

CRISIS 1780-1790--TO RATIFY OR NOT TO RATIFY

By EVELYN M. WALSH

IF MONEY is considered to be the root of all evil, it is also frequently the cause of much disagreement in high places. In the practical ideology of the Rhode Islanders of the post-revolution decade, it was only money that caused them to fail to join the Republic for which they had fought so valiantly.

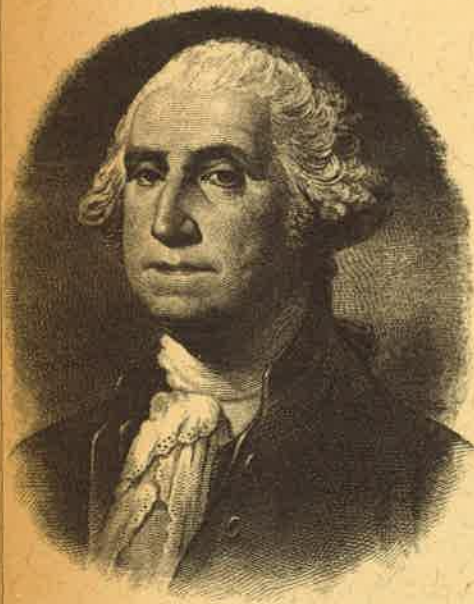
It is a commonplace of American history that Rhode Island was the first colony to renounce its allegiance to the Crown of Great Britain and the last to surrender that sovereign independence to the United States under the Constitution of 1789. Of course Rhode Island had been quick to cooperate with her neighbors in striking back at British tyranny and driving the enemy from her soil. She had recognized the need for united effort and readily joined the confederacy or firm league of friendship which was the United States of America under its first constitution, the Articles of Confederation. But peace is ever a solvent of wartime unities. Rhode Island's reluctance to acknowledge a commitment to the union was demonstrated between 1781 and 1786 in her repeated refusal to grant Congress the power to lay an impost.

Rhode Island had been, in effect, an independent republic long before the Revolution began and it was entirely in keeping with her tradition that she should exhibit the most recalcitrant and stubborn spirit of anti-federalism thereafter. Visitors to the colony were invariably impressed to find a government responsive directly to the electorate and contemptuously indifferent to imperial authority. "The government of this province is entirely democratic . . ." Rev. Andrew Burnaby observed in 1760. The traveler was scandalized at what he described as the pernicious effect of such license — a lawless populace and a corrupt magistracy. Not only were they cunningly deceitful in their illicit trade, he complained, but they were wretched enough to brazenly contrive an emission of paper money for the sole purpose of defrauding creditors. The clergyman's observations were superficial in character and colored by the views of a small royalist faction who were undoubtedly his hosts in Newport. But he clearly sensed the spirit of particularism which made Rhode Islanders as rudely indifferent to their neighboring provinces as they were to His Majesty's revenue and naval officers.

The elements of the quarrel over final ratification of the Constitution of 1789 were all present in pre-Revolutionary Rhode Island: the long habit of self-government with only a nod to external authority; a predilection for solving fiscal and currency problems by paper emissions (effectively curbed by Parliamentary Acts of 1751 and 1764); and a clear recognition of the necessity to control the regulation of trade upon which the economic survival of the colony rested.

When the Constitution of 1789 forbade the states to "coin money; emit bills of credit; make anything but gold and silver coin a tender in payment of debts . . .," it resolved permanently one of the most critical problems of authority which had plagued American economic life during the eighteenth century. Perhaps this clause more than any other justified for Rhode Island Federalists the loss of precious sovereignty and the forfeiture of control over the regulation of trade implicit in the ratification of the Constitution. A crisis had developed in Rhode Island politics in the spring of 1786 which resulted in the capture of the state government by a paper money party. This faction had a strong anti-federalist bias and it succeeded in thwarting the constitutional movement in Rhode Island for almost four years.

Historians have long puzzled over the precise character of those interest groups which divided every state over fiscal problems during the critical period. Recent scholarship demonstrates conclusively that it is folly to attempt to explain conflicting interest groups in such arbitrarily simplistic terms as creditors vs. debtors, or merchants vs. farmers. The studies of Professors James B. Hedges and Forrest McDonald of Brown University which bear upon the problem of ratification in



He urged Rhode Island to ratify the Constitution.

Rhode Island indicate the need for a more discriminating examination of the nature of the groups involved than has generally been suggested in the past.

The war left an enormous burden of public debt, much of which took the form of federal and state securities. Interest on the debt was payable in silver, and state governments were forced to increase taxes to obtain the needed specie at a time when post-war depression and an acute specie shortage combined to make the payment of such taxes intolerably oppressive. Such conditions explain the appearance of paper money parties. Seven states including Rhode Island adopted paper in some form by 1786. Paper offered a panacea to those hard-pressed to meet tax and other obligations.

