



Unit 2A Part 2: America under the Articles of Confederation



1



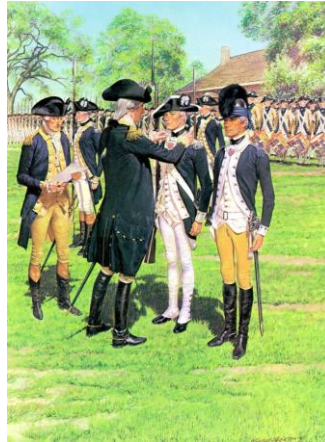
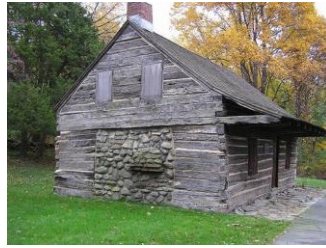
Financial Problems

- Congress had no authority to tax
 - Meant nation also couldn't raise an army
 - Had to ask states for money (or soldiers)
- A stable government has to be able to tax
 - **Superintendent of Finance Robert Morris wanted a federal bank to manage taxes and debts**
 - Failed because all states had to agree to amend the Articles
 - Local interests & fear of central authority were strong

2

Newburgh Conspiracy

- In 1783 Washington's army was encamped at Newburgh, NY
 - Pay from Congress was late (as usual) and many feared promised land bounties & pensions would never be honored
- Some nationalists decided to use threat of a military coup to force the states to give up more power
- Washington learned of the plan
 - Although he sympathized with Hamilton, he was deeply convinced that a military coup would be dishonorable and dangerous



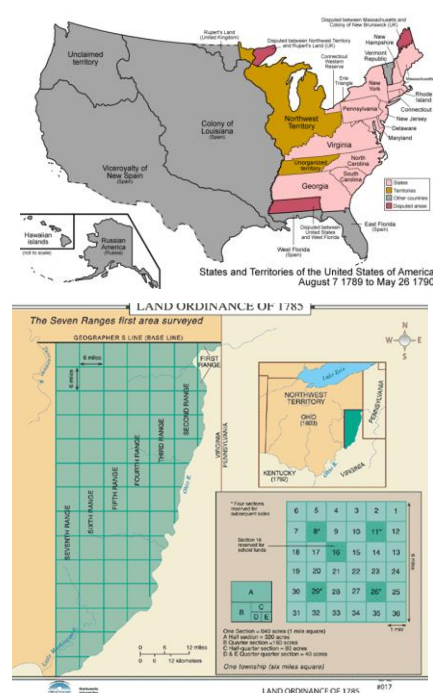
3

- He confronted the plotters and in an impassioned speech convinced his officers to stop the conspiracy
- Washington resigned his commission later that year (after the Treaty of Paris was signed) and returned to private life
- Set precedent of civilian control of military



4

Land Policy

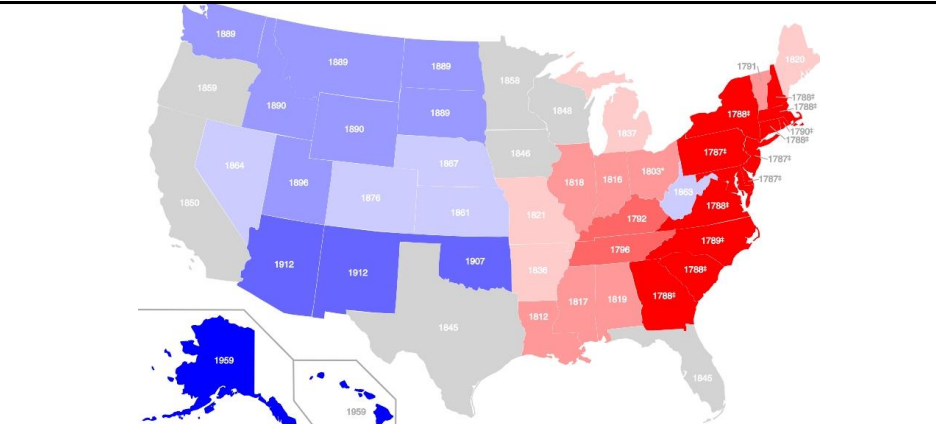


The top map shows the States and Territories of the United States of America from August 7, 1789, to May 26, 1790. It includes labels for Unclaimed territory, Colony of Louisiana, and various states like Virginia, North Carolina, and Georgia. A legend identifies colors for States, Territories, Other countries, and Unsettled areas.

The bottom map, titled "LAND ORDINANCE OF 1785", shows "The Seven Ranges first area surveyed" with a grid of townships and sections. It includes a scale bar (0 to 12 miles) and a legend for section sizes: One Section = 3600 acres (36 miles squared), One Township = 360,000 acres (360 miles squared), and One Township = 36 miles squared.

- One of the few successes of the Articles of Confederation
- Land Ordinance of 1785
 - Set up plan to sell land in the frontier
 - Land would be surveyed and divided into six-square mile townships
 - Those were divided into lots of 1 square mile, which were sold at auction
 - Auctions favored land speculators instead of commoners
 - But they raised much needed money for the federal government
 - Part of the income from sales was reserved for the support of public schools

5



The map shows the dates of statehood for each state in the United States. States are color-coded by year: blue for 1787-1800, red for 1800-1845, and grey for 1845-1959. Alaska and Hawaii are shown in blue, indicating they became states in 1959.

