

News—Notes
of the Rhode Island Historical Society

On Tuesday, July 7, 1942, we shall open the John Brown House to our members and the public. Not all of the library and collections have been moved to our new home, but the most frequently used material is now in place.

John Brown House will be open daily from 9 a.m. to 5 p.m.; Tuesday evening from 7 to 9 p.m.; and Sunday afternoon, from 3 to 5 p.m.

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Advanced Instruction in Research and Mechanics at Brown University began in the Old Cabinet, 68 Waterman Street, on June 15, 1942.

Some Recent Accessions

MANUSCRIPTS:

Letter from Rochambeau to Ephraim Bowen, 1780.

Letter from Olney Winsor of Providence, describing a visit to the Washingtons at Mount Vernon, March 31, 1788.

Civil War correspondence, gift of Mrs. George W. Gardner.

GENEALOGIES:

The Virginia Carys, Fairfax Cary (N. Y. 1919).

The Eaton Family of Nova Scotia, A. W. H. Eaton (Privately Printed, 1929).

A Genealogical Record of John Spofford and Elizabeth Scott, J. Spofford, (Boston, 1888).

The Tillinghast Genealogy (Typewritten).

MISCELLANEOUS:

A Venture in Remembrance, M. A. DeWolf Howe (Boston, 1941), gift of author.

Newport Tower, Philip A. Means (N. Y., 1942), gift of author.

The Second Great Awakening in Connecticut, C. R. Keller (New Haven, 1942).

Percussion Colt Revolvers (N. Y., 1942).

The Underground Railroad in Massachusetts, W. H. Siebert (1936).

Old Automobiles. Two scrap books.

The Continental Congress, E. C. Burnett (Boston, 1941).

Dictionary of American History, 6 Volumes (N. Y., 1940).

W. G. R.

RHODE ISLAND HISTORY

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MRS. ABBY (BROWN) FRANCIS (1766-1821)

DAUGHTER OF JOHN AND SARAH (SMITH) BROWN. HER MARRIAGE TO JOHN FRANCIS OF PHILADELPHIA TOOK PLACE IN HER FATHER'S RED BRICK MANSION ON THE HILL, JANUARY 1, 1788.

Silhouette made in London. Courtesy of Mrs. Maurice K. Washburn

ISSUED QUARTERLY AT PROVIDENCE, RHODE ISLAND

Four Hundred Dollars for a Hat When Inflation Raged in Rhode Island

by M. RANDOLPH FLATHER*

One day, in the year 1778, John Howland¹ stopped in at Peter Taylor's hat store in Providence to buy a castor (beaver fur) hat. He tried on several, finally selected one which fitted him, and asked its price. Taylor said it was four hundred dollars, a price which today would certainly be prohibitive, but caused Howland no surprise, because of the depreciated condition of the currency at that time. In any event, Howland said he was on his way home to dinner, but that on his way back he would stop in again, pay for the hat and take it.

An hour or so later he came back with his bundle of money, but Taylor, the hatter, said rather woefully that it would now cost him four hundred dollars for just the material to make a new hat, without any profit to himself. Howland asked him what the price of the hat he had bought should now be, and Taylor said four hundred and fifty dollars. Being a man of high principles, Howland paid him this amount, but stated in leaving he was very glad he had come back when he did because by the next day the price might have been five hundred dollars.

This anecdote is merely an example of conditions in the days of wild currency inflation in Colonial times. The hardships which it ultimately placed upon the people were boundless. According to a *Newport Mercury*² in 1786: "The evils of paper money have no end. Its uncertain and fluctuating value is continually creating new schemes of

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¹ *The Life & Recollections of John Howland*, Edwin M. Stone, 1857, pp. 99, 101.

² *Newport Mercury*, May 15, 1786.

deceit. Every principle of justice is put to the rack . . ."

