.R., XII, 63. 2. C.R., XII, 50. 3. C.R., XVII, 280.
It is readily seen by these estimates that a certain amount of system had been evolved out of the chaos which obtained up to the beginning of the Revolution, but by the estimated income of 1786 being more than £16,000 less than the estimated expenditures for 1787, it is highly probable that the annual revenues were not yet sufficient to meet the various expenditures of the State.

North Carolina in common with the other colonies, procured most of her military stores during the Revolution by way of the West Indies. The negotiations with the French agent, the Marquis de Brédaigne were carried on by means of a committee which was appointed by the legislature for that particular purpose.1 Arms were sent from France to the West Indies under the Spanish firm name of Hortales and Company. The munitions of war were procured in exchange for produce. The article used most frequently in exchange was tobacco; of which it took 140 hogsheads to pay for 23 pieces of cannon.2

In 1780 a Board of Commissioners was appointed for the purpose of encouraging the trade of the State which would redound to its financial well-being. The board was given wide discretionary powers but it was to make regular reports to the General Assembly. It could build ships, purchase warehouses for the use of the public, and do all things which it deemed necessary for the advancement of commerce. The board was made up of three commissioners who were allowed a salary of £6,000 a year.3

In the same year that the commissioners for the encouragement of commerce were appointed, a Board of War was established.4 It was to superintend the operation of the military forces of the State, and were also empowered to draw on any person entrusted with the keeping of public monies.5 As the requisitions of Congress at this time were in specific supplies, this board supervised the building of public storehouses and appointed someone, usually an army officer, who was to act as a sort of superintendent of the county commissioners. These officials gathered the provision supplies into the warehouses which were built for this especial purpose.6 Invoices of these storehouses were made from time to time, in

1 C.R., XVII, 887.
2 Ibid., XLI, 692.
3 Ibid., XXIV, 322.
4 Ibid., 355.
5 C.R., XIV, 579.
6 Ibid., XIV, 421.
7 Ibid., 490.
which the divers articles that had been paid in, were listed in the form of a report which was made to the Board of War.\textsuperscript{1}

The disbursement of all monies for the troops, was made in the first instance, by the paymaster of the province who was appointed by the General Assembly. He was placed under a bond of £100,000 as security for the faithful performance of the duties of the office.\textsuperscript{2} His salary was fixed at fifty dollars per month.

In April 1776, several persons were appointed to purchase small fire arms for the use of the troops.\textsuperscript{3} In the early part of the struggle the lack of these necessary articles was felt very keenly.

There was a committee created by the General Assembly whose duty it was to make an estimate of the amounts of paper money which should be issued whenever it was thought conditions warranted the adoption of this expedient. This committee also supervised the printing and signing of the money which was emitted.\textsuperscript{4}

The settlement and adjustment of public accounts were at first in the hands of a single individual.\textsuperscript{5} It was his duty to satisfy all the claims of individual citizens against the State, and in addition to this, he was to adjust the accounts of North Carolina against the Continental Congress or the United States. This latter duty does not seem to have been performed very punctiliously before 1779 as many of the vouchers had been either lost or destroyed. In this year provision was made for the appointment of an officer whose sole duty was to adjust the accounts of the State against the United States.\textsuperscript{6} The rule to be followed in affecting a settlement was, that expenses which were incurred for the exclusive benefit of the State were to be borne by the State itself; but the obligations assumed in behalf of all the people of the continent should be met and paid out of the common treasury. For some reason or other this official was no more efficient than his predecessor whom he displaced for Governor Burke in 1781 says, "I find upon enquiry that no office is kept wherein the General State of Public Acc'ts. is entered, and as it is impossible to do justice to the State, with regard to its expenditures and advances, without regular and clear states and entries of the public acc'ts. A State

\begin{itemize}
  \item \textsuperscript{1} C.R., XV, 494. See appendix D.
  \item \textsuperscript{2} Ibid., X, 522.
  \item \textsuperscript{3} Ibid., X, 524.
  \item \textsuperscript{4} C.R., X, 532.
  \item \textsuperscript{5} Ibid., XI, 415.
  \item \textsuperscript{6} Ibid., XI, 766.
\end{itemize}
which has borne so great a part of the burthen of the war, which has supplied so much of its property to the uses of the General Confederacy, and which must bear so considerable a proportion of the Common expences, must be essentially interested in having its accounts so kept as that its just Debts and Credits can be clearly ascertained, nor is the interest of the people in the clearness of accounts inconsiderable since that alone can restrain the abuses in the expenditure of money.¹

In the following year a Board of State Auditors was appointed to supervise the accounts of the State, and in addition to this, it exercised jurisdiction over officials who collected the public revenue.² This board was also empowered to appoint the State Comptroller.³

As in the case of North Carolina, the Continental Congress created committees ad hoc. The most important body of the fiscal government was the Committee of the Treasury which exercised supervision over the affairs of that department as directed by Congress. This committee or board as it was sometimes called, appointed two persons who were to act in the capacity of joint treasurers, and to attend to the matters of routine connected with the office.⁴ The administration of the department of finance was conducted through the instrumentality of committees for the first three years of the war but this arrangement proved to be unsatisfactory, and in 1778 the treasury department was remodeled. It was provided that the exclusive control should thereafter be vested in five offices which were distinct from each other; namely the joint treasurers, the Controller, and the two Chambers of Accounts.⁵ The functions and duties of each office were explicitly enumerated by Congress. This experiment was tried for the same length of time as its predecessor, the committee. In 1781 the office of Superintendent of Finance was created. His duties were manifold and his responsibilities great. He had the supervision of all matters which might be classified under the general head of business. By a resolution of Congress in the same year in which this office was created, it was provided that the taxes of each state should be kept separate from the continental taxes. The appointment of officers to collect the money which was to be paid into

1. C.R., XV1, 918.
2. Ibid., XV1, 134.
3. Ibid., XV1, 126.
4. J. of C., 11, 221.
5. J. of C., X1, 785.
6. Ibid., V11, 169.
the common treasury was entrusted to the Superintendent of Finance.\(^1\) A
great deal of the communication upon matters pertaining to money, requi-
sitions etc. from 1781-4 was carried on between this officer and the gov-
ernors of the various States.\(^2\)

During the earlier part of the war whenever Congress recognized a
situation where money was needed, the treasury authorities were instructed
to forward whatever amount was specified.\(^3\) Recommendations were made to
the States as to what measures should be adopted in matters of general
concern, but more particularly as regards military affairs such as the
pay of the troops, their rations etc.\(^4\) In 1773 the financial demands upon
Congress became so multitudinous that three days in the week, Tuesdays,
Thursdays, and Saturdays were set aside for the consideration of the busi-
ness connected with the treasury department.\(^5\) All demands upon the treasury
had to be first passed upon by Congress before any money could be drawn.
These claims varied from very small sums for expenses incurred by indi-
viduals in the common cause, to large amounts for the continental troops.\(^6\)

The machinery through which nearly all the money that passed from
the continental treasury to North Carolina and vica versa, was the gov-
ernor of the State and the delegates to the General Congress at Phila-
delphia. These persons were instructed from time to time to draw on the
continental treasury for such sums as the General Assembly of the State
should direct.\(^7\) At this time money could be sent from one place to another
only by sea or overland, and the delegates had to exercise a great deal
of care in their choice of persons who were to be entrusted with the
transfer of money.\(^8\)

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1. C.R., XVI, 303.
2. Ibid., XVI, 305; 322; 340; 350; 357; 380; 381; 384; 401; 407; 427:-------
3. J.of C., 11, 735.
4. C.R., X, 361. Rations of troops.—Jour. of proceedings of Prov. Cong. of
N.C. Dec. 24, 1775. The Continental Congress having recommended to this
Council additional rations for the Troops stationed in this Province, viz:
Three pts. of peas or beans per wk., or vegetables equivalent, rating peas
or beans at a dollar per Bushel; One pt. of milk per day, or at the rate of
1/12 of a dollar per pt.; half a pt. of rice or one pt. of Indian meal per
man per week; one quart of spruce beer or cider per man or nine gal. of
Molasses per Co. of 100 men per wk.; three lts. of candles to 100 men per
wk. for the Guards; 24 lbs. soft or 8 lbs. of hard soap for 100 men per wk.
5. J.of C., XI, 787.
The funds intended for North Carolina were sent to the governor who turned them over to the State treasurers; certificates for the Continental Loan Offices were sent in the same way, and were turned over to the treasurer of the Loan Office of North Carolina.

The chief executive of the State was entrusted with wide powers by both the Continental Congress and the General Assembly in cases of unusual urgency. In 1777 it was resolved, "That Governor Caswell be desired to appoint proper persons within the State of North Carolina to purchase with secrecy and dispatch, all the merchantable leather and deer skins in that State proper for the making shoes, breeches, saddles, harness, and military accoutrements: that he be desired to detain so much thereof as can be manufactured into shoes and breeches within the space of four months, sending on to the clothier general, at Lancaster, in Pennsylvania, the shoes and breeches which may be made, from time to time, and delivering the residue of the said leather and skins to the order of the Board of War: that he be authorized to draw on the treasury for such sums as shall be necessary for the execution of this business, and transmit accounts and prices given, and Quantities purchased, to the Board of War and clothier general". This was a resolution of the Continental Congress. In the following year similar powers were conferred upon the governor by the General Assembly.

The delegates of the State to the Continental Congress acted as a go-between for the Congress and the State legislature. They communicated the needs of the people whom they represented to Congress. Like the governor, they were subject to the instructions of both the General Congress and the State legislature. Their orders were confined very largely to matters pertaining to finance which included the procuring of money for the use of the State and the providing of supplies necessary for the troops on the continental establishment. All warrants on the Continental treasury which were passed upon by Congress were to be charged to the account of North Carolina, and were to be settled at some future date.

The most important parts of the fiscal machinery of North Carolina

1. C.R., XI, 564.
2. Ibid., XI, 440.
3. Ibid., XII, 72.
4. J.of C., IX, 965.
5. C.R., XII, 605.
7. J.of C., XII, 387; V, 633; IV, 91; VI, 889; C.R., X, 445 & 718.
8. J.of C., V, 623; VI, 889; XII, 51.
and the United Colonies for effecting the interchanges between the two, outside of the legislative branches of the governments themselves, were the officials at the head of the continental treasury on the one hand, and the delegates and the governor of North Carolina on the other. Some other officials were very important but their duties were very largely local in their nature, and they were little concerned in the financial relations of the State and the Continental Congress.
CHAPTER 111.

ADMINISTRATIVE INEFFICIENCY OF THE FISCAL MACHINERY OF NORTH CAROLINA AND THE CONTINENTAL CONGRESS.

The general opinion prevails among most people that during the Revolution, all men were patriots and were willing to undergo any personal inconvenience or hardship in order to free themselves from the tyranny of Great Britain. There is a proneness to magnify the virtues and forget the shortcomings of our Revolutionary forefathers, and in comparing the past with the present we are apt to conclude that conditions of today are in a state of degeneracy. But conditions during the Revolution were far from being ideal. Although the public morals of the present time are far below the standard which they should measure up to, it might be said with a reasonable degree of safety, that they were worse during the war for Independence. Graft and malfeasance were common on the part of public officials, and no set of grey wolves and bloodsuckers ever existed than that class of scavengers which plucked at the vitals of the government of the Confederation during the period from 1775 to 1783.

There were several causes which operated to bring about this state of affairs. One of the most potential factors which produced this condition was the general administrative inefficiency which prevailed in all the departments of government, both state and federal. In North Carolina there were numerous instances of fraud and malfeasance long before the Revolution. The exactions of the public officers was one of the causes which led to the war of the Regulation. In 1768 Governor Tryon, in an attempt to affect a settlement with the Regulators and to remove the cause of irritation, issued a proclamation strictly prohibiting public officials from collecting any fees except those which were allowed by the provincial laws. Governor Martin in a communication to the General Assembly in 1771 earnestly recommended that immediate steps be taken to collect the large amount of money which the tax collectors had failed to turn over to the province. He considered that this money should be recovered immediately in order that the credit of the Colony might be preserved. In the following year he estimates this arrearage at £66,000.

1. C.R., VII, 801.
2. Ibid., IX, 201.
3. Ibid., IX, 230.
The Provincial Congress attempted to correct these evils but in some instances it was defied by the very defaulters whom it had appointed. In 1782 matters do not seem to have been much improved. In a message to the Assembly, Governor Burke says, "The collection of taxes and supplies have been irregular and unseasonable and the expenditure wasteful and disorderly. The Public Collectors are under no particular control, nor are they bound by any Law now in force, either to make returns of their collections or account for their expenditures, except possibly to the General Assembly, who never have leisure for such inquiries. This naturally occasions great negligence and confusion and renders it impossible to know what can be supplied either in quantity or kind, and as the public wants are often pressing and indispensable the powers of government must be interposed in a manner unfavorable and unequal and repugnant to the genius of Freedom".

When the new State constitution was adopted in 1776 it was provided "That no persons who heretofore have been or hereafter may be Receivers of Public Monies, shall have a seat in either House of General Assembly, or be eligible to any office in this State, until such person shall have fully accounted for and paid into the Treasury all sums for which they may be accountable and liable".

At divers times money was appropriated and an order drawn on the treasury for the purpose of providing supplies for the State troops but in many cases it was either misapplied or squandered by the persons who received it. The legislature itself was guilty of misapplying funds which were originally intended for the redemption of bills of credit. In addition to this, orders were issued on the treasury to persons who had lost any of their money, and could make it appear by witnesses that the money was lost or burned as the case might be. There were also instances of persons being exempted from taxation. In some cases this might be considered as a humanitarian act but it was mighty poor policy from a business standpoint.

Before the close of the war the General Assembly required the various

1. C.R., 1X, 581.
2. Ibid., XVI, 6.
3. Ibid., X, 1006 Clause XXV.
4. Ibid., XI, 363.
5. C.R., XII, 104; X, 991.
6. Ibid., 1X, 872; XII, 579.
7. Ibid., XII, 579.
officers handling the public funds to render a strict account of all monies passing through their hands.¹ The paymaster-general of the army was required to furnish a statement on oath to the State Board of Auditors of all monies paid over to him and the purposes for which they were expended.² Many officers who were guilty of misapplying the public money were arrested for malfeasance in office.

There was no certain fixed time for the sheriffs to collect the taxes, and their bonds were entirely inadequate.³ For these reasons, there was an unusual amount of fraud among this class of public officials. Special forms or notices were prepared for defaulting sheriffs which read as follows:

"To ------- late Sheriff or Collector of Public Duties and Taxes in the County of -------.

Sir:

It appears by acct's. filed in this com. by the Southern Treasurer that you are a public Defaulter for Taxes (or Duties) by you collected in your County for the year 177---."⁴

The large number of persons employed in the collection of the public taxes, duties etc. consumed a large part of the State revenue before it was turned over to the treasury, and caused great inconvenience and confusion in their accounts with the public.⁵

The administration of the commissary department of the army seemed especially inefficient and corrupt. It sometimes happened that the officers of this department could not be found even in cases of great emergency.⁶ When large sums of money were turned over to them for the payment of the troops they were particularly liable to betake themselves to parts unknown.⁷ The County Commissioners whose duty it was to collect supplies for the army were negligent and lazy, and oftentimes seriously hampered the operations and effectiveness of the troops.

The administrative machinery of the Continental Congress seemed, if such a thing be possible, to be even more inefficient than that of North Carolina. Washington, in a letter to Joseph Reed in 1775 says, "What an astonishing thing it is, that those who are employed to sign the Conti-

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1. C.R., XLII, 557.
2. Ibid., XVII, 701.
3. Ibid., 699 & 705.
4. Ibid. X, 463.
5. C.R., XV, 497; XLII, 63.
6. Ibid., XI, 312.
7. Ibid., XLII, 5.
8. Ibid. XV, 509.
nental bills should not be able, or inclined, to do it as fast as they are wanted. They will prove the destruction of the army if they are not more attentive and diligent.\textsuperscript{1} From this apparent laxness in the treasury department the army was seriously handicapped in its operations on several occasions. Undoubtedly the poor pay of the officers and soldiers of the army obliged many to appropriate a great deal of the money which was entrusted to them to supply their own needs.\textsuperscript{2} When one considers that there were times during the Revolution when the pay of a colonel would not any more than buy oats for his horse, it becomes evident that the officers were almost compelled to resort to extremely questionable practices.

In 1777 Congress recommended to the General Assembly of North Carolina that action be taken by the State to prevent the officers of the army from squandering money and to put an end to gambling and indolence.\textsuperscript{3} During the same year, in a communication from one of the Continental treasurers to Governor Caswell, it was provided that a strict account should be rendered to the governor by all the officers who had charge of the recruiting service and the funds set aside for the purpose of securing enlistments for the army. In the following year Gouverneur Morris, who was a member of the treasury board, sent an order to Governor Caswell to the effect that all persons holding office under the Continental Congress who were guilty of engrossing were to be severely punished.\textsuperscript{4} Bad as these conditions were, they were equally bad in England during the same period. Meetings were being held over the whole country to protest against the squandering of large sums of money by the King and his ministers to corrupt Parliament. It was estimated that three or four hundred thousand pounds were spent every year for this one purpose alone.\textsuperscript{5}

The general demoralization and confusion in all the departments, the ineffectiveness and waste of the administration led Congress to establish the office of Superintendent of Finance. The unanimous choice of a person for this position fell upon Robert Morris. He commanded the respect of every one and great things were expected from this appointment. Morris soon instituted a new policy under which the treasury department was to

\begin{itemize}
  \item[1.] Washington's Writings XI, 246.
  \item[2.] Ibid. V, 542.
  \item[3.] C.R., XI, 93.
  \item[4.] Ibid. XI, 466.
  \item[5.] C.R., XI, 273.
  \item[6.] Remembrancer, The. IX, 105.
  \item[7.] Washington's Writings, IX, 274.
\end{itemize}
be conducted, and injected new life into its activities. He did all that
could be done to correct the evils of the administrative system of the
financial department, but they were so deep-seated and were the inevitable
results of conditions which could not now be remedied. Not even Congress
or the individual States could head off the malicious influences which
followed in the wake of the pernicious policy of resorting to the exped-
ient of issuing paper money.