- Northwest Ordinance of 1787
 - Set up the system by which new territory would become a state
 - First a territory was subject to a governor & judges chosen by Congress
 - When a territory had 5,000 citizens it could choose an assembly
 - When a territory reached 60,000 citizens it could draft a state constitution and apply for statehood

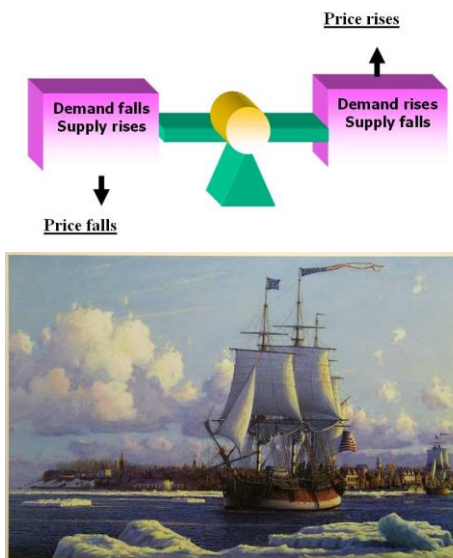
6

- Important elements
 - Bill of rights for territories
 - Religious freedom, proportional representation, habeas corpus, etc.
 - Excluded slavery from the Northwest
 - Established that new states in the west would be admitted as full equals to the states on the coast
 - **Sharp break from European model; no new American colonies in the west**



7

Trade and the Economy



- America experienced an economic depression
- The principle of free trade gained favor in Britain and America by the end of the war
 - **Adam Smith's *Wealth of Nations* argued against mercantilism**
 - **Wanted laissez-faire instead (free trade)**
- By 1790 American merchants opened new markets in Europe and Asia, and the economy surpassed pre-war levels

8

Diplomacy

THE NORTHERN FRONTIER
1783 - 1812

● POSTS IN U.S. TERRITORY HELD BY BRITISH UNTIL 1796
X ENGAGEMENT WITH INDIANS

0 100 200 MILES

America's Heartland
Wilderness Rivers

- The manifest weakness of the American government encouraged others to take advantage
- Great Britain kept forts on our soil
 - Said we had not paid prewar debts to British creditors or compensated Loyalists
- Spain controlled New Orleans, and closed the Mississippi to American commerce
 - Access to the river was crucial to western farmers

9


More problems for Confederation

- States set their own tariffs
 - taxed goods that went across state lines
 - Caused trade wars between states
- Urban artisans and manufacturers preferred a *uniform* protective tariff against British goods
 - Would encourage citizens to “buy American”

If you want to sell Virginia produce in Massachusetts, you'll have to pay a high tax first

Fine! I'll just put a high tax on your Massachusetts rum and fish! No one here will buy your goods!

10

- Currency shortage prompted calls for paper money
 - If you were a farmer who was in debt then paper money was good
 - More  = inflation, which means DEBT
 - If the government suddenly decided to print \$50 trillion extra dollar bills and hand them out, what would happen to the value of the dollar?
 - If you were a creditor you wanted hard currency, not a piece of paper
 - **Imagine loaning someone \$20 in 1950, and being paid back \$20 today. Did you really get your money back?**



11

- Seven states started printing their own money in 1785-86 & used it to pay war debts
 - Rhode Island printed more money than any other & declared it legal tender for all debts
 - Creditors fled the state to avoid being paid in worthless paper

Hey, thanks for loaning us money for college. How about we pay you back with this & call it even?

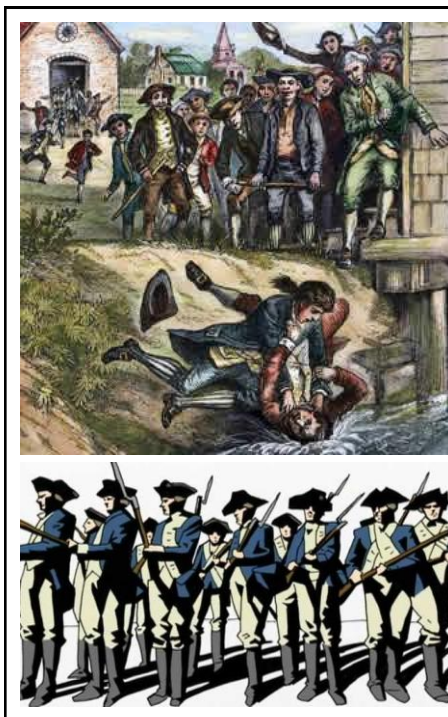
\$100,000
in Happy
Money



12



13



Shay's Rebellion

- In contrast to RI, Mass. had avoided paper money & used high taxes to pay off its war debt
- Farmers in western MA rebelled, led by poor war veteran Daniel Shays
 - Demanded paper money, lower taxes, & suspension of foreclosures
- State responded with a privately funded militia force
 - Congress had been unable to respond
- Militia quickly scattered the army of debtors

14

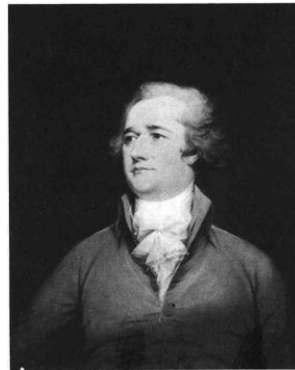
- Conservative Americans panicked & feared Shay might inspire others
- Advocates for stronger government called for a convention to revise the Articles
 - Bankers, merchants, & artisans wanted to avoid anarchy
 - Other Revolutionary leaders thought tyranny might come from commoners unless their power was checked
 - They agreed that a government couldn't depend on public virtue



15

Annapolis Convention

- In 1786 state delegates met in Annapolis to discuss problems with trade
 - Alexander Hamilton called for a new convention in Philadelphia to fix the Federal government



16