When King William came to the throne of England in 1689, the one thought in his mind was to diminish the power of France³ under Louis XIV. This he proceeded to do by waging war, and when he died in 1702, Queen Anne, aided and abetted by Marlborough, carried on. The colonies were called on for aid, either in men or ships or both, to participate in expeditions against Port Royal in Acadia, Louisburg on Cape Breton Island, and others. Rhode Island responded with alacrity, and for many years the Colony was pervaded with a martial spirit.

But wars and expeditions are expensive, and by 1710 the Colony was staggering under the cost of its military undertakings. Money had to be got somewhere, so in that year, during the governorship of Samuel Cranston, the Legislature voted its first issue of paper money. The individual pieces were called "bills of credit" and the total amount was £5000. To insure redemption, an annual tax of £1000 was laid for the period during which the bills were to be outstanding, which was five years. With the proceeds of this printing of money the Colony paid its war debt.

In this first issue of bills of credit there was not, in itself, any harm. The trouble was not that it was economically unsound, but that it showed the people how easy it was to pay one's bills simply by starting the printing presses. This evil showed itself five years later in 1715 when the first "bank"⁴ of £30,000 was issued.

The distinction between bills of credit and banks should be clearly understood. Bills of credit were secured by a tax levy providing funds for the amortization of the issue over a given period of time. Banks were secured by mortgages on land. Any person wishing to supply himself with money could mortgage his land to the Colony and receive currency.

³ *Rhode Island — A Study in Separatism*, Irving Berdine Richman, 1905, pp. 67, 74, 78, 83.

⁴ *A Brief Account of Emissions of Paper Money*, Elisha R. Potter, 1837, pp. 5, 9.

Upon this loan he was supposed to pay interest at the rate of 5% and to repay the principal in ten years.

There were several fallacies in the scheme, but the major one was that the land was of little value in foreclosure. Land in the rural areas, and since the Colony was but sparsely populated it was nearly all rural, had virtually no sale value. Attempts, therefore, to collect the loans were without real authority and were half-hearted in nature.

Records⁵ indicate that in 1728, three years after the first bank should have matured, the loan was extended to thirteen years and then ten years more were allowed for repayment without interest beyond the first thirteen years.

In 1721, before even a start had been made toward the repayment of the first bank, a second bank was issued, and the situation began to take on the traditional attribute of a snow-ball rolling down hill.

It is not surprising that the people began to doubt the value of currency issued under such conditions, with so little apparent collateral value behind it, and with so little financial wisdom in the government that issued it. Depreciation began, — depreciation in terms of purchasing power, and depreciation in terms of "hard," or metallic money. Silver, for example, which had been worth eight shillings an ounce had risen to twenty shillings an ounce by 1731.

Meantime, the people of the Colony had become sharply divided into two parties. The shipping interests, largely centered in Newport, were being severely hurt by the decline in value of the local currency. The landowners, or Agriculturalists, as they were called, were, on the other hand, being benefited, and unfortunately this class was numerically stronger.

Between 1715 and 1786, there were ten banks, but space does not permit a description of them. It was a stormy period in which orgies of wild inflation were followed by periods of reform. Counterfeiting¹¹ was common in spite of

⁵ *A History of American Currency*, William G. Sumner, 1874, pp. 1, 18, 51.

severe penalties such as whipping, imprisonment, and the cropping of ears. Even the penalty of death was provided, but there is no evidence that this extreme punishment was ever enforced.

An appeal was addressed to the King of England to stop the inflation of Rhode Island money. At first he declared himself powerless to help, but later, in 1751, Parliament passed an act forbidding all further banks, and permitting the issuance of bills of credit for but two objects: current expenses of the Colony and expenses arising from the exigencies of war. After this the paper money situation in Rhode Island quieted down. A proposed bank of fifty thousand pounds was never issued, nor were there any more sums issued as loans or banks while Rhode Island remained a dependency of the British Crown.⁹ In 1763, at the end of the struggle for Canada, gold and silver coin were made by act of the Assembly the only lawful money in the Colony. The recovery by Rhode Island of sanity upon the money question was remarkably swift. Moreover, throughout the War of the Revolution, Rhode Island maintained its good reputation. In 1776, it accepted with great docility the recommendation of a committee of the New England states to emit no unnecessary bills of credit, but rather to levy taxes or borrow, and, in 1780, acting upon a resolution of the Continental Congress, it passed a measure equitably adjusting between debtor and creditor the complexities growing out of the Continental currency.