The inefficiency of the administrative machinery of North Carolina
and the Continental Congress had a direct bearing upon the financial
relations between the two. The great waste of money and the fraud of
officials amounted in the aggregate to perhaps millions of dollars from
which no benefits accrued to either the State or the Continental Govern-
ment. According to a statement made by Senator Aldrich a few weeks ago,
$300,000,000 are wasted every year because of the inefficiency of our
present administrative system. This large amount in some way must come
from the pockets of the people. While there was not nearly so large a
leakage as this during the Revolution, a matter of one or two millions of
dollars would have had an important bearing upon the financial relations
between any one State and the Continental Congress, and this would have
been particularly true in the case of North Carolina.
CHAPTER IV.

THE RESOURCES OF NORTH CAROLINA AND THE CONTINENTAL CONGRESS FOR CARRYING ON THE WAR.

The economic and fiscal condition of North Carolina before the Revolu-
tion has been considered in detail in the first chapter of this paper. It was seen that on the eve of the struggle for Independence, the credit of the Colony was almost a negligible quantity. There was little com-
cercial intercourse with the other Colonies or foreign nations. The paper
money was totally discredited. The provincial government had broken faith
with the public regarding the redemption of the paper issues time and
time again. The Colony was entering the war with an empty treasury. Such
was the condition of fiscal affairs in North Carolina on the eve of the
Revolution. But there was another matter of serious importance that arose
which was political in its nature, yet its influence was strongly felt
in every department of governmental activity.

The disaffection of a large number of the inhabitants had a very im-
portant bearing on the financial relations of the State and the govern-
ment of the Confederation because of the fact that they refused absolutely
to pay any taxes whatsoever. They also refused to furnish any men or
supplies for the war and the State was forced to compel them to assume
their share of the burden. To do this not only took men from the contin-
ental service who should have been fighting under Washington, but it re-
quired a large expenditure of money which was sorely needed by the con-
tinental treasury.

The Tory element was a continual menace to the security of North
Carolina throughout the whole war. In 1781, when Wilmington was in the
possession of the English, the entire State was overrun by the Tories
who captured and turned over to the British one of the State treasurers,
one of the delegates to the Continental Congress and even the chief
executive of the State, Governor Burke. 1 Under such conditions the whole
government was completely demoralized. The experience of the Continental
government was much the same as that of North Carolina. Philadelphia
was captured by the British forces, and Congress was obliged to find
another meeting place. As a result, the governmental functions were more
or less deranged. The question might be asked, "How did the Colonies

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1. C.R., XVI, Preface, p. IX.
Counties of North Carolina Proper.

1. Currituck.
2. Camden.
3. Pasquotank.
4. Perquimans.
5. Gates.
6. Chowan.
8. Bertie.
12. Craven.
13. Pitt.
15. Halifax.
17. Warren.
18. Franklin.
20. Wake.
22. Wayne.
23. Duplin.
25. Onslow.
27. New Hanover.
29. New Hanover.
30. Craven.
31. Wayne.
32. Pasquotank.
33. Currituck.
34. Camden.
35. Perquimans.
36. Gates.
37. Chowan.
38. Hertford.
40. Tyrrell.
41. Hyde.
42. Beaufort.
43. Craven.
44. Pitt.
45. Edgecomb.
46. Halifax.
47. Nash.
49. Franklin.
50. Granville.
51. Wake.
52. Johnston.
53. Wayne.
54. Duplin.
55. Bladen.
56. Onslow.
57. Carteret.
58. New Hanover.
60. New Hanover.
61. Craven.
62. Wayne.
63. Pasquotank.
64. Currituck.
65. Camden.
66. Perquimans.
67. Gates.
68. Chowan.
69. Hertford.
70. Bertie.
71. Tyrrell.
72. Hyde.
73. Beaufort.
74. Craven.
75. Pitt.
76. Edgecomb.
77. Halifax.
78. Nash.
79. Warren.
80. Franklin.
81. Granville.
82. Wake.
83. Johnston.
84. Wayne.
85. Duplin.
86. Bladen.
87. Onslow.
88. Carteret.
89. New Hanover.
90. Brunswick.
91. New Hanover.
92. Craven.
93. Wayne.
94. Pasquotank.
95. Currituck.
96. Camden.
97. Perquimans.
98. Gates.
100. Hertford.
102. Tyrrell.
103. Hyde.
104. Beaufort.
105. Craven.
106. Pitt.
108. Halifax.
110. Warren.
111. Franklin.
112. Granville.
113. Wake.
114. Johnston.
115. Wayne.
116. Duplin.
117. Bladen.
118. Onslow.
119. Carteret.
120. New Hanover.
121. Brunswick.
122. New Hanover.
123. Craven.
124. Wayne.
125. Pasquotank.
126. Currituck.
127. Camden.
128. Perquimans.
129. Gates.
130. Chowan.
131. Hertford.
132. Bertie.
133. Tyrrell.
134. Hyde.
135. Beaufort.
136. Craven.
137. Pitt.
139. Halifax.
140. Nash.
141. Warren.
142. Franklin.
143. Granville.
144. Wake.
145. Johnston.
146. Wayne.
147. Duplin.
149. Onslow.
150. Carteret.
151. New Hanover.
152. Brunswick.
153. New Hanover.
154. Craven.
155. Wayne.
156. Pasquotank.
157. Currituck.
158. Camden.
159. Perquimans.
160. Gates.
161. Chowan.
162. Hertford.
163. Bertie.
164. Tyrrell.
165. Hyde.
166. Beaufort.
167. Craven.
168. Pitt.
169. Edgecomb.
170. Halifax.
171. Nash.
172. Warren.
173. Franklin.
174. Granville.
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183. Brunswick.
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187. Pasquotank.
188. Currituck.
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195. Tyrrell.
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198. Craven.
199. Pitt.
201. Halifax.
203. Warren.
204. Franklin.
205. Granville.
206. Wake.
207. Johnston.
208. Wayne.
209. Duplin.
211. Onslow.
212. Carteret.
213. New Hanover.
215. New Hanover.
216. Craven.
217. Wayne.
218. Pasquotank.
219. Currituck.
220. Camden.
221. Perquimans.
222. Gates.
223. Chowan.
224. Hertford.
225. Bertie.
226. Tyrrell.
228. Beaufort.
229. Craven.
230. Pitt.
231. Edgecomb.
233. Nash.
234. Warren.
235. Franklin.
236. Granville.
237. Wake.
238. Johnston.
239. Wayne.
240. Duplin.
242. Onslow.
243. Carteret.
244. New Hanover.
245. Brunswick.
246. New Hanover.
247. Craven.
EXPLANATION.

The data upon which this map or chart is based are taken from the account of the Receiver General of His Majesty's quit rents for 1773. The county is taken as the unit; those counties which are shaded the heaviest contained the greatest amount of wealth as indicated by the quit rents. These show clearly that the wealth of the Colony was concentrated along the sea coast. This is the natural thing to expect as the interior counties were sparsely settled and undeveloped at this time. The center of wealth was in Craven County.

1. C.R.,IX, 608.
manage to struggle through the war under such conditions?" The student of finance cannot help being amazed at their being able to accomplish what they did under circumstances so discouraging. The various means employed by Congress and North Carolina in raising funds for carrying on the war which resulted in the achievement of Independence will be the subject of consideration in this chapter.

In the same month in which the First Continental Congress met at Philadelphia, committees were appointed in North Carolina for the purpose of corresponding with the Provincial Assembly and the General Congress of the States, and to see that the resolutions of these two bodies were enforced. The conditions were such in North Carolina that it was early recognized that every resource must be carefully husbanded, and that the people must practise a good deal of self abnegation if the Colony was to make any material contribution to the cause of Independence. As a means to this end the freeholders of Rowan County passed the following resolutions;

"Resolved, That every kind of Luxury, Dissipation and Extravagance, ought to be banished from among us.

"Resolved, That manufactures ought to be encouraged by opening subscriptions for that purpose, or by any other proper means.

"Resolved, That the African Trade is injurious to this Colony, obstructs the population of it by freemen, prevents manufactures and other Useful emigrants from Europe from settling among us, and occasions an annual increase in the Balance of Trade against the Colonies".  

A few weeks later much the same action was taken by the delegates to the Continental Congress. They pledged themselves to "encourage frugality, economy, and industry, and promote agriculture, arts and manufactures of this country, especially that of wool: and will discountenance and discourage every specie of extravagance and dissipation, especially all horse-racing, and all kinds of gaming, cock-fighting, exhibitions of shews, plays and other expensive diversions and entertainments: and on the death of any relation or friend, none of us or any of our families, will go into any further mourning-dress, than a black crape or ribbon on the arm or hat"

1. C.R., 1X, 1072.
2. Ibid., 1X, 1024.
for gentlemen, and a black ribbon and necklace for ladies, and we will
discontinue the giving of gloves and scarves at funerals". Before the
people came to realize that the war for Independence was to be a life and
death struggle these resolutions were sometimes violated but the Safety
Committees kept these transgressions down to the minimum. Writers on
Political Economy consider dissipation, extravagance, and gaming as an
economic waste. By preventing these things as much as possible, the people
of North Carolina were thus all the more able to contribute to the common
cause. The influence of these measures was indirect rather than direct.

The most pressing question that confronted the delegates at the be-
inning of the war was that of how money could be immediately supplied to
support the army. In a letter written by William Hooper to a friend in
1775, this was a matter of great perplexity to him. He says, "If it should
be thought expedient to raise troops in each colony, and money of course
must be supplied, from whence must it come in our Province? Would the
Provincial Convention think it prudent to emit for that purpose, or are
not the circumstances such as to leave no alternative to their choice?
Whether this or what will be recommended is still in suspense.-------
Every man, let his property be ever so small, has still his rights to pre-
serve, and claims a share in the public consultation, which must eventually
affect him".

Since a direct property tax was impracticable at this time, the ex-
pedient of issuing bills of credit was the first device employed for the
purpose of raising revenue. Hooper anticipates what action would be taken
by the Provincial Assembly for in the fall of the same year in which he
wrote the above letter provision was made for the issue of £60,000 "to be
applied towards defraying the Expence of the Militia and Minute Men, for
purchasing Arms and Ammunition, and paying Bounties for the Encouragement
of Manufactures, expresses and other contingencies". Eatches of paper

1. J. of C., 1, 78.
2. C. R., 1X, 1133. Proceedings of Safety Committee in Chowans County
Jan. 28, 1775. "It being made appear to the satisfaction of the committee
for this county that we have violated the eighth Article of the Association
entered into by the Continental Congress by being concerned in a horse
race - We do therefore most heartily and sincerely declare and profess
that we are sorry for our misconduct, and in order that proper atonement
be made for such our enormity do promise that in future we shall strictly
observe every article of the Association and hope by such behavior to be
reinstated in the esteem and favour of our countrymen and acquaintance
which we have justly forfeited by our misbehavior
3. C. R., 1X, 1279.
money varying in quantity were emitted at irregular intervals during the war which amounted in the aggregate to approximately $33,000,000.¹ There was some opposition to the issuing of bills of credit by men who comprehended the situation but, for lack of more efficient means of raising money, it was looked upon as a necessary evil.² Usually a tax was laid on each pole for the redemption of the issues but as has been previously noted, the sinking funds were often applied to other purposes thus breaking faith with the public creditors, and ruining the credit of the Colony. The issues were so frequent and copious that the paper money rapidly depreciated, and the bars were let down to all the consequent evils. The requisitions of the Continental Congress were paid in the State currency³ but the credit given the commonwealth in specie, which was the common denominator for all the States, was only a fraction of the face value of the paper money paid in.

During the first few years of the Revolution, paper money was relied upon almost entirely for supplying the means for prosecuting the war but by 1779 this system was rapidly breaking down.⁴ In this year Congress passed several resolutions against further emissions of bills of credit, and recommended to the States that this expedient be not employed in the future.⁵ People were awakening to the fact that the struggle could not be carried on much longer without instituting a system of taxation.

In 1777 North Carolina, through its representatives in the State legislature, made provision for raising money by a general property tax. It was provided that "All lands and lots, with their improvements, Slaves, Money, Money at Interest, and Stock in Trade, wherever the same may be, all Bonds, Notes, or other Obligations for Value on Interest, all Horses and neat Cattle, in this State shall be held and deemed taxable Property liable to be assessed, and the taxes laid thereon by Law".⁶ Congress had

² Ibid. X, 591. ³ Ibid. XI, 682. Letter from Cornelia Harnett to Thomas Burke Nov. 29, 1777.— "Our finances are in such a situation, that unless the States agree immediately, to tax as high as the people can bear, the credit of our money must be ruined. Another very large emission must take place, there is no preventing it. The Treasury Boards see the fatal consequence of this measure, but they also perceive that when we have no money, we shall have no army. The Loan Offices are drained to their utmost farthing. The prospect before us is truly distressing, we must however continue further emissions. I tremble at the consequences".
⁴ J. of C., XIV, 1013, 1019, 1036, 1049.
⁵ C.R., XXIV, 109.
recommended to the Provincial Assembly that the State measure up to the standard which that body had fixed upon as necessary, but a two pence tax for every pound of valuation was considered all that circumstances would permit. In 1778 this amount was raised to three pence and a proportionate poll tax was laid on all freemen. Two years later the tax was again increased to four pence in the pound. Property belonging to Moravians, Quakers, Menonists or Dunkards was taxed nine pence for every pound of valuation as these sects had embarrassed the Provincial Congress on several occasions because of their religious scruples. In 1781 this was increased from nine to twelve pence. An additional tax of £150 was also levied on all single men who were not possessed of property valued at £1,000. There was also a tax of 2 1/2d upon all merchandise exposed for sale and an impost upon all slaves brought into the Colony. One fourth of the money arising from the general property tax was to be set aside to discharge the requisitions of the Continental Congress upon the State.

In 1780, Governor Nash in a communication to the General Assembly, sets forth in unequivocal terms the financial condition of the State. He says, "The distress of the country and the dangers to which it is exposed, call aloud for the most speedy and decisive measures. The Congress have advised a specific tax, and no other measure will, in my Opinion, be adequate to the consumption of the army, nor will this be sufficient for the present demand, for at this time our treasury is exhausted, and we have no magazine of provisions laid up. I dont know that there is three days bread that can be depended on for the troops here. It is evident, therefore, that some further immediate supply should be sought for, whereby the army may be supplied, whilst the provision tax is collecting. A fund, gentlemen, is in your hands and necessity, in my opinion calls loudly for the immediate appropriation of it for the defence of our lives, liberties and fortunes." Notwithstanding the additional levies of taxes, the treasury is in the same deplorable condition that it was at the beginning of the war: it is empty.

1. C.R., X11, 228.
2. Ibid., XXIV, 221.
3. Ibid., XXIV, 390.
4. Ibid., X11, 972; XXIV, 559.
5. C.R., XV111, 159.
6. Ibid., XV, 76.
Another resource of the State of North Carolina besides the issue of paper money and the revenues arising from taxes, was the proceeds arising from the confiscated estates of the Tories. In November of 1777 the Continental Congress recommended to the States that the property of all persons who had gone over to the enemy should be considered as forfeited by such action: that it should be taken possession of by the State and sold and all profits arising therefrom were to be invested in the certificates of the Continental Loan Office. The recommendation was acted upon by the Provincial Congress of North Carolina the following month, and as there was an unusually large number of Loyalists in the State in proportion to the population, the income from this source was considerable. The money arising from the sale of confiscated estates was not invested as recommended by Congress but was paid directly into the treasury. While the money realized from this source was no doubt large in amount and met very many pressing needs at the time, the thing that was particularly galling to the people of all the Colonies was the stipulation in the definitive treaty of peace which provided for the restoration of all confiscated property which formerly was in the possession of British subjects.

In 1776 the first land office was established in North Carolina. According to the report of the sub-committee of finance in 1787 over £330,000 was realized from this source. The purpose for which the land office was opened was to effect the redemption of certificates and specie, and to pay off the arrearage due to the soldiers.

In 1775 Congress passed a resolution which had for its object the encouragement of trade with the West Indies, and it appears that so far as was possible, North Carolina followed out the recommendation for at the end of 1785 the State was buying up produce to discharge her obligations to the government of Martinique.

There was also some privateering carried on by the enterprising merchants of the seaboard towns. This vocation proved very remunerative to

1. J. of C., lx, 971.
2. C. R., xxiv, 123.
3. Ibid., xl., 335.
5. Remembrancer, Tho. vi, 55.
7. Ibid., xxiv, 478 ; 568.
them and indirectly, was beneficial to the State. In addition, the enemy was very considerably harassed.\(^1\)

While the means for raising revenue had greatly increased since the beginning of the war, there was also a corresponding increase in governmental activities which greatly augmented the expenditures. In 1778 Congress made the representation to the States that some provisions should be made for the soldiers and sailors who had been disabled in the war. This, in substance, was the pension system, and its burdens were promptly assumed by North Carolina. The pensions were not large, but they were sufficient to keep the beneficiaries free from immediate want. The widows and children of officers who had been killed or had died while serving their country were also provided for.\(^2\)

It was during the war that the first steps were taken by the State in the inauguration of a system of charities. The most pressing demand upon the Provincial Congress of a charitable nature was the care of the poor. Seven freeholders were elected in each county for a term of three years who were to act in the capacity of overseers of the poor.\(^3\) As the war progressed, many of the poorer classes especially, became indigent and poverty stricken, which made it necessary for them to throw themselves upon the public for subsistence. No poor houses were built until after the war but those who were declared by the State legislature to be objects of charity, were allowed a certain amount either in money or in provisions which were distributed by the county commissioners.\(^4\)

In addition to these regular charges upon the State, there were many miscellaneous matters which increased the public burdens and diminished the amounts which otherwise would have been available for other purposes. The salaries of the public officials had to be paid; rewards were offered for the capture of dangerous Tories; prisoners had to be fed; after the withdrawal of the British from Wilmington, several counties had to be cared for out of the State treasury.\(^5\) These multitudinous demands bore very heavily upon the resources of the State and there were times when North Carolina was not represented in the Continental Congress because she was without funds to support her delegates. In 1781 the lack of

\(^{1}\) C.R., XV, Prefatory note p. VII.