In Rhode Island, a special group of promoters of the paper money scheme were the holders of state securities. Jonathan J. Hazard of South Kingstown was the ringleader who saw an opportunity for the State to meet its debt obligations in paper and at the same time relieve the tax burden on landholders. Hazard attracted support from political leaders of those country towns like his own which were having difficulty meeting tax obligations in specie. Benjamin Arnold of Coventry, John Sayles of Smithfield, Joseph Stanton of Charlestown, Job Comstock of East Greenwich, Samuel Potter of South Kingstown, and Daniel Owen of Gloucester were among those who fell in quickly with Hazard's plan. They hoped to persuade the electorate to retire the state debt in paper money. Their success seemed assured because the state debt was widely dispersed among the people and the funding of the debt a popular issue.

The bulk of federal securities held in Rhode Island, as Professor McDonald has so admirably demonstrated in *We the People*, was owned by a small number of individuals, most of them Providence merchants. Nicholas and John Brown, Thomas Jenkins, John I. Clark, Joseph Nightingale, Zachariah and Phillip Allen, Joseph and William Russel, and Jabez Bowen were among them. The merchants were politically powerful and dominated the governments of port towns and the State until they lost their grip on the legislature in the May election of 1786. Before 1786 they had stubbornly resisted attempts by Congress to win authority to lay duties on trade, but now a far greater danger loomed. The paper money scheme posed a threat to trade but it also promised to wipe out the annual income in silver paid by the State in interest to those fortunate few who held continental loan office certificates. The merchant-speculators in federal securities now looked for relief to the national government. These were the nucleus of Rhode Island Federalists.

The critical juncture came in February, 1786, when a paper money proposal was defeated in the General Assembly. The legislature then proceeded to adopt a most extraordinary measure. It reversed its earlier opposition to a federal impost and agreed to grant to the Congress of the United States the qualified right to impose a 5 per cent duty on all foreign imports "for the particular purpose of paying the principal and interest of the debt." The interested parties seem to have been creditors of the United States.

So great was the popular indignation at this rebuff, the paper money party led by John Collins of Newport swept the elections easily in May. The reason for popular resentment is apparent in the instructions of the Town of Smithfield to its delegates on this occasion. The Town demanded a halt to the practice of paying a handsome annual interest in silver to holders of federal securities and called for repeal of the federal impost law which the freemen of Smithfield regarded as just another means of ensuring the payment of interest and principal on the United States debt. While the new party to power condemned the narrow self-interest of their predecessors they proposed a program equally calculated to promote selfish ends.

In its May session, 1786, the General Assembly passed a law for the issuance of a hundred thousand pounds in paper money to be loaned by the state at interest to borrowers who would use real estate as collateral. The paper was to be legal tender for the payment of taxes and other obligations, public and private. The state was free to use the paper in funding its own debt and the legislature speci-

T H E
C A S E,
TREVETT against WEEDEN:

On INFORMATION and COMPLAINT, for refusing
Paper Bills in Payment for *Butcher's Meat*,
in Market, at Par with Specie.

Tried before the Honorable SUPERIOR COURT,
in the County of Newport, September Term, 1786.

A L S O,

The Case of the Judges of said Court,

Before the Honorable GENERAL ASSEMBLY,
at Providence, October Session, 1786, on Citation, for dissent-
ing from Complaint.

Wherein the Rights of the People to Trial by Jury, the
Bills and Resolutions, and the Legislative, Judiciary and
Executive Powers of Government examined and defined.

By JAMES M. FARNUM, Esq,
Major-General of the State of Rhode-Island, Esq. Counsellor at
Law, and Member of Congress for said State.

PROVIDENCE: Printed by JOHN CARTER. 1787.

*Refusal to accept paper money caused
trouble.*

fically provided that interest on the continental debt was also payable in paper. The plan might have worked if it had been possible to prevent depreciation. The legislature used every device to force its acceptance. Debtors were permitted to lodge the payment of debts with the courts, leaving reluctant creditors the option of accepting the lodged money (paper) or forfeiting the debt. Fines and disfranchisement were promised all who refused to accept the paper as legal tender. Most drastic of all — offenders might be tried without benefit of jury.

The tender law was tested in the state Superior Court in the celebrated case of *Trevett v. Weeden*. Although the Court found it unconstitutional, the tender law with its statute of limitations remained in effect until the end of 1789. It was not repealed until the state debt had been completely funded. Thus, at least one of the purposes of the paper money issue of 1786 had been effected.

The relation between the state debt and the continental debt seems to have been critical to the whole question of paper money in Rhode Island and the ratification of the Constitution. Those who were creditors of the United States as holders of continental securities had most to lose if indents on those securities were converted from silver to depreciated paper. They were merchants whose obligations to distant creditors could not be discharged in local paper. They fought hard to discredit the paper, to force its depreciation, and to achieve the ultimate repeal of the tender law. They worked just as diligently during the same years between 1786 and 1790 for the strengthening of the central government and for the adoption of the Constitution which would forever deny to the states the right to "coin money. . . ."