However, Rhode Island was not yet through with its paper money. In 1786 the State indulged in one last wild spree which was the worst of any. In May 1786 the agricultural party carried the election.⁶ The new Assembly contained seventy members, forty-five of whom had not appeared on the rolls of the previous session.⁷ Neither the governor nor the deputy governor was re-elected. William

⁶ *Providence Gazette*, May 6, 1786.

⁷ *Rhode Island and the Formation of the Union*, Frank Greene Bates, 1898, pp. 123, 143.

Greene of Warwick was replaced by John Collins of Newport as Governor, which, at first glance, is surprising since Newport had been the stronghold of the hard money party in the days of great shipping. However, it must be remembered that Newport was struck a blow by the War and the occupation by the British from which it never recovered.⁸ More than half the population had moved away, and the ships which had provided the city with its life blood either had been sunk or had sailed away to other ports.

No sooner had the new Legislature convened than it passed a bill providing for the emission of £100,000 in paper money. This was the tenth,⁹ and, as it turned out, the last Bank.

As soon as the money was in circulation it began to depreciate in value, so the legislature passed another act in an attempt to maintain its value.¹⁰ This act forced creditors to take the money at its face value in payment of a debt when it was offered to them. If the creditor refused to receive the money in payment, the debtor applied to a judge of the Court and paid the money to him. The judge then notified the creditor to come and get his money within ten days. If he did not do so, the facts were advertised in the press for three weeks and at the end of that time the debtor was discharged of his debt.

Under such legislation it may not be wondered that creditors took every means possible to elude their debtors. Here was a situation completely in reverse of normal. Here were men attempting to avoid being paid back money which they had previously loaned. Instances¹¹ are related of creditors leaping from the rear windows of their houses, or hiding themselves in their attics, to avoid receiving payment of their loans.

⁸ *History of the State of Rhode Island and Providence Plantations*, Samuel Greene Arnold, 1860, II, 447.

⁹ *Providence Gazette*, May 13, 1786.

¹⁰ *Providence Gazette*, July 8, 1786.

¹¹ *Rhode Island Historical Tract #8*, Potter & Rider, 1880, pp. 51, 62, 63, 90, 108, 120, 121.

Of course, the higher type of resident disapproved of the action of debtors in forcing payment in depreciated currency. In fact, in 1789 the Rhode Island State Society of the Cincinnati¹² expelled Joseph Arnold of Warwick for a "Tender of the paper Currency for a specie demand notwithstanding the most pressing and repeated admonitions to the contrary." David Brown of Johnston, a member of St. John's Episcopal Church, was excommunicated for a similar offense.

The death knell to paper money in Rhode Island was sounded by the famous law case of *Trevett vs. Weeden*.¹⁴ John Trevett purchased a piece of meat of John Weeden, a butcher in Newport, tendering in payment therefor paper money which Weeden declined to receive. Complaint was made to the Hon. Paul Mumford, Chief Justice of the Superior Court. Weeden was immediately arrested and tried for the offense. He was extremely poor but in spite of this the ablest counsel in the State were provided for him. These were the Hon. Henry Marchant and General James M. Varnum. The defendant was charged with violation of the statute requiring sellers of goods to accept paper money. The charge was met with a three-fold plea:¹³ first, that the statute had expired (a technical contention based on the ambiguous wording of the act); second, that the matter complained of had been made triable before a special court uncontrolled by the supreme judiciary; and third, that the statute was unconstitutional and void, because by it there was denied to the defendant the right of trial by jury.