\(^{2}\) Ibid., XXIII, 744.

\(^{3}\) Ibid., XXIV, 89.

\(^{4}\) Ibid., XVII, 253: X, 935; X11, 356; XXIV, 459.

\(^{5}\) Ibid., XVII, 820; X, 552; X11, 253; X, 551: XXIV, 409; X11, 611.
representation of some of the States constituted a menace; and they were urged by Congress to make provision for the maintenance of their delegates so they would be able to attend regularly. North Carolina had been supporting three delegates: she was requested by Congress to send more but one of the delegates speaking for the State said, "She (N. Car.) had no Fund to Support a greater number." The inability to make proper allowances for the judges and the Attorney General was the cause of much convenience to the State judiciary, and in 1782 threatened the dissolution of the entire judicial system.

The situation with regard to the Continental Congress at the beginning of the Revolution, was much the same as that of North Carolina. The new government was greatly handicapped because, from the very nature of things, it lacked that consistency which is necessary in every well-ordered and effective administration. As we have seen, to levy taxes at the outbreak of the war was impracticable if not impossible. Every delegate was familiar with paper money, and although he had not forgotten its attendant evils, he might refrain from opposing the issuing of Continental currency on the ground that with the faith of the thirteen Colonies pledged for its redemption, the outcome would not result in disaster as it had on previous occasions. The emission of bills of credit was the first device used by the new government to raise money to carry on the war. These bills were nothing more than promises to pay a certain stipulated sum in a given time. On June 3, 1775 the first batch of Continental paper money was issued for the purchase of gunpowder for the use of the army. The wording of the bills was as follows:

CONTINENTAL CURRENCY.

No.______ Dollars.

This bill entitles the bearer to receive _______ Spanish Milled dollars, or the value thereof in gold or silver, according to the resolutions of Congress, held at Philadelphia, on the 10th day of May, A.D.1775.

Before the end of July of the same year, $3,000,000 was emitted for raising and supporting the army. North Carolina showed her enthusiasm and willingness to bear her share of the burdens of the war when the

1. C.R., XVI, 329.
2. Ibid., XV, 696.
3. Ibid., XVI, 10.
REVOUUTIONARY CURRENCY.

N. Carolina Currency
No. 146
ONE EIGHTH OF A DOLLAR
By Authority of Congress at Halifax April 2, 1776
N. Meffer

N. Carolina Currency
No. 177
ONE DOLLAR
By Authority of Congress at Halifax April 2, 1776
W. Alexander

N. Carolina Currency
No. 628
ONE DOLLAR
By Authority of Congress at Halifax April 2, 1776
W. Alexander

N. Carolina Currency
No. 725
ONE DOLLAR
By Authority of Congress at Halifax April 2, 1776
W. Alexander

REVOLUTIONARY CURRENCY.
Revolutionary currency of North Carolina which took the place of the proclamation money used previous to 1775.

Copies taken from D.A. Tompkins' "History of Mecklenburg County."
Provincial Congress "Resolved unanimously, That the inhabitants of North Carolina will pay their full proportion of the expense so incurred, and will make provision for the redemption of such part of the sum so emitted as shall be alloted by the Continental Congress for this province to Redeem, in proportion to the number of inhabitants".  

It was recommended to the States that the bills be made a legal tender in the payment of all debts, and that they should pass under all circumstances on a parity with gold and silver coin. Any person who would refuse to accept the Continental currency was to be considered as an enemy to his country, and should forfeit the same amount tendered him in payment or offered him in exchange for commodities or merchandise. The results of these measures were very pernicious in their effects and in 1778 it was deemed advisable not to recognize them as legal tender. Before the end of the war $241,552,780 had been run through the government printing press.

The bills of credit were supplemented in 1776 by loan office certificates. Loan offices were established in each state for the purpose of soliciting funds for the war. In 1777, in response to the resolutions of Congress urging the States to establish loan offices, the General Assembly of North Carolina made provisions for complying with these recommendations. The certificates when first issued, bore interest at the rate of 4% but this was not a sufficient inducement for the people to invest in these securities and the rate was soon after raised to 6%. The governor of each state was empowered to appoint persons of character and ability to solicit subscriptions in every territorial division. Large sums of money were raised in this way. The estimated loan office debt in 1783 was placed at $69,305,112 currency. The amount raised in North Carolina was $1,209,800. The interest on this indebtedness in 1781 exceeded a million.

2. J. of C., VI, 36.  
3. Ibid., X, 322.  
5. J. of C., V, 845. Loan Office Certificate.—"The U.S. of America acknowledge the receipt of——— dollars from———, which they promise to pay to the said——— or bearer, on the——— day of———, with interest annually, at the rate of four per cent per annum, agreeable to resolution of the U. S., passed the third day of Oct., 1776. Witness the hand of the Treasurer the——— day of———, A.D.———.
8. Ibid., XV, 697.  
10. C.R., XVI, 760.
dollars.\textsuperscript{1} France refused to honor these certificates and as a result our credit in Europe suffered immensely.\textsuperscript{2}

By the end of the year 1779 it was recognized by everybody that the struggle could not be carried on much longer on paper money. This expedient was pushed aside and the system of foreign loans was adopted in its stead. This policy was opposed in some quarters, but because of the total failure of the requisitions upon the States to supply the necessary funds for prosecuting the war, this seemed to be the only available means of bringing about a successful termination of the conflict. The aid from Europe very materially affected the financial relations between the Continental Congress and the States in that the principal of the sums borrowed were not to be paid immediately but provision had to be made for the payment of the interest. While taxes were levied for this purpose they were not so heavy as they had been formerly, and a breathing spell was afforded the States in which they might recuperate.

For the purpose of soliciting foreign aid, Franklin, Adams and Jay were sent to France, Holland and Spain respectively, to lay before the courts of those countries the needs of America. The various arguments used in setting forth the reasons why the United States was seeking foreign loans were clearly and cogently stated in a letter from Robert Livingston to John Jay in 1781. He says, "If the great powers of Europe, with every advantage that settled governments enjoy, feel themselves under the necessity of making foreign loans, can it be expected that a war of six years in the heart of our country, should not have abridged the resources of a state, which had every necessity for their army to import: which never manufactured for itself: which had no marine and which with a number of internal enemies in their bosom, had civil governments to establish?" \textsuperscript{3}

The papers of Adams and Franklin in which they attempt to persuade the courts of Holland and France to advance money to the struggling colonies take high rank among the famous documents of the Revolutionary period. The skill in presentation and cogency of reasoning are unsurpassed.

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1. Secret J. of C., 1, 213.
The American Revolution excited a great deal of interest in Europe, and in France particularly. That nation was at one time the possessor of extensive territories in America which were wrested from her by England in the Seven Year's War. To give aid and encouragement to the struggling Colonies was the cardinal principle of the foreign policy of Vergéenne, the minister of foreign affairs. By this means, the French sought to avenge themselves upon England.

The usual method of procedure employed by Congress was to draw bills of exchange on the envoys who were to find some means to pay them off when presented. In 1779 Congress directed the treasury authorities to draw on France at their pleasure. For the redemption of these bills, the credit of the United States was pledged. After this method of raising money was adopted, it was impossible to stop at the proper time. The result was, that Mr. Morris who was Superintendent of Finance, greatly exceeded all reasonable bounds; being forced to do so by the stress of circumstances. When all other means were exhausted in meeting these demands, Franklin used up all the allowance made to him by Congress to pay its drafts and maintain its credit; From 1779 to the end of the war, the interest on the foreign loans constituted one of the most pressing demands upon the Continental treasury. During the administration of Morris, North Carolina was so exhausted that she was unable to make any contribution whatever towards the payment of the interest on the public debt.

From the beginning of the war, the States had resorted to taxation which was gradually increased from year to year as the people became accustomed to bearing the burden. When the Continental Congress was depending upon the efficacy of paper money, the taxes were levied for the purpose of sinking the bills; but when the government began to borrow abroad the taxes were levied to meet the interest payments which amounted in 1782

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1. Form of bill of exchange:
"Exchange for---- dollars at five Livres Tournois, No.---- United States of America---- day of----, 17---- at thirty days sight of this ---- bill, and---- not paid, pay to---- or order---- dollars in---- Livres Tournois, for interest due on money borrowed by the United States. To---- of the United States of North America, countersigned---- commissioner of the continental loan office in the State of----.

2. Secret J.of C., 1,115.
5. Treasurer's Report for 1790.
to $730,236.50. 

But at no time during the war could the taxes be said to be heavy as compared with those of the nations of Europe. John Adams in a letter to Mr. Calpoen of Holland made the remarkable statement that "If as heavy duties were laid upon articles of consumption and importation as are laid in England, or even in Holland, they would produce a revenue sufficient to carry on this war without borrowing at all."  

The amount of taxes which can be imposed upon any people depends in a large measure upon the temper and frugality of the inhabitants in addition to the consideration of the amount of wealth of which they may be possessed. All these circumstances during the Revolution made it impossible to raise the sums which were badly needed. This resource, insufficient though it was, constituted the most productive means of raising money and supplies employed by the Continental Government. Its importance was fully comprehended by Gouverneur Morris who was one of the ablest financiers of the Revolutionary period. In a letter to Jay in 1778 he says, "For Heaven's sake my dear friend, exert yourself strenuously in the great leading business of taxation. To that great wheel 'a thousand petty spokes and small annexments are morticed and adjoined.'"  

In 1780 the General Congress recommended to the States that the continental paper money be brought in by taxes to be collected monthly. To this proposal North Carolina readily assented. Every draft drawn by the Continental Congress was promptly paid and the sum of $1,250,000 was advanced to the United States commissary.  

The specific provision tax was ineffectual in its application to North Carolina because the staples of the State were too bulky to admit of rapid transportation which necessity demanded during the war. The project was one of the many experiments tried during the Revolution, and like most of the other expedients, it resulted in failure. The tax was exceedingly oppressive and in some places there was serious opposition to its enforcement.  

In 1782 it was recommended by Congress that a continental tax should 

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5. C.R., XV, 359.
be levied in specie, and this measure was enthusiastically supported by the Superintendent of Finance. Because of the internal commotion produced by the Loyalist disaffection, the governor of North Carolina was compelled to inform Mr. Morris that the General Assembly did not deem it expedient to comply with the recommendation.1

The Articles of Confederation did not give the Continental Congress power to regulate commerce which proved to be a serious defect. Congress made repeated requests that the States grant it the power to levy an impost of 5% on all imported goods. Morris estimated that this tax would yield a revenue of $600,000 a year. Some of the States were opposed to the granting of this additional power but North Carolina was not one of them. Every time the measure was proposed she willingly assented to it.2 It was only after the combined influence of Morris, Hamilton, and Madison was brought to bear that the required number of states (nine) would support the proposal. This opposition was very injurious to our credit abroad as well as at home. Franklin writing to Morris in 1782 on this subject says, "Our people certainly ought to do more for themselves. It is absurd, the pretending to be lovers of liberty while they grudge paying for the defense of it. It is said here that an impost of 5% on all goods imported, though a most reasonable proposition, had not been agreed to by all the States, and was therefore frustrated: and that your newspapers acquaint the world with this, with the non-payment of taxes by the people, and with the non-payment of interest to the creditors of the public. The knowledge of these things has hurt our credit, and the loan in Holland, and would prevent our getting anything here (France) but from the government. The foundation of credit abroad should be laid at home, and certain funds should be prepared, and established beforehand, for the regular payment at least of the interest".3

Another resource for obtaining money for the war was by means of lotteries. Those employed by Congress consisted of a hundred thousand

4. Form of lottery certificate:
"Number----- Dollars----- Number. Dollars.
The United States of America acknowledge themselves to be indebted to----- in ----- Dollars, being for a prize of that value drawn in the U.S. Lottery which they promise to pay to the said----- or bearer, on the --- day of-----, with interest annually, at the rate of 4 per cent, agreeable to a resolution of the U.S., passed the eighteenth day of November, 1776".
tickets each. The price of the tickets ranged from 10 to 40 dollars and
the prizes from 10 to 50,000 dollars in a lottery of $5,000,000. There
were winners and losers in each class. The government was to be the ul-
timate beneficiary, and there were of necessity more losers than winners.
Those who were fortunate in the first three classes in drawing forty
dollars or more might at their option take a treasury note instead of the
prize which was payable five years after date and was to draw interest at
5%. Those who drew in the first class had the right to go through the
subsequent classes. The winners in the last class who drew $50 were en-
titled to all their money without deduction upon making application to
the commissioners of loan offices in the state in which they resided. The
amount of prizes in a $5,000,000 lottery was $42,317 as against 57,683
blanks.

To each lottery was appended the following appeal; "As this lottery
is established for the sole purpose of raising a sum of money, for carry-
ing on the present just war, undertaken in defence of the rights and li-
berties of America, in which every individual and posterity will be so
deeply interested, it is not doubted but every real friend to his country
will most cheerfully become an adventurer, and that the sale of the tickets
will be very rapid, especially as the unsuccessful adventurer will have
the pleasing reflection of having contributed in a degree, to the great
and glorious American cause".¹ This method of raising money, while not so
remunerative as its friends had hoped, was afterwards used in North Caro-
lina for obtaining funds.²

Commerce was not a very productive source of income during the war.
British men-of-war well nigh swept our merchant ships from the seas. But
the American privateers were a constant menace to the carrying trade of
England, and a very considerable source of income to the Continental
treasury. Franklin makes the statement that the States were enriched more
by the reprisals made on English commerce than they had been through com-
mercial activity at any time before the war under the restrictions of
British navigation laws.³ In 1780 enough prizes were taken to more than pay
half of the expense incurred to carry on the war for that year.⁴

2. C.R., XXIV, 821.
3. Franklin's Works. VI, 43.
The great expanse of public lands to the westward began to attract widespread attention before the end of the war, and the scheme was hit upon to use this as a means of revenue to the government. The States were urged to cede their western lands to the Continental Congress in order to replenish the treasury, and also to avoid interstate jealousies. In 1784 North Carolina instructed her delegates to execute a deed for the lands over which she exercised control. This power which had been vested in the delegates was soon after withdrawn and the grant was not fully made until 1790. This means of raising revenue was adopted quite early in the State of North Carolina and proved to be a rather important source of income. Congress used this expedient to indemnify all classes of creditors of the U.S. Large amounts were allotted to the soldiers and the funds arising from the sale of the public domain went towards defraying the claims of foreign and domestic creditors. The benefits arising from this source came rather late to be made use of in the struggle for Independence as it was not until after the war that the states relinquished their rights to these lands and ceded them to the central government. But during the first few years following the Revolution, the government needed money almost as badly as it did during the war.

In addition to the foregoing resources of the Continental Congress, the Bank of North America which was established during the administration of Morris, furnished considerable sums for the treasury. In Hamilton's report of 1790 the amount borrowed from this source was placed at $1,272,842.55. On several occasions, the States made donations to Congress for bolstering up the credit of the U.S. This method usually took on the form of a grant of money or a cession of land and sometimes both. The sums thus received by Congress were considerable in the aggregate. The financial aid afforded by the Bank of North America and the donations made by the States were highly acceptable as the demands upon Congress were far in excess of its income.

From the foregoing consideration of the resources of North Carolina and the Continental Congress, it was seen that they were very much the same for both. The great and leading question throughout the Revolution was:

1. C.R., XXIV, 62.
2. Statutes at Large, 1, 106.
3. J.of C., IX, 132.
was taxation. This was the great source from which by far the greatest part of the income was to be derived. But this was altogether too inadequate and had to be supplemented by foreign loans.

The paper money, notwithstanding its deficiencies, performed a very important service. For the first three years of the war it furnished supplies and munitions for the army and fitted out several privateers, which enabled the colonists to withstand the attacks of the British forces until 1778 when a definitive treaty of alliance was entered into with France. At the beginning of the struggle, the Colonies had no character abroad and no credit. Under these circumstances, the opposition to British tyranny would have collapsed had it not been for this fiat currency issued by the Continental Congress.

Of equal importance was the foreign aid, particularly of France. Had it not been for this, it is extremely questionable what the outcome of the struggle for Independence would have been.

CHAPTER V.

THE DIRECT INTERCHANGES BETWEEN NORTH CAROLINA AND THE CONTINENTAL CONGRESS AND THE SYSTEM OF REQUISITIONS.

It is not the intention to include in this chapter those communications between the State of North Carolina and the General Congress which were not financial in their nature. The rule had been established at the beginning of the war that all expenses incurred in behalf of the continent should be defrayed out of the common treasury. 1 Many times it was extremely difficult to determine whether an account should be charged against the Continental Government or against the State. In 1776 Congress recommended to the legislature of North Carolina that the entrance to the Cape Fear River be fortified as a means of protection to the State from the depredations of British men-of-war. 2 In this instance, as in many others, there was an overlapping. It was hard to say which was to receive the greatest benefit. In this particular case, however, the State was to bear the expense of building the fortifications. When the Continental battalions were taken over from the State militia their pay and maintenance were charged against the Continent, and all supplies furnished by the State were to be allowed in their accounts when presented for settlement. 3

The methods employed in raising troops were very much the same as in raising money and supplies. Each state was to furnish both men and money in proportion to their population. As applied to North Carolina, this method was inequitable because of the fact that slaves were classified as so much property, and there were substantial reasons for this classification. In making requisitions of money, the apportionments would have been more equitable had they been made according to the wealth of the State as slaves were rated as so many dollars: but when they were counted as individuals, their masters had to pay for them the same as if they were so many freemen possessed of property.

The negroes of North Carolina were not enlisted in the army as soldiers. The military force was recruited from the white population and as

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1. C.R., XII, 534.
2. J. of C., VI, 908.
3. Ibid., VI, 223; VI, 956; IV, 33.
a large number of the people were Tories, the burden of raising men fell upon those who were well disposed to the cause of liberty. In 1776 it was provided by a resolution of Congress that eighty-eight battalions should be enlisted for the war. North Carolina's quota was nine battalions. Because of the opposition to the execution of these measures of the Continental Congress by the Tories, it became necessary for the State to recruit additional battalions to enforce these resolutions. As a result of these conditions which were peculiar to North Carolina, the State was unable to furnish her full share of the troops. Congress made earnest requests that her quotas be completed but this was, under the circumstances, a physical impossibility.

