

in 1784. This law gave settlers a great deal of autonomy in establishing a territorial government. The Northwest would be divided into seven districts, with the settlers of each to govern themselves by choosing a constitution and laws from any of the existing states. When any district reached the population of the smallest of the original thirteen states, it would be admitted as a state to the Confederation on equal terms. Congress retained responsibility for selling the public lands.

The second ordinance, passed in 1785, set the rules for distributing lands. The influence of speculators was apparent, for the minimum price of a lot was \$640, payable in specie or its equivalent, a sum far beyond the means of many potential settlers. All property would be surveyed before sale, laid out in townships 6 miles square. Each lot would contain 640 acres, sold at a minimum of \$1 per acre, with better land offered at a higher price. The government retained lots for public schools and for distribution to Revolutionary War veterans. Because of the relatively high cost, Congress found few individual buyers. In fact, many land-hungry squatters simply set up their farms without government approval, sometimes purchasing rights from neighboring Indians, sometimes not. So Congress accepted a deal offered by a group of New England speculators, the Ohio Company, agreeing to sell them 1.5 million acres for \$500,000 in depreciated bonds, or less than ten cents per acre in hard money. Given the Confederation's debt, the sale was welcome.

Congress further cooperated with the Ohio Company in drafting the **Northwest Ordinance of 1787**. In response to speculators' demands, the law established firmer congressional control over the territory, providing settlers less self-government than under the 1784 ordinance. Initially a governor, secretary, and three judges appointed by Congress would administer the government. When five thousand adult males resided in the territory, they could elect an assembly, but the governor held a veto over its actions. Men were eligible to vote if they owned at least fifty acres of land. Three to five states would be created from the Northwest Territory, with each state qualified to enter the Union when its population reached sixty thousand. New states would have equal status with the original thirteen. The ordinance of 1787 also included provisions for individual rights that the Congress and the Ohio Company hoped would attract purchasers from New England. The ordinance protected private contracts, religious liberty, trial by jury, and habeas corpus (protection against illegal imprisonment). It prohibited slavery from the region forever. Thus, while catering to the interests of speculators, the Northwest Ordinance also extended rights won during the Revolution to new settlers in the West. Further, it limited the spread of slavery and determined that western territories would achieve the status of states rather than remain colonies.

POLITICAL AND ECONOMIC TURMOIL

*A. Vocabulary
Tool*

Political strife under the Articles of Confederation disappointed Americans who had high hopes for their republic. Instead of harmony, economic interests clashed; the states failed to satisfy everybody. Many elites thought the United States was becoming too democratic and anarchic. As farmers revolted, government failed to control the violence, and some legislatures approved the insurgents' demands.

Creditors Versus Debtors

As a result of the postwar depression, farmers throughout the United States faced economic hardship. Many had eagerly

Depression