The first two points of the plea for the accused were dwelt upon briefly. The third, — that of denial of trial by jury, — was elaborated exhaustively and with deep feeling. It was James Varnum's contention that trial by one's fellows (the mode of trial secured to every Englishman by Magna Charta) had been established in Rhode Island by the charter of the Colony, which provided that the inhabitants "should

¹² *Rhode Island Society of the Cincinnati Record Book # 1*, pp. 52, 54. Arnold was reinstated, long after his demise.

have and enjoy all liberties . . . of free and natural subjects . . . as if they were born within the realm of England." The fact that Rhode Island was no longer a Colony of England had no bearing on the matter. The other point stressed by Varnum was: Who, in a given case, was to decide whether an inhabitant — a citizen — had been deprived of a chartered right? To quote Varnum's words, "Have the judges a power to repeal, to amend, to alter laws, or to make new laws? God Forbid! In that case they would become legislators." "But," he continued, "the judiciary have the sole power of judging of laws . . . and cannot admit any act of the Legislature as law which is against the Constitution."

Here was the whole case for the accused, and it was a strong one.

In rendering their decision, the judges waived the constitutional point and fell back upon the second plea, namely, that the complaint had been made triable before a special court and that the Superior Court lacked jurisdiction. It therefore dismissed the case.

The decision, construed as it was as a vindication of both Weeden and of honest money, hit the State with terrific impact. Rhode Island's individualistic democracy was shocked profoundly. Was it true that in Rhode Island the ruling element was no longer the people? Were judges more powerful than the General Assembly? Not so long as the General Assembly was composed of red-blooded men! Paul Mumford, Joseph Hazard, Thomas Tillinghast, Gilbert Devol, and David Howell — the five judges who had heard the case — were summoned to appear before the Assembly to defend themselves. The summons recited that the court had declared an act of the supreme legislature unconstitutional and void, and by so doing "tended to abolish legislative authority."

The judges chose David Howell, the youngest of their number, a Princeton graduate, and the only trained lawyer of the court, to represent them. He explained that the act had not been declared unconstitutional, but, at the same

time, proclaimed it the right of the bench to pass upon the constitutionality of any legislative act. There were several stormy sessions and many heated words, but, at length, the judges were acquitted and allowed to continue in office. However, it is notable that at the election of State officers in the following year, in the Spring of 1788, the only member of the court re-elected was the Chief Justice, the Hon. Paul Mumford. Mumford had not taken part in the decision, whereas, the four other judges who gave the decision were not continued in office.

However, this action against the judges proved to be only the dying convulsion of the paper money party. In 1789, the legal tender statute of 1786 was repealed, and in 1793, the Assembly declared gold and silver to be the only lawful money in the State. From then on, Rhode Island managed her money matters so well that she was above reproach.

Book Review

THE SWORD ON THE TABLE

By Winfield Townley Scott

Norfolk, Conn. New Directions Press, 1942. Pp. 28. Cloth \$1.00. Paper 35 cents

New Directions, which is the publisher of "The Sword on the Table," has produced a valuable and interesting group of books of poetry in its series called "The Poet of the Month." The list is catholic and inclusive, the price reasonable, the printing and design of a sustained excellence and variety. They (a polite generalization of the name of James Laughlin) have made no mistake in adding Mr. Scott's book to their second year's list. The book is well designed, the Scotch Roman type is clearly legible, and the content is apt (particularly for Rhode Islanders) and well written. Dorr's Rebellion occurred one hundred years ago: its results were great and worthwhile: it reflects in a rather terrible manner the continuing struggle in which we now find ourselves — the struggle to assure all men everywhere an equal share in freedom of opportunity and responsibility.

If one excludes the military prowess of General Greene, the somewhat dubious fame of General Burnside, the brilliant but brief career of Commodore Oliver Hazard Perry and the remarkable but now ironically moot achievement of his brother Matthew, one is left to discern in Rhode Island history only two men of that outstanding quality which has per-