The $3,000,000 omitted by Congress in 1775 was to be sunk by the colonies according to population. North Carolina's quota was $248,139.83. In order to be able to meet this extra burden, the General Assembly provided for the emission of $125,000 in paper money. Two years later the Continental Congress resolved to emit $5,000,000 more. This was, perhaps, the most gloomy period during the war. Philadelphia was occupied by the British, and the condition of the American army beggars description. These were the dark days of Frandywine and Valley Forge. North Carolina's apportionment for this requisition was $250,000. In the preceding year the State was forced to issue £500,000 to meet the expenses of carrying on the government and meeting the requisitions of Congress. The year following an additional £850,000 was emitted. A part of this sum was to replace previous issues, and the rest was to go towards meeting the manifold obligations of the State.

The year 1779 was one of the most critical periods of Revolutionary finance. The financial situation whether good or bad was felt in every department of governmental activity, and especially so in the army. In the preceding year the offensive and defensive treaty of alliance was formed with France. The people in general in America were inclined to sit down and fold their arms thinking the termination of the contest would be only

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1. J. of C., IV, 762. - No. of battalions each state was to furnish.
N. H. 3    Del. 1
Mass. 15   Ir. 18
R. I. 2    Vir. 15
Conn. 8    N. C. 9
N. Y. 4    S. C. 6
N. J. 4    Ga. 1
Penn. 12
2. J. of C., IV, 59.
4. Ibid., XVI, 660.
5. Ibid., X, 194-6.
6. Ibid., X, 532 & 573.
7. C. R., XXIV, 331.
a matter of a few months. The assumption of this attitude by the masses was a matter of great concern to Washington. If ever he was discouraged it was at this time. In a letter to Geo. Mason he says, "I have seen without despondency even for a moment the hours which America have stiled her gloomy ones, but I have beheld no day since the commencement of hostilities that I have thought her liberties in such eminent danger as at present.

"Friends and Foes seem now to combine to pull down the goodly fabric we have hitherto been raising at the expense of so much time, blood, and treasure - and unless the bodies politic will exert themselves to bring them back to first principles - correct abuses - and punish our internal Foes inevitable ruin must follow, - indeed we seem to be verging so fast to destruction that I am filled with sensations to which I have been a stranger till within these three months".¹

On January 2, 1779 Congress made a requisition of $45,000,000² upon the States and this was followed three days later with a resolution calling for $15,000,000.³ In October Congress requested the States to pay $15,000,000 monthly to provide the means for sinking the paper currency. North Carolina's quota of the requisition of January was $4,220,000, and her share of the requisition which was to be paid monthly amounted for the year to $12,000,000 or more than a million dollars per month.⁴ To meet these demands a committee was appointed to devise some method by which these amounts could be raised.⁵ The returns of 1782 showed that of this quota there were no transmissions and nothing received.⁶

Up to this time, state taxation had been practically suspended except for purposes purely local. The task set before the committee was impossible of accomplishment. The demands upon the State were far greater than her resources could bear. During this same year North Carolina was granted $1,318,758 out of the continental treasury.⁷

In addition to the requisitions, warrants were issued on the various states to the amount of $2,000,000 for purchasing supplies for the commissary department of the army.⁸ The warrants issued on the governor of

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2. J. of C., XIV, 626. 6. Ibid., XVI, 311.
3. Ibid., XLI, 15. 7. J. of C., XV, 1439. See appendix G.
4. Ibid., VI, 33. 8. Ibid., XV, 1385.
North Carolina amounted to $400,000. Congress besides urging all the States to be prompt in meeting these large requisitions,1 asked that each one provide clothing in sufficient quantities to its troops in the Continental army;2 and Virginia and North Carolina were earnestly requested to go to the relief of South Carolina. The credit of the government was extremely low, and the treasury was well-nigh exhausted.3 Public opinion was radically opposed to the further emission of paper money and the whole country began to look for aid from abroad.

Under the tremendous pressure of the many demands upon the State in 1780 North Carolina was forced to add to her already inflated currency by emitting an additional £1,240,0004 which was made a legal tender at its face value. In February of the same year, Congress inaugurated the system of levying a specific provision tax rather than place any further reliance upon requisitions. The articles to be accepted were enumerated and their prices fixed in the same resolution which provided for the tax.5 Specie was very scarce in the State at this time but provisions were more plentiful as North Carolina contributed in supplies for 1780,

49,875 hundred weight of beef
15,000 barrels of flour
4,500 bushels of salt
800 tons of hay
80,000 bushels of corn or short forage equivalent.6

In May of this year the States were again asked to furnish $10,000,000 for the continental treasury, but three states, North Carolina, South Carolina, and Georgia were exempted from the requisition.7

The seat of war was transferred to the Southern States in 1779, and Congress thought it advisable that all the money raised in Maryland and all the states to the south should be used to defray the military expenses of the Southern department until this section should be relieved.8

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1. J. of C., VI, 32; XV, 1158.
2. J. of C., XV, 1044.
5. Ibid. XXIV, 344. — Prices ascertained by a resolve of Cong. Feb. 25, 1780: beef $5 1/2 per hundred, fresh pork well fatted $7 per net hundred weight, fatted pork per barrel $20, fatted beef $17 1/2 per barrel, flour $4 1/2 per each 112 lbs., good wheat $1 1/2 per bushel, Indian corn $3/4 dollar per bushel, oats 1/2 dollar per bushel.
7. Secret J. of C., 1,49.
8. Secret J. of C., 1,155.
little relief could be afforded by North Carolina at this time as the State treasury was completely exhausted and there were no provisions in the public store-houses.¹

In an address to the States, Congress expressed in poignant terms its keen disappointment at the negligence and unpunctuality of the States in meeting the various requisitions, and called for a tax and specific supplies for the year 1781.² The General Assembly of North Carolina responded by laying a tax of four shillings upon every pound valuation of taxable property, and a money tax of four pence on every pound of currency. In discharging its quota each state was permitted to pay either in its own or in the continental currency, and they were given credit in specie.³

When Morris assumed the duties of the office of Superintendent of Finance in 1780, he immediately addressed appeals to the chief executives of all the States importuning them to exercise their influence to the end that each state would pay all balances due on its quotas. Very soon after this in writing to the President of Congress he says, "We have reason to apprehend a continuance of that shameful negligence which has marked us to a proverb, while all Europe gazed in astonishment at the unparalleled boldness and vastness of our claims, blended with an unparallel-ed indolence and imbecility of conduct."⁴

According to Morris's estimate, the public debt at this time was approximately $20,000,000. The treasury was not only devoid of funds but Congress was actually unable to pay the public servants who performed the duties of the treasury department. The only resource which the Superintendent had when he first assumed his office was the amounts due the Continental Congress on the requisitions. In May, 1781 Congress directed Morris to draw thirty day sight drafts on the States for the sums due on the requisitions. Of the amounts drawn on North Carolina $73,000 was paid. Drawing on the States and drawing on the ministers in Europe were entirely different matters. The States were not very much perturbed when drafts were presented for payment as Congress had no coercive powers, and

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1. C.R., XV, 76.
2. Secret J. of C., 1,177.
4. Secret J. of C., 1,186.
6. J.of C., VII, 84.
the States did as they pleased in regard to the matter.

The situation in North Carolina in 1781 was deplorable. The energies of the State were bent towards its own self-preservation. The battle of King's mountain which had been fought the year before resulted in a victory for the State forces but Wilmington was in the hands of the British, and the Loyalists committed degradations whenever and wherever they wished with impunity. The treasury contained no money and the troops were unsupplied with either arms or ammunition. The resources of the State had been drained in aiding South Carolina and Georgia and in fighting internal foes.

A requisition was made in October of this year of $8,000,000 to alleviate in some measure the distresses of the continental army but at the close of 1782 all the States together contributed less than $500,000. North Carolina's quota was $622,677 but she was unable to contribute anything. There were three other States unable to make any payment. One reason for so small an amount being paid in was the refusal of the Superintendent of Finance to accept anything on the payment of quotas except the notes issued by himself, cash, or notes of the Bank of North America. According to a statement sent out by the treasury department in Aug. of 1781, the State was indebted to the Continental Treasury $18,230,000 of the old emissions. A sum of $2,320,000 had been paid in in paper money but on its quota of $555,260 to be paid in specie, nothing was returned. In a letter to Governor Martin of North Carolina in July 1782, Morris makes the statement that of the $4,000,000 to have been paid in by the first of that month only $40,000 was actually received. In January of this same year, Congress adopted the expedient of paying each State that had exceeded its quotas before January of 1781 should be allowed an annual interest of 6% on such excess which interest was to be deducted from quotas of requisitions which might be made in the future. The States that were delinquent were to be charged at the rate of 6% on all deficiencies which was to be added to the future quotas of such States as were in arrears.

1. C.R., XV, 520, 772. 5. C.R., XVI, 405. See appendix J.
4. Ibid. XVI, 427.
In September 1781 a requisition of $1,200,000 was made upon the States for the purpose of meeting the interest on the public debt. North Carolina's apportionment of this amount was $88,000. It was estimated by Congress that $6,000,000 would be necessary for the prosecution of the war during 1783. Of this sum $4,000,000 was to be obtained from foreign loans which left $2,000,000 to be raised by the States. One hundred and forty-eight thousand dollars of this amount was to be furnished by North Carolina to be paid in quarterly installments. The ability of the State to meet this requisition is best summed up by the delegates in a letter to Governor Martin. They say, "We know that our State will not be able to raise the quota that is assigned to her for the year 1783, but we are confident that she will do all in her power." The six million dollars were to be expended for the following purposes:

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>For the pay of the Army</td>
<td>$2,609,320</td>
</tr>
<tr>
<td>Hospital department</td>
<td>103,177</td>
</tr>
<tr>
<td>Quarter Master ditto</td>
<td>718,500</td>
</tr>
<tr>
<td>Clothier Gen. ditto</td>
<td>200,000</td>
</tr>
<tr>
<td>For military Stores</td>
<td>49,891</td>
</tr>
<tr>
<td>Rations</td>
<td>1,281,174</td>
</tr>
<tr>
<td>Civil &amp; Military Staff</td>
<td>304,447</td>
</tr>
<tr>
<td>Marine</td>
<td>300,000</td>
</tr>
<tr>
<td>Civil list</td>
<td>181,214</td>
</tr>
<tr>
<td>Contingencies</td>
<td>252,277</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$6,000,000</strong></td>
</tr>
</tbody>
</table>

The financial situation of the United States at the beginning of 1783 was worse, if such a thing be possible, than at any other period during the war. The report was current in London that Congress was bankrupt. The delegates of North Carolina writing to Governor Martin said, "By the acct's. received by the last packet we have great reason to believe that we shall not be able to borrow a single farthing more" in Holland, France, or Spain. The only resource which remained was in the vigorous

1. J. of C., VII, 343.  
2. Ibid., VII, 380.  
5. Deane, Silas, Papers, V, 159.  
exertions of each individual state. This was the only means by which the treasury could now be replenished. The power was granted Congress to levy an impost of 5% on all imported goods for a term not exceeding 25 years which was to be used to discharge the debts incurred during the war. The sum of $1,500,000 was to be raised annually and the proportion for each state was determined in the same way as the quotas for requisitions. North Carolina was to pay $109,006 every year.

It was proposed by Morris when it was apparent that hostilities would soon cease, that there should be a retrenchment in the expenditures. He proposed that the army be disbanded and that the civil list be reduced. In June Congress directed that a part of the troops was to be allowed to return to their homes on furlough. The burning question which Morris had to face was, where was the money to come from to pay the troops? This was both an extremely delicate and dangerous situation. The means which the Superintendent of Finance adopted was the issuing of notes in anticipation of money which was to be raised by taxes. He wrote a circular letter to the governors of the States urging them to see to it that these notes were paid promptly when presented as this was the only method of giving them utility and value. In order to pay to the soldiers at least a part of what was due them and to prevent disorder, Morris was compelled to exceed the receipts of the treasury department by over a million dollars. In a communication to Governor Martin he makes the statement that since 1781 the money paid into the treasury by all the States was less than $750,000.

Regarding the disbanding of the army and the financial conditions of the Continental Congress at this time, the delegates of North Carolina wrote Governor Martin to the following effect; "More than half the Empires now on the face of the Earth have been formed, not like ours, by the choice of the people, but by the swords of a mutinous or a victorious army. We had nothing to fear from the disposition of our army, provided they could have been paid: but we believe there never was an instance of an army being kept together who were so ill paid as ours, much less of their being disbanded without pay. Congress have long viewed the present

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1. C.R., XVI, 791.
3. C.R., XVI, 848.
5. Ibid. XVI, 846.
as a dreadful crisis which must prove truly alarming to the peace and liberties of our Country, unless effectual payment could be made to the troops.—

"It will certainly be admitted that the situation of Congress is not a very desirable one. They are sent from home to seek for lodging in a place where they have neither control nor Jurisdiction, in a place too where they are hourly exposed to the importunities or insults of Creditors whom they cannot pay and to the bayonets of a mutinous Soldiery whom they cannot discharge. After all we shall count ourselves happy if by any measures, we can prevent the evils always expected and attendant on the discharge of armies till our Constituents can feel their own independence and importance, their own national honor and safety, and adopt any means for supplying the public Treasury, the only measures by which disorders of this nature can be effectually prevented". 1

For the satisfaction of the soldiers of the continental line of North Carolina, the State was forced to resort again to the old expedient of issuing paper money and £100,000 was accordingly emitted for this purpose. 2 All sums paid to the soldiers by each state were to be credited to the same in the settlement of accounts with the United States. 3

According to the estimate of Congress in April of 1783, the total debt of the United States was $42,000,375; of which $34,615,340 was domestic debt and $7,385,035 was foreign. 4 But as the war had not yet been brought to a conclusion, these figures were augmented somewhat before the signing of the definitive treaty of peace in September of 1783.

At the beginning of 1784 there were three requisitions which had not been met by the States up to that time: namely, the requisition of $8,000,000 for the year 1781, that of $1,200,000 for 1782, and the one of $2,000,000 for 1783. Of these, North Carolina was unable to advance any part of her quotas. 5 In March of 1784 Congress was compelled to send out another urgent call to the States to support the public credit as the time which had elapsed since September of the preceding year was insufficient for any discernable advance or improvement to be made in matters of finance.

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1. C.R., XVI, 852. 5. J.of C., IX, 76.
2. Ibid., XVI, 877.
3. J. of C., IX, 200.
4. Ibid., VII, 151. See appendix H for details.
The demands of public creditors were as insistent as they had ever been, and it was very essential that the notes issued to the soldiers when they were disbanded, should be paid. A requisition of $626,000 was accordingly apportioned among the States, of which amount North Carolina was to furnish $46,218. The States seemed more impotent than ever as very little was paid into the Continental treasury in response to the earnest solicitations of Congress.

In June of 1785 there was a balance due on the estimate of the previous year which amounted to $3,000,000. This sum was apportioned among the States as a requisition, and North Carolina was to supply $218,012 of this amount.

On October 1st 1785 according to the report of the Register of the United States, the accounts between the Continental Congress and the government of North Carolina stood as follows:

Dr. State of North Carolina their Account of Specie Taxes, stating the Sums to be paid into the Federal Treasury agreeably to the Acts of Congress of the 27th April, 1784, and 27th September, 1785.

<table>
<thead>
<tr>
<th>Year</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1781</td>
<td>October 31. To Quota of $8,000,000 dollars required under this date</td>
<td>622,677</td>
</tr>
<tr>
<td>1782</td>
<td>Sept. 4. To ditto of $1,200,000 required under this date</td>
<td>88,800</td>
</tr>
<tr>
<td></td>
<td>Oct. 16. To ditto of $2,000,000 required under this date</td>
<td>148,000</td>
</tr>
<tr>
<td>1785</td>
<td>To quota of the moiety of $8,000,000 suspended by Act of Congress of 27th April, 1784, three quotas of said remaining moiety being called for by requisition of this date</td>
<td>218,012</td>
</tr>
</tbody>
</table>

continued

1. J. of C., I, 264.
1784
April 27. By moiety of the Requisition for 8,000,000 suspended by Act of Congress of this date----------------------311,338.45
1785
Sept. 27th Quota of 2,000,000 suspended until the full payment of the quota of 8,000,000 148,000
Oct. 1. Amount actually paid in Specie to this date on account of the quota of 8,000,000----------------------nothing
Balance to be brought into the treasury of the U.S.----------------------618,150.45
1,077,489

Register's Office, 1st October, 1785
Joseph Nourse, Register.

It appears from this report that nothing had been paid into the Continental treasury since the termination of the war. On the 12th of October, Congress sent out another circular letter importuning the States, as they had done so many times before, to be prompt in completing their proportions of the requisitions. Of the specie requisition of $8,000,000 for 1781 there was nothing whatever paid by North Carolina. This was due to the extreme scarcity of this kind of money in the State. The deficiencies had to be supplied by the anticipations made on the income of foreign loans. Public credit had been supported for some time previous by the advances made by Holland, France, and Spain. But now this prop had been taken away and the government was forced to place its complete reliance upon the States.

At the time of the resignation of Mr. Morris in 1785, the condition of the treasury was extremely bad. It was as follows:

Balance in Domestic Treasury----------------------$ 21,986 72/90
Anticipation on the requisition of 1784 was----------------------153,896 .15
On the loan then filling in Holland----------------------88,306 .83
$ 254,189 .80

1. C.R., XVII, 534.
2. J.of C., X, 248.
The estimate for 1785 was:

Civil and Military Dep'ts. for the purchase of Indian rights of soil, and for debts contracted and unpaid— $1,457,525 33/90

Support of Government------------------------------------------ 404,555 32/90

Interest on foreign Debt---------------------------------------- 804,506

Interest on Domestic Debt--------------------------------------- 4,854,279 16

$7,520,869 .81

Since there was no hope of obtaining any further loans in Europe, and considering the past experience with requisitions upon the States, the question of how these demands were to be met would have confounded any wizard of finance. Livingston and Osgood who were appointed joint-treasurers after the resignation of Mr. Morris could do nothing but appeal to the States to pay the sums due on former requisitions. This method, as usual, proved ineffective and the Board of the Treasury was obliged to apply the funds which had been set aside to pay the principal of foreign loans towards paying the interest.