The popular party entrenched in the legislature refused to send delegates to the Constitutional Convention in 1787. Their plan for the retirement of the state debt was only beginning to operate in that year and they had no thought of concession until it should be complete. Governor Collins explained that the legislature did not elect delegates out of a tender regard for the liberties of the people who alone could elect representatives with authority to amend the fundamental law. The same excuse was offered for the failure of the General Assembly to call a ratifying convention when Congress referred the Constitution to state conventions in the fall of 1787. After some procrastination the Assembly referred the Constitution to the individual towns to be voted on in town meetings. Supporters of the Constitution deliberately stayed away from the polls in a number of towns, but the popular referendum resulted in a stunning victory for the anti-federalists by a more than ten to one margin. It was clear that the electorate wanted no innovations.

The months stretched into years as repeated motions by friends of the Constitution to call a ratifying convention were defeated in the General Assembly. In the meantime, the Constitution was ratified by the required number of states and a new government of the United States was inaugurated in the spring of 1789. Providence merchants were alarmed at the threat of exclusion from the commerce of the United States. President James Manning of Rhode Island College (later Brown University), Benjamin Bourne, Thomas Arnold, Nicholas Brown, Theodore Foster, Welcome Arnold, and John Brown were appointed by the town meeting to draft a petition to Congress pleading forbearance. Many of these men had repeatedly been the town's petitioners to the General Assembly for relief from the tender law and for the calling of a ratifying convention. Now the paper money party showed signs of weakening. By the end of 1789 the tender law was repealed.

In January, 1790, Benjamin Bourne, representative of Providence in the Assembly, moved for a convention. For the first time the motion carried. The Senate rejected the resolution on the first vote but on the following day deadlocked in a tie. Governor John Collins, for four years titular head of the paper money party, reversed himself on the question of the Constitution and cast his vote in favor of the convention to break the tie. The decision cost Governor Collins his office, because his party rejected him in the elections of April, 1790.

The convention met in South Kingstown in March but the session was abortive. The opposition was still strong and strove for postponement. The delegates quar-



Signing the Constitution.

reled over amendments but resolved nothing. At this point, another leader of the paper money party alienated himself from the group. Jonathan J. Hazard of South Kingstown, the original organizer of the party, differed on the slavery issue from an influential group of his followers who were abolitionists. John Sayles, Joseph Stanton and Job Comstock were among them. The convention ended in adjournment but the political career of Jonathan Hazard, like that of Governor Collins, had ended.

When it met again in Newport in May, 1790, the convention succeeded at last in ratifying the Constitution, but by a margin of only two votes. To the end, Rhode Island remained stubbornly unyielding to the yoke.

After so long a struggle, one might enquire why the popular party finally capitulated. Was it fear of ostracism and isolation? The new federal government demonstrated a firm purpose of dealing with Rhode Island as a foreign power. Was it fear of an intent voiced in many quarters since 1787 to dismember the reluctant rebel and permit neighboring Massachusetts and Connecticut to absorb her? The traditional independence of Rhode Islanders seemed scarcely shaken by such veiled threats.

The danger was more real and present in May, 1790, when the town of Providence notified the convention sitting in Newport of its intention to secede should the convention fail to ratify. Providence was represented at the convention by Jabez Bowen, Benjamin Bourne, John I. Clark and William Barton. Their instructions, adopted in town meeting, had been prepared by John Brown, Welcome Arnold, John Dorrance, Gershom Jones, Jeremiah Olney, George Benson, Zephaniah Andrews, Joseph Nightingale and Daniel Cooke.

Providence would sue Congress for admission to the Union independently of the rest of the state and would urge other mercantile towns to do the same if the convention failed. Without Providence, which had become both the economic and political hub of the state since the Revolution, no independent state government would be possible. If any threat could have coerced the stubborn delegates sitting in convention, surely the secession of Providence must have been decisive.

Yet another consideration may have influenced some votes. By May of 1790 the news was already abroad that Congress was discussing assumption of state debts as well as the funding of the national debt. Such a policy promised to benefit those who had already been paid in the state's depreciated paper. Whether this inducement may have influenced any anti-federalist voters to swing to the Federalist side would be difficult to judge. Certain it is that the delegates of only six towns shifted to join those who had favored the Constitution since 1787.

The margin of victory for the Constitution of the United States in Rhode Island was the margin of a single town's delegates. Stubborn to the last, Rhode Island yielded more to the United States than any other of the thirteen original colonies when she yielded her precious independency, her predilection for issuing paper money, and her jealous interest in the control of trade.