North Carolina, in order to meet her quotas, again resorted to the time-worn expedient of issuing bills of credit. The amount emitted was £100,000. The bills of former emissions, and the Continental paper money were ordered to be turned in to the State Comptroller who was to destroy them. In September of 1786, there were £824,250 of old bills of the State destroyed. For her quota for 1787, which was to pay the interest on the foreign debt, she appropriated the proceeds arising from the sale of 1,523,921 lbs. of tobacco which had been collected in the warehouses at Wilmington. Of the last requisitions made by the Continental Congress, Virginia was the only one of the thirteen States which made any provision for them and that was entirely insufficient.

When the adoption of a new constitution was being discussed in 1787, Hamilton with all the force of his great ability, plead for more extensive powers for the new government in fiscal matters than the Continental Congress had enjoyed under the Articles of Confederation, and inveighed

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1. C.R., XVII, 546.
2. Ibid. XVII, 549.
3. Ibid. XXIV, 722.
5. Ibid. XVII, 65.
6. Ibid. XVII, 65.
7. Madison's Writings, 1, 278.
against the pernicious system of requisitions as the chief cause of the financial ills of the Revolution. He says, "Money is with propriety, considered as the vital principle of the body politic: as that which sustains its life and motion, and enables it to perform its most essential functions. A complete power, therefore, to procure a regular and adequate supply of it as far as the resources of the community will permit, may be regarded as an indispensable ingredient in every constitution.———

Because of financial exigencies the government of the Union in America has gradually dwindled into a state of decay, approaching to annihilation.———What the consequence of this system has been, is within the knowledge of every man the least conversant in our public affairs. ————

It is this which chiefly contributed to reduce us to a situation, which affords ample cause both of mortification to ourselves, and of triumph to our enemies.——— The system of quotas and requisitions has proved fallacious and delusive. The government must be allowed to raise its own revenues by the ordinary methods of taxation authorized in every well-ordered government. No human ingenuity can point out any other expedient to rescue us from the inconvenience and embarrassments naturally resulting from defective supplies of the public treasury".

According to Jefferson's estimate, the War of the Revolution cost the United States in money, $140,000,000. Of this amount $36,367,719 was incurred by the emission of paper money, the foreign and domestic debt amounted to $43,000,000 and the obligations of the individual states amounted to about $61,000,000.2 The amounts expended and advanced by the treasury department in specie was $92,485,693.3 The specie value of all sums paid to North Carolina by the Continental Congress was $788,031, and the sums credited to the State amounted to $219,835 leaving a balance of $568,196 in favor of the Continental treasury.4

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1. Hamilton's Works, 1X, 175.
3. Treasurer's Report for 1793. Total expenditures and advances at the treasury of the U.S. during the war in specie value.
4. Amer. State Papers (Finance)

1X, 52. See appendix K.

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States amounted to approximately $21,000,000.¹ A loan was authorized for this amount and apportioned among the several States. The debt of North Carolina was placed at $2,400,000 but $1,793,805 of this was assumed by the United States government.²

During the Revolution some States increased both in the number of their inhabitants and in the value of their property; but such was not the case with North Carolina. Because of the great scarcity of money, land values had decreased in direct proportion to the amount of specie in circulation.³ The resources of the State were taxed to the limit, by the Southern expeditions and the wars against the Regulators. For these reasons the system of requisitions failed utterly in their application to this State as they did in nearly every other. North Carolina was forced time and time again to emit great batches of paper money in an effort to meet its quotas of the Continental requisitions, as this was the only means of raising revenue which the State could effectively employ. While the showing made by North Carolina in contributing to the cause of Independence was not all that might have been wished, it was certainly all that could be reasonably expected when one considers the adverse circumstances with which she had to struggle.


<table>
<thead>
<tr>
<th>State</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Hampshire</td>
<td>300,000</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>4,000,000</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>200,000</td>
</tr>
<tr>
<td>Connecticut</td>
<td>1,600,000</td>
</tr>
<tr>
<td>New York</td>
<td>1,200,000</td>
</tr>
<tr>
<td>New Jersey</td>
<td>800,000</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>2,200,000</td>
</tr>
<tr>
<td>Delaware</td>
<td>300,000</td>
</tr>
<tr>
<td>Maryland</td>
<td>600,000</td>
</tr>
<tr>
<td>Virginia</td>
<td>5,500,000</td>
</tr>
<tr>
<td>N. Carolina</td>
<td>2,400,000</td>
</tr>
<tr>
<td>S. Carolina</td>
<td>4,030,000</td>
</tr>
<tr>
<td>Georgia</td>
<td>300,000</td>
</tr>
</tbody>
</table>

CHAPTER VI.

COUNTERFEITING, DEPRECIATION, AND ENGROSSING IN NORTH CAROLINA AND THE STATES IN GENERAL DURING THE REVOLUTION.

The form of the early bills of credit issued in North Carolina were very simple. As a result, they were extensively counterfeited, and laws inflicting severe penalties upon all counterfeiters became necessary. The Act of 1775 which provided for the emission of £125,000 in paper money, decreed that the form of the bills should be as follows:

NORTH CAROLINA CURRENCY

No.---------Dollars.

This bill entitles the bearer to receive -------- Spanish milled dollars or the value thereof in Gold and Silver according to the Resolution of the provincial Congress held at Hillsboro the 21st day of Aug. 1775.

In the following year these bills had been duplicated so perfectly and in such large quantities that it became necessary to call them in and emit new ones in their stead. The most harmful effects produced by counterfeiting was upon the army. If by chance any of this money should be paid to the soldiers, the unpreventable consequence would be mutiny and wholesale desertion. To prevent these dangerous evils, Congress recommended to the States that persons guilty of such acts should be severely dealt with.

In 1777 an Act was passed against counterfeiting which provided that any person who should be convicted on this charge, was "to be adjudged guilty of Felony: and shall forfeit his or her lands and tenements, Goods and Chattels, to the use of the State, and shall suffer the pains of death as a felon". The year following, the emission of 1775 was supplanted by bills much more complicated in form. But notwithstanding the provision for severe punishments and the increased difficulties of imitation, counterfeiting did not diminish. In 1779 a law was passed which provided that

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1. C.R., 1X, 728.
2. Ibid., X, 172.
3. Ibid., X, 718.
4. J. of C., V, 475.
5. C.R., XXIV, 34.
6. Ibid., XXIV, 185.
any person who should be convicted of counterfeiting or defacing the paper currency of North Carolina or of the United States should "for the first offence stand in the pillory three hours, and have his right ear nailed to the pillory and cut off, and receive on his or their bare back thirty-nine lashes, and be branded with a red hot iron on the right cheek with the letter C, and on the left cheek with the letter W, and be imprisoned at the discretion of the court before whom it shall be tried, not exceeding one year, and forfeit one half of all his or their goods and chattels, lands and tenements, whereof he or she was seized or possessed at the time of the offence was committed, to the State". It was further provided that "if any person or persons shall be found guilty of uttering or passing any of the aforesaid counterfeit bills of credit etc. for the second offence he or they shall suffer death without benefit of clergy".  

The first laws passed by the Continental Congress on this subject simply declared that any person found guilty should be considered as an enemy to the common cause and the liberties of his country, but later the penalty of death was inflicted. In 1780 rewards of $2,000 were offered to any one who might bring about the conviction of any counterfeiter. But this pernicious practice was not confined entirely to individuals. The English government employed it very extensively. John Adams declares that the British placed greater dependence in being able to crush the Americans by destroying their revenue than upon their ability to conquer them by means of their armies. The same publications printing the official documents of the English government sometimes contained advertisements which read as follows:

"Persons going into the other colonies may be supplied with any number of counterfeited congress notes for the price of the paper per ream. They are so nearly and exactly executed that there is no risk in getting them off, it being almost impossible to discover that they are not genuine. This has been proved by bills of a very large amount which have been successfully circulated". A whole shipload of this bogus money which

1. C.R., XXIV, 34.  
2. J.of C., LV, 49.  
3. Force's Archives, 1, 710.  
4. J.of C., VI, 63.  
had been sent out from an English port was captured during the war by an American privateer.

The great amount of counterfeit paper money that was forced into circulation, had the effect of greatly depreciating the Continental currency as well as the State. The great amounts issued, even if they had not been counterfeited, would have produced the same results. In any system of currency there is a ne plus ultra, a point where depreciation sets in if the volume is increased. One of the chief causes which influenced the Continental paper money was the issuing of bills of credit by the States.

One of the means employed by North Carolina to obviate the necessity of issuing paper money was to draw on the continental treasury. This also had the effect of maintaining the value of the State currency. Many refused to accept the Continental or State currency which had the effect of lessening its value which was the same thing as depreciation.

Maryland was the first one of the thirteen States to set the example of instituting a system of taxation, and the delegates of North Carolina earnestly recommended to Governor Caswell that similar action be taken in their State. The raising of the interest on the loan office certificates from 4% to 6% in 1777 was for the double purpose of increasing the revenues of the government, and to reduce the amount of paper in circulation at the same time.

On the subject of depreciation, Congress in May of 1779, sent out an address to the inhabitants of the United States, in which particular attention was directed to this important matter. The sum of $45,000,000 was called for which, if supplied, would enable the Continental Government to assure the public creditors that there would be no further emissions. The currency had depreciated to such an extent that the feeling prevailed that the only remedy was to stop the press and solicit loans in Europe.

In 1781 the effects of too frequent emissions had been felt so keenly by the officers and men in the army that the States were called upon to

1. C.R., X, 448.
2. J. of C., VII, 103.
3. Ibid., XIV, 649.
supply whatever deficiencies there were in the amounts paid to the soldiers. To this request North Carolina readily acceded, and a law was passed which made provision for the relief of the troops of the Continental line from that State.¹ The following year, upon the recommendation of Congress, the law making paper money a legal tender in North Carolina was repealed.² By this time one hard dollar passed current at the rate of 1 to 300 continental currency and the ratio to North Carolina State currency was 1 to 300.³ This State was one of the most intemperate of the thirteen in emitting paper money during the Revolution. For this reason the action of the General Assembly of 1785 is interesting. The action taken at that time as expressed in the resolution of that body was as follows:

"Because the emission of a further sum of paper money, whenever the necessities of the idle and the profligate may require it must injure the credit of the State, promote dissipation, and encourage the dishonest to run further in debt in hope that similar necessities may again produce similar emissions. Because should the confidence of the people be wanting in the support of this money, the channel of our commerce, already too much diverted from our own ports, will be entirely directed to that of the neighboring States to the increase of their national importance and the diminution of our own".⁴

The evils of the system were recognized, and a hostile feeling against any attempt which might be made to repeat an unhappy experience is plainly evident.

As we have said, the issue of paper money by the States affected the value of the Continental currency, and it is equally true that the emission of bills of credit, loan office certificates, lottery tickets etc. in behalf of the Continent, also had its effect upon the currency of the States. One was influenced by the other. Perhaps the strongest influence which the Continental Congress exercised over the States during the Revolution was through the instrumentality of paper money. Through this means Congress

1. C.R., XXIV, 419.
2. Ibid., XVI, 68.
3. Ibid., XVI, 446.
4. Ibid., XVII, 412.
Scale of depreciation of North Carolina paper currency 1777-82.
Scale of depreciation as determined by the state legislature in 1783.

1. Whereas much difficulty hath arisen in the adjusting and settling debts and demands, as well within the courts of this State as out thereof, from the rapid depreciation emitted in circulation: and that a fixed and permanent scale may be established for the ascertaining the value of the same in the future.

II. Be it enacted etc.-

Value of currency estimated in specie; deeming one Spanish milled dollar, weighing 17 penny-weight six grains, to be of the value of 3s. specie; which scale shall be as follows:

<table>
<thead>
<tr>
<th>Yrs. &amp; months.</th>
<th>1777</th>
<th>1778</th>
<th>1779</th>
<th>1780</th>
<th>1781</th>
<th>1782</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>0</td>
<td>3 1/2</td>
<td>6</td>
<td>32</td>
<td>210</td>
<td>300</td>
</tr>
<tr>
<td>February</td>
<td>0</td>
<td>3 1/2</td>
<td>6 1/2</td>
<td>35</td>
<td>225</td>
<td>300</td>
</tr>
<tr>
<td>March</td>
<td>1 1/4</td>
<td>3 3/4</td>
<td>7 1/2</td>
<td>40</td>
<td>250</td>
<td>300</td>
</tr>
<tr>
<td>April</td>
<td>1 1/2</td>
<td>4</td>
<td>10</td>
<td>50</td>
<td>260</td>
<td>300</td>
</tr>
<tr>
<td>May</td>
<td>1 1/2</td>
<td>4</td>
<td>10</td>
<td>60</td>
<td>300</td>
<td>300</td>
</tr>
<tr>
<td>June</td>
<td>1 3/4</td>
<td>4</td>
<td>12 1/4</td>
<td>75</td>
<td>330</td>
<td>300</td>
</tr>
<tr>
<td>July</td>
<td>2</td>
<td>4</td>
<td>13.5</td>
<td>90</td>
<td>400</td>
<td>300</td>
</tr>
<tr>
<td>August</td>
<td>2 1/8</td>
<td>4 1/4</td>
<td>18</td>
<td>100</td>
<td>500</td>
<td>300</td>
</tr>
<tr>
<td>September</td>
<td>2 1/4</td>
<td>4 1/2</td>
<td>21</td>
<td>125</td>
<td>550</td>
<td>300</td>
</tr>
<tr>
<td>October</td>
<td>2 1/2</td>
<td>4 3/4</td>
<td>23.5</td>
<td>150</td>
<td>600</td>
<td>300</td>
</tr>
<tr>
<td>November</td>
<td>2 1/2</td>
<td>5</td>
<td>27</td>
<td>175</td>
<td>675</td>
<td>300</td>
</tr>
<tr>
<td>December</td>
<td>3</td>
<td>5 1/2</td>
<td>30</td>
<td>200</td>
<td>725</td>
<td>300</td>
</tr>
</tbody>
</table>

The bills of credit of North Carolina were influenced very much by the continental currency. In 1778 the Continental Congress passed a resolution which declared that the emissions of May 20th, 1777 and Apr.11, 1778 were not to be redeemable after June 1, 1779. Counterfeiting was another factor that operated to depreciate the currency.
1. Scale of Congress.
2. Scale of Penn. Assembly.
3. From merchant's books for Phila.
4. From merchant's books for Virginia.

See other side.
### Scale of depreciation of Continental paper currency.

<table>
<thead>
<tr>
<th>Months</th>
<th>Value of 100 Cont'l's in specie</th>
<th>Of Pegg. by Act of Assembly</th>
<th>From merchant's books for Phila.</th>
<th>Virginia</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>1 1/2</td>
<td>1 1/4</td>
<td>1 1/4</td>
<td></td>
</tr>
<tr>
<td>February</td>
<td>1 1/2</td>
<td>1 1/2</td>
<td>1 1/4</td>
<td></td>
</tr>
<tr>
<td>March</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>April</td>
<td>2 1/2</td>
<td>2 1/2</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>May</td>
<td>2 1/2</td>
<td>2 1/2</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>June</td>
<td>2 1/2</td>
<td>2 1/2</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>July</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>August</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>September</td>
<td>100-00-0</td>
<td>3</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>October</td>
<td>90-77-3</td>
<td>3</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>November</td>
<td>82-73-0</td>
<td>3</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>December</td>
<td>74-70-0</td>
<td>4</td>
<td>4</td>
<td></td>
</tr>
</tbody>
</table>

By close of 1777: 1777 1777 1777 1777
By close of 1778: 6 6 6
By close of 1779: 1779 1779 1779
By close of 1780: 41 1/2 40
By close of 1781: 75 100 75

**Note:** For causes of depreciation see explanation for North Carolina paper currency. By the year 1781 the Continental currency ceased to pass as a medium of exchange. In the dealings of speculators, it passed at from 500 to 1000 to 1.
actually controlled in a large measure not only the activities of North Carolina, but of all the States as they were dependent almost entirely upon the Continental treasury to supply the means for carrying on the war. Congress directed in what way the money was to be spent and for what purposes. But when the expense of any undertaking was borne by the State, it could act only in an advisory capacity. The powers which it possessed were by no means extensive; but such as they were, their very existence were seriously threatened during the war by two causes. The first was the organization of State governments, and the second was the depreciation of the State and especially the continental currency.

In 1777 some of the delegates were men of eminent ability. They recognized that the only method of preventing depreciation was a rigid system of taxation. John Adams in writing to his wife says, "We have been several days hammering upon money. We are contriving every way we can to redress the evils we feel and fear from too great a quantity of paper. Taxation as deep as possible is the only cure. I hope you will pay every tax that is brought you, if you sell my books or clothes or oxen, or your cows to pay it". These words not only shed light on Adams's acumen but they are a glowing tribute to his patriotism.

By February of 1777, the Continental currency had become so affected by the bills of credit issued by the States that the state legislatures were recommended not to make any further emissions, call in their former issues, and employ nothing else but the paper money provided by Congress. This course was made necessary in view of the fact that organizations called British Sustaining Associations which were formed for the ostensible purpose of maintaining the value of the state currency, which had the effect of depreciating the Continental issues, were accomplishing their purpose all too well. North Carolina was unable to comply with this request as this was practically her only means of raising revenue. During this year Congress undertook to uphold the value of the currency by means of legislation. An observant contemporary thus comments upon this expedient; "It is not more absurd to attempt to impel faith into the heart

1. Adams, John, Letters to his Wife, p. 293; Washington's Writings, VI, 196; Franklin's Works, VI, 407.
3. J. of C., VI, 125.
4. Ibid.; LX, 990.
of an unbeliever by fire and fagot, or to whip love into your mistress with a cowskin, than to force value or credit into your money by penal laws". These enactments were very pernicious in effect. Before the money began to depreciate they were unnecessary: after depreciation had set in they were manifestly unjust as the creditor was defrauded out of the amount representing the difference between the value as fixed by law and its intrinsic value.

After the adoption of the State constitutions, the ablest men were, almost without exception, given some political preferment in their own State which was more remunerative and to which there was more honor attach- ed than being sent as a delegate to the General Congress. The result was that the personnel of that body was composed of second rate men. They were unable to cope with the great problems that were constantly thrust upon them. Washington in writing to George Mason in 1779 says; "A man who wishes well to the liberties of his country and desires to see its rights established cannot avoid crying out where are our men of abilities? Why do they not come forth to save their Country? Let this voice my dear Sir call upon you - Jefferson and others - do not form a mistaken opinion that we are about to set down under our own vine and our own fig tree, and let our hitherto noble struggle end in ignominy".

By 1779 the currency had sunk to a very low point, and the prices of commodities were very high. In a letter to his wife John Adams submits a price current for this year. It reads as follows; "All butcher's meat from a dollar to eight shillings per pound; corn twenty-five dollars, rye thirty per bushel; flour £50 per hundred; potatoes $10 per bushel, butter 12 shillings a pound; molasses $12 per gallon; labor six and eight dollars a day; a common cow from £60 to £70; and all English goods in proportion. I have studied, and do study, every method of economy in my power; other- wise a mint of money would not support a family. I could not board our two sons under £40 per week apiece at a school". The effects of a depre- ciating currency was felt most keenly by the poorer classes. In some places radical action was taken by the people to reduce the prices of necessities, and persons who had refused to accept the paper currency of

2. Washington's Writings, V1, 381.
Congress were threatened with violence. In June of 1779, the following hand-bill appeared in Boston:

"SONS OF BOSTON! SLEEP NO LONGER!

Wednesday, June 16, 1779.

You are requested to meet on the floor of the Old South Meeting House tomorrow morning at 9 o'clock, at which time the bells will ring. Rouse and catch the Philadelphia spirit: rid the community of those monopolizers and extortioners, who, like canker worms are knawing upon your vitals. They are reducing the currency to waste paper, by refusing to take it for many articles; the infection is dangerous. We have borne with such wretches, but will bear no longer. Public examples at this time would be public benefits! You, then, that have articles to sell, lower your prices: you that have houses to let, refuse not the currency for rent: for inspired with the spirit of those heroes and patriots, who have struggled and bled for their country, and moved with the cries and distresses of the widow, the orphan and the necessitous, Boston shall no longer be your place of security! Ye inhabitants of Nantucket, who first introduced the accursed crime of refusing paper money, quit the place or destruction shall attend your property, and your persons be the object of

VENGEANCE.

N.B. - Lawyers, keep yourselves to yourselves.

* It is our determination to support the reputable merchant and fair trader*.

In the following year (1780) the rate of depreciation as fixed by Congress was 40 to 1. In 1781 the Continental currency ceased to pass as money, and was universally refused in all payments. It was absolutely worthless. In some cities barbers conceived the idea of decorating the

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2. Madison's Writings, 1, 34.
walls and ceilings of their shops with these worthless bills. Sailors, when paid off in the Continental currency had it made into garments which they wore upon the streets making sport of the money which at one time was worth hundreds of dollars and would have purchased several suits of clothes.

The condition to which the paper money had been reduced was vividly described by Pelatiah Webster who says, "Thus fell, ended and died, the continental currency aged 6 years; the most powerful state engine, and the greatest prodigy of revenue and the most mysterious, uncontrollable and almost magical operation ever known or heard of in the political or commercial world: bubbles of a like sort which have happened in other countries, such as the Mississippi scheme in France, the South Sea in England lasted but a few months, and then burst into nothing: but this held out much longer, and seemed to retain a vigorous constitution to the last, for its circulation was never more brisk and quick than when its exchange was 500 to 1: yet it expired without one groan or struggle; and of all things which have suffered dissolution since life was first given to the creation, this mighty monster died the least lamented." 1

As early as 1775 prices of commodities were fixed by law, and all persons were enjoined not to sell these articles for any more than the regulation price. 2 But since the money did not maintain its value, it was certain ruin to the merchant who did not take this matter into consideration. The only alternative was to raise the price of their merchandise in defiance of the law or go out of business. Many chose the former course. As a result they were pointed out and treated as an enemy to the American cause. 3 Notwithstanding the penalties imposed upon persons found guilty of engrossing, prices continued to ascend. 4 It became impossible for commissioned officers to maintain themselves on the pay allowed them, and

2. C.R., IX, 1113. 4. Ibid., X, 613.- Letter from Capt. Purviance to the Council of Safety, June 23, 1776. - "Grait part (of army) is now on foot and Provisions scarce. I have sent to Doaty who will not act, no wonder when fresh Beef is not less than 4d to 6d per lb. and Flour in proportion so high and scarce that I am Certain adding the cost and Expense of Carting down and Boating to the different Stations 12d per day will not supply them, in the meantime provotions not to be had on those very high terms without Cash and no provotion made for to enable me to purchase it makes the task very disagreeable———".
resignations were of frequent occurrence. In 1777 the Continental Congress recommended that North Carolina, South Carolina and Georgia appoint representatives to confer together and adopt such measures as they might think expedient to regulate prices in each one of these states.  

The General Assembly recognized the futility of such a proposal and the difficulties involved in its execution, and no action was taken on the recommendation. By 1779, the price of necessaries had increased enormously. In November of this year, Congress again approached the States upon the subject of the regulation of prices. This time the General Assembly passed a rigorous law which provided that if any person should be convicted of engrossing or forestalling he or she was to forfeit the sum of £100,000. It further provided that any commodities which had been first imported into the State of North Carolina should not be exported to other states. For each offence a penalty of £100,000 was inflicted. Every person who wished to sell goods of any kind was compelled to take out a permit which was granted by the Justices of the Peace. The following oath also had to be subscribed to:

"I, A.B., do swear, or solemnly and sincerely declare and affirm, that I will not directly or indirectly ask, demand, take or receive any greater or other profits on any of the goods, wares or merchandize, which I shall sell during the continuance of an act of assembly of this state entitled, 'An Act for the more effectually preventing engrossing and forestalling, for the encouragement of commerce and the fair trader and for other purposes therein mentioned', than is allowed in by the said act: that I will not directly or indirectly buy, contract for or get into my possession, any such goods, wares or merchandize, otherwise than is allowed, by the said act, and that I will in all things to the utmost of my power comply with the directions of the said act".

A committee was appointed to draw up a price list which the General Assembly should observe in supplying articles to the public. In 1781 it

4. Ibid.; XIV, 348.
reported the following prices for the articles which were commonly used and considered as necessities: 1

For every pound of fresh Beef ----------------------------------- £ 1.12
Three-year old Steers or Barren or dry cows ------------------ 440
Four year old Steers ---------------------------------------- 560
Salt Pork per Barrel ----------------------------------------- 1000
Each good Sheep -------------------------------------------- 100
Wheat per Bushel ------------------------------------------- 45
Flour per Hundred Weight ------------------------------------ 135
Oats per Bushel -------------------------------------------- 24
Rye per Bushel -------------------------------------------- 40
Brandy per Gallon ------------------------------------------- 80
Whiskey per Gallon ------------------------------------------ 60
Cider per Barrel --------------------------------------------- 100
Brown Sugar per pound -------------------------------------- 16
Butter & Cheese per pound ----------------------------------- 8
Molasses per Gallon ----------------------------------------- 50
Bacon per pound --------------------------------------------- 6

As early as 1776 the speculators obtained a corner on the supplies and clothing necessary for the army, and refused to dispose of them only at the prices which they might demand. Congress urgently requested the executive powers of each state to see to it that such measures were adopted as would break up these wicked practices. 2 The effects of this engrossing was felt very keenly by the army. In a letter to Edmund Pendleton in 1779 Washington makes this observation; "everything that can be useful to the public is engrossed by this tribe of black gentry, who work more effectually against us than the enemy's arms: and are a hundred times more dangerous to our liberties and the great cause we are engaged in." 3

The results which flowed from the issue of paper money were demoral- izing. Counterfeiting was so generally and so successfully practised that it was one of the leading causes which brought about the rapid depreciation. This led to extravagance, speculation and engrossing. All classes of

1. C.R., XV11, 683.
society in each of the thirteen States were directly affected. The soldiers, whether in the State militia or in the Continental army, were cheated out of a decent subsistence; the poor were made poorer still; the public creditors were defrauded and thousands of innocent people who were the unfortunate victims of a pernicious monetary expedient were forced, through discouragement and sorrow, into untimely graves. The effects in North Carolina were more keenly felt perhaps than in most of the other states because of the copious issues of the state currency which would tend to aggravate the resultant evils.
CHAPTER VII.

THE EFFECT OF AN INSUFFICIENT MONEY SUPPLY ON THE ARMY.

The failure of the States to raise their quotas for replenishing the Continental treasury, whether through inability, indolence or what not, seriously hampered the operations of the army. There is no doubt but that the war was prolonged for some time because of the lack of money. This circumstance alone prevented the successful issue of campaigns, turned victory into defeat, caused murmuring and mutiny among the soldiers, and depleted the ranks of the army. From the commencement of hostilities to the close of the war, Washington was so handicapped for want of money and supplies for the army that he was compelled to remain many times on the defensive when he should have been on the offensive.\footnote{1} Golden opportunities were lost never to be regained.\footnote{2} How he managed to keep the army from dissolution and himself in an attitude to continue in the service under such circumstances is almost beyond comprehension. With all the resources of the British Government behind him, large quantities of specie for purchasing supplies for his army, General Howe became discouraged and resigned his command.

In writing to the President of Congress in 1776, \textit{Washington says, "The remembrance of the difficulties, which happened last year, and the consequences which might have followed the change if proper advantages had been taken by the enemy, added to a knowledge of the present temper and situation of the troops, reflect but a very gloomy prospect in the appearance of things now and satisfy me beyond the possibility of a doubt, that, unless some speedy and effectual measures are adopted by Congress, our cause will be lost."}\footnote{3} In September of the same year he beseeches Congress to provide some means for supplying money for the military chest as the very existence of the army depended upon this one particular.\footnote{4} There is not a year that passes in which this is the subject of the most earnest representations by \textit{Washington to the Continental Congress, and to the States as well}.\footnote{5} In 1780 he issued a circular letter to the States north of

\begin{itemize}
\item \textit{Washington's Writings, \textit{IV, 111, 249.}}
\item \textit{Ibid., \textit{IV, 111, 428-9.}}
\item \textit{Ibid., \textit{IV, 458.}}
\item \textit{Ibid., \textit{IV, 385.}}
\item \textit{Ibid., \textit{IV, 385; V, 285; \textit{VII, 375; V1, 300; \textit{VIIII, 378; \textit{IX, 113; I1, 433; X, 185.}}}
Virginia in which he says, "It may be foreseen that this army cannot possibly remain much longer together unless very vigorous and immediate measures are taken by the States to comply with the requisitions made upon them. The Commissary General has neither the means nor the power of procuring supplies - he is only to receive them from the several agents. Without a speedy change of circumstances, this dilemma will be involved: either the army must disband - or what is if possible worse, subsist upon the plunder of the people". Many of the soldiers were barefooted and when there was snow on the ground the army might be traced by the bloody footprints of the men. Thousands were without hats, tents or blankets. In 1778 the army very nearly approached the point of dissolution the second time when Washington prevented this catastrophe from taking place by the interposition of his consummate genius.  

In 1780 a movement was inaugurated among the soldiers to refuse absolutely to receive the bills of credit. This scheme, had it been consummated, would have been a severe blow to the currency but the plot was discovered by Washington, and consequently was frustrated. Two years later he sent out a circular letter to the States pleading with them to complete their quotas on the requisitions as soon as possible. The urgency of the occasion was soon after made manifest by a dangerous attempt which was made to incite the soldiers to revolt.  

The chief cause of the failure of the Canadian expedition of 1776 was the lack of hard money to purchase supplies for the army. The Canadians would not accept the American paper money, and as a result it became extremely difficult for the army to procure the means of subsistence.  

Too much praise cannot be given Washington for his part in achieving the Independence of the United States. William Hooper, one of the delegates to the Continental Congress from North Carolina, in a letter to Robert Morris pays a glowing and deserving tribute to the commander-in-chief of the American army when he says, "When it shall be consistent to give the history of that man (Washington) from his first introduction

2. Ibid., VI, 375.
3. Ibid.
4. Ibid., X, 185.
into our service, how often America has been rescued from ruin by the mere strength of his Genius, conduct and courage, encountering every obstacle that want of money, men, arms, and ammunition could throw in his way: an impartial world will say with you that he is the Greatest man on Earth".  

Great as were the difficulties under which the Continental army labored with respect to money, conditions very similar in nature existed in North Carolina. Throughout the entire war it was almost impossible for the State to supply its own troops with necessary provisions and supplies. In 1777 James Moore, the commander of a North Carolina brigade, in a communication to Governor Caswell regarding the condition of his troops said, "The men are much exposed, in consequence of which many of them are sick, and rendered unfit for duty, with colds and perepneumonies. What still increases their hardships is the want of Blankets, one half of them not having blankets to cover them". The governor immediately requested the State Treasurer to do everything in their power for the relief of the troops but since the treasury was in an exceedingly poor condition, it is not likely that the necessary aid was immediately given.  

In 1778 the subsistence of the Continental army became jeopardized because of the exportation of pork and beef from the ports of North Carolina, and Congress strongly urged the General Assembly of that State to prevent the further exportation of these necessaries, and the State authorities promptly laid the embargo as desired by the Continental Government. It was during this year that flesh provisions became so scarce that it was almost impossible to secure sufficient supplies for the army to prevent the soldiers from getting the scurvy. Meantime the governor and the delegates were exerting themselves to their utmost to get further loans from the Continental treasury. After a good deal of delay, Congress granted the State $500,000 which enabled the authorities to pay the soldiers, and to carry on the government for some time without resorting to the issue of paper money.

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1. Thomson, Charles, Papers, Xl, 416.  
2. J. of C., X, 156.  
3. Ibid., X, 427.  
4. Ibid., X, 156.  
5. C. R., XI11, 297.  
6. Ibid., XI11, 218.
General Greene in reporting the condition of the army of the Southern Department to Washington says, "Nothing can be more wretched and distressing than the condition of the troops starving with cold and hunger, without tents and camp equipage.----- A tattered remnant of some garment clumsily stuck together with the thorns of the locust tree form the sole covering of hundreds, and we have 500 men without arms, and more than 1000 are so naked that they can be put on duty only in case of desperate necessity". Under such conditions the soldiers became mutinous, and it was only after the adoption of the severest measures that they were reduced to submission.

The effects of an insufficient supply of currency were almost the same in every detail, in their application to conditions in the State militia of North Carolina as they were upon the Continental army. The troops of the State and of the Continent were improperly supplied: the soldiers mutinied, and the operations of both were seriously handicapped. But the significance of these circumstances, was the fact that the financial condition of North Carolina was in such a state of collapse that her own troops were forced to suffer as many hardships as the soldiers in the Continental line. The conclusion we draw from these facts are, that if North Carolina was unable to keep her own soldiers from starving within the State itself, she was unable to furnish that financial aid which was so sorely needed for the Continental troops.

1. C.R.; XVI, 1.
2. Ibid., XV, 187.
CONCLUSION.

When the treaty of peace was signed at Paris in 1783 which ended the Revolution, the thirteen States were completely exhausted. The resources of the country had been taxed to the limit; but the nation had achieved the great object of Independence. This was a glorious compensation for the great sacrifice necessary for its accomplishment. Much credit is due Massachusetts and Virginia for the many ways in which they contributed of their means and men to bring about the successful termination of the war. But equal credit is due North Carolina. They gave of their abundance: she, of her penury. We have shown that at the beginning of the war her treasury was exhausted, and she had very little or no credit. There was scarcely a year during this entire period in which the finances of the State were not in a most deplorable condition. There were no good harbors and it was impossible for her to become enriched through commerce as some of the other states had done.

Besides these circumstances, we must not forget the internecine wars which had raged in North Carolina for several years before the Revolution began. The Regulators together with the Indians, were a constant menace in the western counties of the State, and the copious sprinkling of Loyalists in the eastern counties, conspired to sap her strength. Important battles were fought between the Whigs and Tories for control. The expenses incurred in these conflicts had to be met by the State and could not be charged up against the Continent. The people of the disaffected regions would not pay any taxes, and it became necessary to maintain a small standing army to enforce and execute the laws of the State. To do this required money and supplies, but there were times when the troops were almost naked and verging upon starvation. During the years 1780-1 the entire State was overrun by Tories, and the governmental machinery was completely demoralized. The surprising thing is, that under such conditions North Carolina was able to make any contribution to the common cause either in men or money. During the memorable winter at Valley Forge North Carolina was represented by ten regiments which endured the terrible privations in common with the rest of the Continental troops. In money she contributed over $200,000 in specie value.

The general attitude of the States towards the Continental Congress and the common cause is deserving of the highest encomiums. No other State on the continent gave their delegates such extensive powers as were
given to the delegates of North Carolina.¹

In 1775 the British Government passed an act restraining the trade of Maryland, Virginia, and South Carolina with a view of inducing North Carolina to desert the other Colonies in their resistance to the aggressions of Parliament. The following is typical of the resolutions taken by the various Safety Committees of the State;

"Resolved, unanimously, that the exception of this colony, and some others, out of the said act, is a base artifice, to seduce them into a desertion of the common cause of America".²

No State complied more heartily with the recommendations of the Continental Congress than North Carolina when it was at all possible for her to do so. At times during the war she was unable to complete her quotas of troops and money, but for the reasons just enumerated, this is not to be wondered at. It was because of her absolute inability to fill them, and by no means was it a lack of patriotism or her jealousy of other States. The showing made by North Carolina on paper was very poor in comparison with some of the wealthier States. What she did contribute to the cause of Independence was the widow's mite: she gave all she could.

¹ J. of C., 1, 15, 16, 17, 19, 20, 21, 22, 23, 30.
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APPENDIX.

A.

The Continental Currency in Epigram, Poetry et cetera.¹

1. Epigram from Rivington's "Gazette", October 4, 1780.
   "A refugee captain lost two of his men;
   And ardently wishing to have them again,
   To the Major applied, on an exchange to fix,
   And requested to know if for two he'd take six?
   Major Adams agreed, nor said a word more,
   And Paddy was order'd to fetch them ashore;
   Who cried out in surprise: "By Ja---s, my honey,
   Our men now depreciate as fast as our money!"

2. The "Congress"; written in the spring of 1776.
   "With freeman's rights they wanton play;
   At their command, we fast and pray;
   With worthless paper they us pay;
   A fine device of Congress-----".

3. Freeman's "Journal", May 22, 1782, quoted in McCarthy's songs
   Vol.1. p.270.
   Ode on Sir Henry Clinton's Recall.

Sir Henry, thy deeds have been mighty and many!
You said all our paper was not worth a penny;
('Tis nothing but rags, quoth honest Will Tryon,
Are rags to discourage the sons of the Lion?)

But Clinton thought thus: "it is folly to fight,
When things may by easier methods come right
There is such an art as counterfeite-ation,
And I'll do my utmost to honour our nation.

I'll show this damn'd country that I can enslave her
And that by the help of a skillful engraver
And then let the rebels take care of their bacon,
We'll play 'em a trick or I'm vastly mistaken.

-o0o-

But the project succeeded not quite to your liking;  
So you paid off your artist, and gave up bill sticking.  
But 'tis an affair I am glad you are quit on  
You had surely been hanged had you tried it in Brittain.

4. Tom Paine wrote the following poem in the "Crisis," p.135, edit. Middletown, N. J., 1839, in which he arraigns Sir Henry Clinton for counterfeiting the continental money.

The Ghost of Continental Money.  
(From McCarthy's Songs, Vol. I. p.264.)

Though I'm dead and forgotten,  
Though my carcass is rotten,  
And my honours is sleeping in dust,  
Yet my visage, so hoary,  
Now rises before you,  
To warn you my friend of the worst.

I advise you to lie  
Where you are, and to die—  
Oh!—ne'er to remove any farther:  
Should you come from the womb,  
You would wish it a tomb  
You'd curse both the midwife and the mother.

Why need I relate  
That series of fate  
Which plunged me in woe and disaster—  
How I first was respected,  
And then was rejected,  
And last dwind down to a plaster.

The states, they united,  
Their honour they plighted,  
But all was a whim and a sham:  
But before my escape sir,  
Not all I could scrape sir,  
Would buy the poor soldier a dram.

I have lived, to be sure  
A while, to secure  
The rights of a much injured nation  
But I got all my living,
By a course of deceiving
That has sunk me in utter damnation.

I'm dead and departed--
But quickly I started
To hear of your sudden conception.
Old Tenor and I
Did sit down and cry
When we thought of your future deception.

Enough we have done,
Without you my son,
To turn the whole state topsy turvy!
Let our troubles then teach you,
We humbly beseech you,
To fly from a treatment so scurvy.

But your mother will say
She will dress you up gay,
With garments all wrought from her spinning.
You had better, I vags
Live still in your rags--
In fragments of cotten and linen.

For your mother is weak
She's lame and she's sick,
And quite in a helpless condition.
Not able I've said it,
To keep up your credit,
Or save your poor soul from perdition.

She will try but in vain
Your faith to maintain
By a tender on suits and contentions,
But no one will sue,
What then will you do,
You surely will make feuds and dissensions.

How will you contrive
My fate to survive
Your emblems are not worth a farthing.
The merchant will spite you,
The lawyer will slight you,
And priests will not care for your starving.

5. Trumbull's McFingall.
   CANTO IV.
   "I looked and saw with horror smitten,
   Those hostile pow'rs averse to Britain.
   When lo, an awful spectre rose,
   With languid paleness on his brows;
   Man dropsies swell'd his form beneath,
   And iced his bloated cheeks with death;
   His tattered robes exposed him bare,
   To every blast of under air;
   On two weak crutches propt he stood,
   That bent at ev'ry step he trod,
   Gilt titles graced their sides so slender,
   One, "Regulation" t'other "Tender":
   His breastplate grav'd with various dates,
   "The faith of all th' United States:"
   Before him went his fun'ral pall,
   His grave stood dug to wait his fall.
   I started, and aghast I cried,
   "What means this spectre at their side?
   What danger from a power so vain,
   And why he joins that splendid train?"
   "Alas great Malcolm cried, experience,
   Might teach you not to trust appearance.
   Here stands, as drest by fierce Bellona,
   The ghost of Continental Money,
   Of dame Necessity descended,
   With whom credulity engender'd.
   Tho' born with constitution frail,
   And feeble strength that soon must fail;
   Yet strangely vers'd in magic lore,
   And gifted with transforming Pow'r.
   "His skill the wealth Peruvian joins
   With diamonds of Brazilian mines."
As erst Jove fell by subtle wiles
On Danai's apron thro' the tiles,
In show'rs of gold; his potent hand
Shall shed like show'rs thro' all the land.
Less great the magic art was reckon'd,
Of tallies cast by Charles the second,
Or Law's famed Mississippi schemes,
Or all the wealth of Southern dreams.
For he of all the world alone
Owns the long sought Philos'pher's stone,
Restores the fab'lous times to view,
And proves the tale of Midas true.
O'er heaps of rags, he waves his wand,
All turn to gold at his command,
Provide for present wants and future,
Raise armies, victual, clothe, accoutre,
Adjourn our conquests by essoign,
Check Howe's advance and take Eurgoyne,
Then makes all days of payment vain,
And turns all back to rags again.
In vain great Howe shall play his part,
To ape and counterfeit his art:
In vain shall Clinton, more belated,
A conj'r'er turn to imitate it;
When like ill luck and pow'r as narrow,
They'll fare, like sor'cers of old Pharaoh,
When tho' the art they understood
Of turning rivers into blood,
And caus'd their frogs and snakes t' exist,
That with some merit croak'd and hiss'd.
Yet ne'er by ev'ry quaint device,
Could frame the true Mosaic lice.
He for the Whigs his arts shall try,
Their first, and long their sole ally;
A patriot firm, while breath he draws,
He'll perish in his country's cause,
Lie buried in eternal peace,"
APPENDIX.

A return of the lists of taxables for the year 1765 in the Province of North Carolina. 1

<table>
<thead>
<tr>
<th>Counties</th>
<th>White men taxables</th>
<th>Blacks and Mulattoes male &amp; female</th>
<th>Total in each county</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anson</td>
<td>584</td>
<td>131</td>
<td>715</td>
</tr>
<tr>
<td>Beaufort</td>
<td>411</td>
<td>470</td>
<td>881</td>
</tr>
<tr>
<td>Bertie</td>
<td>636</td>
<td>877</td>
<td>1513</td>
</tr>
<tr>
<td>Bladen</td>
<td>604</td>
<td>653</td>
<td>1237</td>
</tr>
<tr>
<td>Brunswick</td>
<td>209</td>
<td>1106</td>
<td>1315</td>
</tr>
<tr>
<td>Bute</td>
<td>---</td>
<td>---</td>
<td>2078</td>
</tr>
<tr>
<td>Carteret</td>
<td>411</td>
<td>331</td>
<td>1342</td>
</tr>
<tr>
<td>Chowan</td>
<td>610</td>
<td>1017</td>
<td>1627</td>
</tr>
<tr>
<td>Craven</td>
<td>1284</td>
<td>1320</td>
<td>2604</td>
</tr>
<tr>
<td>Currituck</td>
<td>---</td>
<td>---</td>
<td>796</td>
</tr>
<tr>
<td>Cumberland</td>
<td>866</td>
<td>366</td>
<td>1232</td>
</tr>
<tr>
<td>Dobbs</td>
<td>1176</td>
<td>609</td>
<td>1785</td>
</tr>
<tr>
<td>Duplin</td>
<td>848</td>
<td>130</td>
<td>978</td>
</tr>
<tr>
<td>Edgecomb</td>
<td>---</td>
<td>---</td>
<td>1739</td>
</tr>
<tr>
<td>Granville</td>
<td>974</td>
<td>701</td>
<td>1675</td>
</tr>
<tr>
<td>Halifax</td>
<td>---</td>
<td>---</td>
<td>2628</td>
</tr>
<tr>
<td>Hertford</td>
<td>---</td>
<td>---</td>
<td>1567</td>
</tr>
<tr>
<td>Hyde</td>
<td>402</td>
<td>251</td>
<td>653</td>
</tr>
<tr>
<td>Johnston</td>
<td>984</td>
<td>458</td>
<td>1442</td>
</tr>
<tr>
<td>Mecklenburg</td>
<td>---</td>
<td>---</td>
<td>1352</td>
</tr>
<tr>
<td>New Hanover</td>
<td>529</td>
<td>1476</td>
<td>2005</td>
</tr>
<tr>
<td>Northampton</td>
<td>---</td>
<td>---</td>
<td>2434</td>
</tr>
<tr>
<td>Onslow</td>
<td>678</td>
<td>451</td>
<td>1129</td>
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<tr>
<td>Orange</td>
<td>2825</td>
<td>579</td>
<td>3404</td>
</tr>
<tr>
<td>Pasquotank</td>
<td>---</td>
<td>---</td>
<td>1106</td>
</tr>
<tr>
<td>Perquimons</td>
<td>---</td>
<td>---</td>
<td>1531</td>
</tr>
<tr>
<td>Pitt</td>
<td>750</td>
<td>429</td>
<td>1179</td>
</tr>
<tr>
<td>Rowan</td>
<td>---</td>
<td>---</td>
<td>3059</td>
</tr>
<tr>
<td>Tyrrell</td>
<td>538</td>
<td>368</td>
<td>906</td>
</tr>
</tbody>
</table>

Totals       28,542           17,370               45,912

1. C.R., VII. p. 145.
APPENDIX.

C.

Statement of amounts of several militia companies contributing towards contingent expenses.¹

<table>
<thead>
<tr>
<th>Captain</th>
<th>Cash paid in £</th>
<th>s</th>
<th>d</th>
<th>Arrears £</th>
<th>s</th>
<th>d</th>
<th>Taxables in cash at 6d each company.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Archibald</td>
<td>5</td>
<td>1</td>
<td>0</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>70</td>
</tr>
<tr>
<td>Berkley</td>
<td>4</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>150</td>
</tr>
<tr>
<td>Lewis Beard</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>110</td>
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<tr>
<td>G.H.Barringer</td>
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<td>0</td>
<td>0</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>120</td>
</tr>
<tr>
<td>Beekman</td>
<td>4</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>8</td>
<td>9</td>
<td>114</td>
</tr>
<tr>
<td>Barringer</td>
<td>2</td>
<td>11</td>
<td>3</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>88</td>
</tr>
<tr>
<td>Black</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>70</td>
</tr>
<tr>
<td>Dickson</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td>Davidson, Jun.</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>100</td>
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<tr>
<td>Knox</td>
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<td>0</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>170</td>
</tr>
<tr>
<td>Moore</td>
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<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>80</td>
</tr>
<tr>
<td>Morrison</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>50</td>
</tr>
<tr>
<td>McCreery</td>
<td>5</td>
<td>3</td>
<td>0</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>71</td>
</tr>
<tr>
<td>McCorkle</td>
<td>4</td>
<td>0</td>
<td>0</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>64</td>
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<tr>
<td>Oliphant</td>
<td>4</td>
<td>0</td>
<td>0</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>113</td>
</tr>
<tr>
<td>Purviance</td>
<td>5</td>
<td>0</td>
<td>0</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>140</td>
</tr>
<tr>
<td>Reed</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>60</td>
</tr>
<tr>
<td>Robison</td>
<td>3</td>
<td>10</td>
<td>9</td>
<td>0</td>
<td>9</td>
<td>3</td>
<td>113</td>
</tr>
<tr>
<td>James Smith</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>115</td>
</tr>
<tr>
<td>David Smith</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>100</td>
</tr>
<tr>
<td>Whitson</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>80</td>
</tr>
<tr>
<td>Davidson, Jun.</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>118</td>
</tr>
<tr>
<td>McDowell</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>70</td>
</tr>
<tr>
<td>Brevard</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>64</td>
</tr>
<tr>
<td>Cowan</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>100</td>
</tr>
<tr>
<td>Montgomery</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>155</td>
</tr>
</tbody>
</table>

¹ C.R., X, p. 319.
APPENDIX.

D.

Invoice of public stores at Halifax taken June 16, 1781.¹

Viszt:—

7 large Barrels Gun Powder (the size of a common Pork Barrel.)
1 smaller do.
11 large Keggs ditto.
38 smaller ditto.
2 large Pigs Lead. am't. 500 lbs.
A Quantity Cartridge Paper.
4 large flat Bars Iron.
29 small ditto.
8 Sheets Iron.
13 Pair large Iron Boxes for Wagons.
15 ditto small ditto.
2 Barrels Salt—each about 3 1/2 Bushels.
1 1/2 Bushels ditto.
1 Hhd Sugar 10 inches out.
2 Barrels Wine.
1 ditto Six inches out.
5 Hhds. Rum, a small Ullage in each.
2 Barrels Coffee.
1 ditto some used.
1 ditto with Buttons, Cartridge Paper etc.
40 Dozen Pair Coarse Wollen milled Stockings.
5 Soldier's Woolen Jackets.
18 ditto Oznabrigs ditto.
52 Pair ditto Spatterdashes.
36 Pair Over-alls, made of light Duck.
10 Dozen Soldiers black Stocks.
34 Bundles, containing 72 Papers, Various Coloured sewing Silk.
3 Paper Buttons.
385 Pair Soldiers Shoes.
68 Pieces Coarse white Frieze.
18 ditto ditto Blue ditto.
7 ditto ditto Red ditto.

See next page.
APPENDIX.

E.

Table of coins.¹

<table>
<thead>
<tr>
<th>Coin Description</th>
<th>dw.</th>
<th>gr.</th>
<th>L.</th>
<th>N.</th>
<th>Cur.</th>
</tr>
</thead>
<tbody>
<tr>
<td>A guinea</td>
<td>5</td>
<td>6</td>
<td>1</td>
<td>17</td>
<td>4</td>
</tr>
<tr>
<td>Half a guinea</td>
<td>2</td>
<td>15</td>
<td>0</td>
<td>18</td>
<td>8</td>
</tr>
<tr>
<td>A French guinea</td>
<td>5</td>
<td>5</td>
<td>1</td>
<td>16</td>
<td>0</td>
</tr>
<tr>
<td>Moidore</td>
<td>6</td>
<td>18</td>
<td>2</td>
<td>8</td>
<td>0</td>
</tr>
<tr>
<td>Four pistole Piece</td>
<td>17</td>
<td>0</td>
<td>6</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>A pistole</td>
<td>4</td>
<td>4</td>
<td>1</td>
<td>10</td>
<td>0</td>
</tr>
<tr>
<td>Double Johannes</td>
<td>18</td>
<td>0</td>
<td>6</td>
<td>8</td>
<td>0</td>
</tr>
<tr>
<td>Single ditto</td>
<td>2</td>
<td>0</td>
<td>3</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>Half ditto</td>
<td>4</td>
<td>12</td>
<td>1</td>
<td>12</td>
<td>0</td>
</tr>
<tr>
<td>Quarter Johannes</td>
<td>2</td>
<td>6</td>
<td>0</td>
<td>16</td>
<td>0</td>
</tr>
</tbody>
</table>

Silver coins.

<table>
<thead>
<tr>
<th>Coin Description</th>
<th>dw.</th>
<th>gr.</th>
<th>L.</th>
<th>N.</th>
<th>Cur.</th>
</tr>
</thead>
<tbody>
<tr>
<td>French crown</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>9</td>
<td>0</td>
</tr>
<tr>
<td>English &quot;</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>9</td>
<td>0</td>
</tr>
<tr>
<td>Half &quot;</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>Quarter ditto</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>A dollar</td>
<td>17</td>
<td>6</td>
<td>0</td>
<td>8</td>
<td>0</td>
</tr>
<tr>
<td>Half dollar</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>Quarter dollar</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>A pistareen</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>8</td>
</tr>
<tr>
<td>English shilling</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>8</td>
</tr>
</tbody>
</table>

¹ C.R., XXIV. p. 486.
3 Pieces Coarse White Shaloon.
18 Pieces light Duck.
10 ditto Russia Drill.

---

1. C.R., XV. p. 484.
APPENDIX.

F.

Amount of Continental Money issued during the Revolution communicated to the House of Representatives Jan. 30, 1828.  

Statement of the issues of Continental Money.

<table>
<thead>
<tr>
<th>Date of Resolves</th>
<th>Jour. of Cong.</th>
<th>Amount authorized</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 22, 1775</td>
<td>Vol. 1. p. 125</td>
<td>$ 2,000,000</td>
</tr>
<tr>
<td>July 25</td>
<td>177</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Nov. 29</td>
<td>273</td>
<td>3,000,000</td>
</tr>
<tr>
<td>Feb. 17, 1776</td>
<td>11. 66</td>
<td>4,000,000</td>
</tr>
<tr>
<td>May 9 &amp; 27</td>
<td>164</td>
<td>5,000,000</td>
</tr>
<tr>
<td>Jul. 22 &amp; Aug. 13</td>
<td>280-308</td>
<td>5,000,000</td>
</tr>
<tr>
<td>Nov. 2 &amp; Dec. 28</td>
<td>440,509</td>
<td>5,000,000</td>
</tr>
<tr>
<td>Feb. 26, 1777</td>
<td>111. 80</td>
<td>5,000,000</td>
</tr>
<tr>
<td>May 20</td>
<td>194</td>
<td>5,000,000</td>
</tr>
<tr>
<td>Aug. 15</td>
<td>331</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Nov. 7</td>
<td>480</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Dec. 3</td>
<td>555</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Jan. 8, 1778</td>
<td>1V. 12</td>
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<tr>
<td>&quot; 22</td>
<td>47</td>
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<td>Feb. 16</td>
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<td>Mar. 5</td>
<td>133</td>
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</tr>
<tr>
<td>April 4</td>
<td>190</td>
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</tr>
<tr>
<td>&quot; 11</td>
<td>209</td>
<td>5,000,000</td>
</tr>
<tr>
<td>&quot; 18</td>
<td>223</td>
<td>500,000</td>
</tr>
<tr>
<td>May 22</td>
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<td>5,000,000</td>
</tr>
<tr>
<td>June 20</td>
<td>362</td>
<td>5,000,000</td>
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<tr>
<td>July 30</td>
<td>434</td>
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<tr>
<td>Sept. 5</td>
<td>521</td>
<td>5,000,000</td>
</tr>
<tr>
<td>&quot; 26</td>
<td>567</td>
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<td>Nov. 4</td>
<td>639</td>
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<td>Dec. 14</td>
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</tr>
<tr>
<td>Feb. 3, 1779</td>
<td>V. 43</td>
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<td>&quot; 19</td>
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<tr>
<td>May 5</td>
<td>183</td>
<td>10,000,000</td>
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</table>

See next page.
<table>
<thead>
<tr>
<th>Date of Resolves.</th>
<th>Jour. of Cong.</th>
<th>Amount authorized.</th>
</tr>
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<tr>
<td>Jan. 4 &amp; May 7, 1779</td>
<td>Vol. V. p. 84, 188</td>
<td>$50,000,100</td>
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<tr>
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<td>&quot; 17</td>
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<tr>
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<td>5,000,180</td>
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<tr>
<td>&quot; 17</td>
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</tr>
<tr>
<td>Oct. 14</td>
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</tr>
<tr>
<td>Nov. 17</td>
<td>419</td>
<td>5,000,040</td>
</tr>
<tr>
<td>&quot; 17</td>
<td>420</td>
<td>5,050,500</td>
</tr>
<tr>
<td>&quot; 29</td>
<td>438</td>
<td>10,000,140</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>241,552,780</strong></td>
</tr>
</tbody>
</table>

---

American State Papers, Finance, Xlll., p. 764.
APPENDIX.

G.

Expenditures for the year 1779. To North Carolina. ¹

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan. 9</td>
<td>to delegates for use of troops</td>
<td>$20,808</td>
</tr>
<tr>
<td>&quot; 30</td>
<td>&quot; Mr. Burke &amp; Hill</td>
<td>$1,000</td>
</tr>
<tr>
<td>&quot; 30</td>
<td>&quot; delegates for militia</td>
<td>$2,000</td>
</tr>
<tr>
<td>Feb. 19</td>
<td>&quot; discharge a bill of J. Ashe</td>
<td>$450</td>
</tr>
<tr>
<td>Mar. 15</td>
<td>on appl'n of Burke and Hill</td>
<td>$6,000</td>
</tr>
<tr>
<td>Apr. 10</td>
<td>delegates for troops</td>
<td>$25,000</td>
</tr>
<tr>
<td>&quot; 19</td>
<td>&quot; Mr. Penn</td>
<td>$3,000</td>
</tr>
<tr>
<td>&quot; 27</td>
<td>&quot; Burke and Hill</td>
<td>$4,000</td>
</tr>
<tr>
<td>&quot; 27</td>
<td>&quot; Mr. Sharpe</td>
<td>$2,500</td>
</tr>
<tr>
<td>Jul. 14</td>
<td>On appl'n of State</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>&quot; 29</td>
<td>&quot; Mr. Penn</td>
<td>$4,000</td>
</tr>
<tr>
<td>Aug. 2</td>
<td>delegates for troops</td>
<td>$33,000</td>
</tr>
<tr>
<td>&quot; 6</td>
<td>&quot; Mr. Harnett</td>
<td>$3,000</td>
</tr>
<tr>
<td>&quot; 10</td>
<td>&quot; Burke</td>
<td>$6,000</td>
</tr>
<tr>
<td>&quot; 10</td>
<td>&quot; Sharpe</td>
<td>$4,000</td>
</tr>
<tr>
<td>&quot; 12</td>
<td>&quot; Penn</td>
<td>$2,000</td>
</tr>
<tr>
<td>Sep. 6</td>
<td>&quot; Hughes</td>
<td>$5,000</td>
</tr>
<tr>
<td>&quot; 17</td>
<td>delegates for troops</td>
<td>$60,000</td>
</tr>
<tr>
<td>&quot; 21</td>
<td>&quot; &quot;</td>
<td>$100,000</td>
</tr>
<tr>
<td>&quot; 29</td>
<td>&quot; Mr. Harnett</td>
<td>$4,000</td>
</tr>
<tr>
<td>Nov. 6</td>
<td>Paid bills drawn by J. Nash</td>
<td>$1,000</td>
</tr>
<tr>
<td>Oct. 4</td>
<td>on appl'n. of Mr. Sharpe</td>
<td>$2,500</td>
</tr>
<tr>
<td>Nov. 4</td>
<td>&quot; &quot; &quot; &quot; &quot; Harnett</td>
<td>$4,000</td>
</tr>
<tr>
<td>&quot; 15</td>
<td>&quot; &quot; &quot; &quot; Sharpe</td>
<td>$3,000</td>
</tr>
<tr>
<td>&quot; 18</td>
<td>&quot; &quot; &quot; &quot;</td>
<td>$3,000</td>
</tr>
<tr>
<td>Dec. 6</td>
<td>&quot; &quot; &quot; &quot;</td>
<td>$3,500</td>
</tr>
<tr>
<td>&quot; 11</td>
<td>&quot; &quot; &quot; &quot; Harnett</td>
<td>$5,000</td>
</tr>
<tr>
<td>&quot; 22</td>
<td>&quot; &quot; &quot; &quot; Burke</td>
<td>$5,000</td>
</tr>
<tr>
<td>&quot; 30</td>
<td>&quot; &quot; &quot; &quot; Jones</td>
<td>$6,000</td>
</tr>
</tbody>
</table>

¹ J. of C. XV. p. 1439.
APPENDIX.

H.

An estimate of the debt of the United States in 1783.¹

<table>
<thead>
<tr>
<th>Description</th>
<th>Livres</th>
<th>Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due to Farmers General of France</td>
<td>1,000,000</td>
<td></td>
</tr>
<tr>
<td>To individuals in France</td>
<td>3,000,000</td>
<td></td>
</tr>
<tr>
<td>To Crown of France including loan of</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10,000,000 livres in Holland</td>
<td>23,000,000</td>
<td>6,000,000</td>
</tr>
<tr>
<td>To ditto, a loan for, 1783</td>
<td></td>
<td>6,000,000</td>
</tr>
<tr>
<td></td>
<td>38,000,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>7,037,037</td>
</tr>
<tr>
<td>To lenders in Holland</td>
<td></td>
<td>671,200</td>
</tr>
<tr>
<td>Borrowed in Spain by Mr. Jay</td>
<td></td>
<td>150,000</td>
</tr>
<tr>
<td>One yr's. int. of Dutch loan of 10,000,000 livres</td>
<td></td>
<td>26,848</td>
</tr>
<tr>
<td>Foreign Debt 1st. Jan. 1783</td>
<td></td>
<td>$7,385,035</td>
</tr>
</tbody>
</table>

Domestic debt.

<table>
<thead>
<tr>
<th>Description</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>On loan-office certificates</td>
<td>$11,463,802</td>
<td></td>
</tr>
<tr>
<td>Interest unpaid for 1781</td>
<td>190,000</td>
<td></td>
</tr>
<tr>
<td>Ditto 1782</td>
<td>687,828</td>
<td></td>
</tr>
<tr>
<td>Credit to sundries in treasury books</td>
<td>638,042</td>
<td></td>
</tr>
<tr>
<td>Army debt to Dec. 31, 1782</td>
<td>5,635,618</td>
<td></td>
</tr>
<tr>
<td>Unliquidated debt estimated at</td>
<td>8,000,000</td>
<td></td>
</tr>
<tr>
<td>Commutation to army</td>
<td>5,000,000</td>
<td></td>
</tr>
<tr>
<td>Bounty due to privates</td>
<td>500,000</td>
<td></td>
</tr>
<tr>
<td>Deficiencies in 1783. suppose</td>
<td>2,000,000</td>
<td></td>
</tr>
<tr>
<td>Foreign debt</td>
<td>$34,615,340</td>
<td></td>
</tr>
</tbody>
</table>

| Foreign debt                                                     |        | $7,385,035 |
|                                                                 |        | $42,000,575 |

Annual int. of debt of U.S.

<table>
<thead>
<tr>
<th>Description</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>On foreign debt part at 4% and part at 5%</td>
<td>369,038.6</td>
<td></td>
</tr>
<tr>
<td>On domestic debt at 6%</td>
<td>2,000,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2,415,956-</td>
<td></td>
</tr>
</tbody>
</table>

¹ C.R., VIII, p. 151.
APPENDIX.

I.

Statement of accounts between the U.S. and North Carolina in 1791.\(^1\)

North Carolina in account with the United States.

Abstract of Payments made by the U.S. to the Prisoners of the State of North Carolina in old Omissions.

*March 22, 1777* - For a warrant on John Gibson, Cont'l. Treas. favor of Thos. Burke, for prisoners removed from Baltimore to Fredericktown-\$139.30

Dr. the State of North Carolina.

June 29, 1778  For supplies  \$2229-18-9

Dec. 1779 - To account clothing; 1 pair breeches, 698 shirts, 603 pair stockings, 726 pairs shoes, 161 blankets, 1 pair boots.

April 22, 1778-

Clothing etc.  557-0-0
April 22, 1778  4020-12-6
June 4, 1778  2307-17-6
  " 10 "  772-5-0
Aug. 20 "  1175-10-0
Nov. 23 "  1215-0-0
  " 23 "  284-0-0
Dec. 31 "  1091-0-0

Taken from books of James Mease, late Clothier General to army of the United States.

Extracts from statements of Claims of North Carolina against U.S.

For supplies furnished and cash paid militia of N.Car.  \$2401-4-0

Abstracts of Payments made by U.S. to State of N.Car. in new emissions.

Date of entry.

<table>
<thead>
<tr>
<th>Date</th>
<th>Favor</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1781 May 4</td>
<td>William Sharpe</td>
<td>$ 300</td>
</tr>
<tr>
<td>&quot;</td>
<td>&quot; 30 Delegates</td>
<td>800</td>
</tr>
<tr>
<td>&quot;</td>
<td>William Johnston</td>
<td>800</td>
</tr>
<tr>
<td>&quot;</td>
<td>Geo. Walton</td>
<td>2,500</td>
</tr>
<tr>
<td>&quot;</td>
<td>Gen. Rutherford</td>
<td>2,900</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$7,400</td>
</tr>
</tbody>
</table>

1. C.R., XXII. 1009.
Abstract of payments made by the U.S. to State of N.Car. in specie.

1782, May 14 favor of Peter Wallet

Superintendent of Finance.

Paid William Sharpe Sept. 1, 1781 $ 250
   Oct. 1, " 150
   Nov. 19, " 150
   Jan. 5, " 150
   " 23, " 150
   Feb. 25, " 150
   Mar. 19, " $150-1,550
   Jul. 10, " 72.32
   Total 1,972.32

Abstract of payments made by the U.S. to the State of North Carolina in the old emissions.

Amounts of payments made from the 8th. Nov., 1775, to the 19th. Mar., 1782 as per account rendered $2,762,551.08 1/2

1785 For supplies to troops Aug. 6, 1779 4,108
   Articles for officers " 16, " 1,430
1786 Dec. 13- For necessaries for N.Car. troops Nov. 3, 1779 7,000
   For supplies Jan. 29, 1780 6,000
1787 Sept. 3 - For error in favor of North Carolina. 70
   Total $2,780,959.08 1/2

1789

To Gen. Assembly, Gentlemen: - Herewith is an account and receipt from one of Commissioners appointed by last Gen. Assembly to finally liquidate the accounts of this State with the United States.

For Cont'l. and Militia troops, Cont'l. Brigades, services, supplies etc. Specie.

   Specie.
   Currency.
   £2,476,945-10-10 $11,001,878-5-0

With the foregoing you have also a copy of the receipt of the Cont'l. Treas. of Loans in this state to the Comptroller for 5,066,061 Cont. dollars.
APPENDIX.

J.

The State of North Carolina in account with the U.S. for their quota of taxes in the Old Emissions.¹

Dr.

1777

Nov. 22 To quota of the 5 Million Tax 250,000

1779

Jan. 4 To ditto ditto 15 " " 1,090,000
May 21 " " " 45 " " 3,270,000
Oct. 7 " " " 15 Mo. Tax for Jan. and Feb.'80 2,000,000

1780

Mar. 13 " " " 15 Million Tax from the first of March, 1780 to the month of April, 1781 inclusive, 14 months at 1,000,000 per month

To Balance per Contract

14,000,000

$20,610,000

1779

Dec. 4 By draught drawn in favor of Jeremiah Wadsworth 400,000
" 22 " " " Maj. Gen. Greene 200,000

1780

Jan. 1 " " " Jeremiah Wadsworth 750,000
Feb. 9 " " " Stephen Moore 30,000
Mar. 17 " " " William Palfrey 900,000
June 15 " " " Maj. Gen. Gates 100,000

$2,380,000

Balance due U.S.

Total 18,230,000

$20,610,000

See next page.

¹ C.R., XVI. p. 405.
The State of North Carolina in account with the United States for their Quota of the Specie Taxes.

Dr.

1780
Aug. 26 To Quota of 3 Million Tax payable Dec. 31 last $200,000
Nov. 4 " " " that part of the 6 Million Tax to be paid in cash, payable in 4 quarterly payments the second of which is due the 1st. Inst., Aug., 1781. 119,060

1781
Jan. 8 To Quota of the Tax for supplies of prisoners payable the 1st of March last 5,796
Mar. 16 To " " " 6 Million Tax to be paid in four quarterly payments, the second of which is due the first of Sept. next 230,404

Total $555,260

Credited with nothing in specie payments.

James Milligan, A.G.
## APPENDIX

### K.

**Amounts of money paid to and received from the States during the Revolution.**

<table>
<thead>
<tr>
<th>States</th>
<th>Amount in specie paid to State</th>
<th>80ths</th>
<th>8ths</th>
<th>Amount in specie rec'd. from State</th>
<th>90ths</th>
<th>8ths</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Hampshire</td>
<td>440,974</td>
<td>29</td>
<td>5</td>
<td>466,554</td>
<td>60</td>
<td>4</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>1,245,737</td>
<td>25</td>
<td>0</td>
<td>3,167,020</td>
<td>32</td>
<td>4</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>1,028,511</td>
<td>33</td>
<td>6</td>
<td>310,395</td>
<td>21</td>
<td>0</td>
</tr>
<tr>
<td>Connecticut</td>
<td>1,016,273</td>
<td>15</td>
<td>5</td>
<td>1,607,259</td>
<td>31</td>
<td>2</td>
</tr>
<tr>
<td>New York</td>
<td>822,803</td>
<td>6</td>
<td>0</td>
<td>1,545,889</td>
<td>45</td>
<td>0</td>
</tr>
<tr>
<td>New Jersey</td>
<td>366,739</td>
<td>63</td>
<td>1</td>
<td>512,916</td>
<td>23</td>
<td>4</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>2,087,276</td>
<td>15</td>
<td>0</td>
<td>2,629,410</td>
<td>41</td>
<td>3</td>
</tr>
<tr>
<td>Delaware</td>
<td>63,817</td>
<td>5</td>
<td>0</td>
<td>238,878</td>
<td>69</td>
<td>0</td>
</tr>
<tr>
<td>Maryland</td>
<td>609,617</td>
<td>6</td>
<td>5</td>
<td>945,537</td>
<td>39</td>
<td>0</td>
</tr>
<tr>
<td>Virginia</td>
<td>482,381</td>
<td>58</td>
<td>3</td>
<td>1,963,811</td>
<td>7</td>
<td>1</td>
</tr>
<tr>
<td>N.Carolina</td>
<td>789,031</td>
<td>12</td>
<td>6</td>
<td>219,835</td>
<td>79</td>
<td>0</td>
</tr>
<tr>
<td>S.Carolina</td>
<td>1,014,808</td>
<td>23</td>
<td>2</td>
<td>499,325</td>
<td>22</td>
<td>1</td>
</tr>
<tr>
<td>Georgia</td>
<td>679,412</td>
<td>42</td>
<td>3</td>
<td>122,744</td>
<td>52</td>
<td>2</td>
</tr>
</tbody>
</table>

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1. *American State Papers (Finance)* 14, 52.
APPENDIX

L.

Table of issues by the several Colonies. ¹

<table>
<thead>
<tr>
<th>Colony</th>
<th>Issues (in dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Massachusetts</td>
<td>$3,868,000</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>714,600</td>
</tr>
<tr>
<td>Connecticut</td>
<td>1,516,500</td>
</tr>
<tr>
<td>New York</td>
<td>1,161,250</td>
</tr>
<tr>
<td>New Jersey</td>
<td>1,618,000</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>4,325,000</td>
</tr>
<tr>
<td>Delaware</td>
<td>146,500</td>
</tr>
<tr>
<td>Maryland</td>
<td>950,000</td>
</tr>
<tr>
<td>Virginia</td>
<td>128,441,000</td>
</tr>
<tr>
<td>North Carolina</td>
<td>33,325,000</td>
</tr>
<tr>
<td>South Carolina</td>
<td>128,441,000</td>
</tr>
<tr>
<td></td>
<td>$209,524,776</td>
</tr>
</tbody>
</table>

**Totals**

- Massachusets: $3,868,000
- Rhode Island: 714,600
- Connecticut: 1,516,500
- New York: 1,161,250
- New Jersey: 1,618,000
- Pennsylvania: 4,325,000
- Delaware: 146,500
- Maryland: 950,000
- Virginia: 128,441,000
- North Carolina: 33,325,000
- South Carolina: 128,441,000

**Congress**

- Issues authorized: $209,524,776

Total issues authorized: $451,077,156

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