

*indebt*  
*in-clos*  
*W Indies*  
*specie!*  
*Court ↑*

purchased British manufactures, expecting to pay for the new clothes and consumer goods by selling their grain and livestock to the West Indies. British merchants offered easy credit to stimulate sales; American merchants and shopkeepers passed the credit on to farm families, who would pay with the fall crop.

*State tax*  
*speculator*  
*high tax*  
*Court sells*

This house of cards collapsed when the British government closed the West Indies to American ships. English mercantile houses called in their debts in specie only, starting a chain of default that extended from London to the frontier. Americans lacked the gold and silver that the British demanded, but merchants refused to accept payment in farm products because they had no market for the goods. So they took farmers to court: in many places, the number of debt cases rose dramatically. For example, in Hampshire County, Massachusetts, the court heard three thousand debt cases between 1784 and 1786. Almost one-third of the county's adult males were prosecuted for insolvency.

State governments aggravated the situation by imposing taxes to repay war bonds in full, a policy that worked to the advantage of wealthy speculators who had bought up the bonds from farmers and artisans at a large discount. The Massachusetts government particularly favored mercantile interests, levying on farmers high taxes that also had to be paid in specie. When farmers defaulted, the courts sold their land and cattle, often at only one-third to one-half value. If their assets failed to cover the debts and back taxes, the farmers were imprisoned until they or someone else paid the sum. Often men sat in crowded jails with insufficient ventilation, heat, or food because they owed small debts. Ordinary folk became angry as they feared imprisonment and the loss of their farms.

*Mass.*

Farmers Demand Reform

Protesters mobilized as they had in the pre-Revolutionary period, at first meeting in county conventions to draw up petitions to the state assembly. In Massachusetts, they demanded changes in the state constitution to make the government more responsive to their needs and less costly to run. They wanted abolition of the state senate, which represented the commercial elite; lowering of property qualifications to hold office; and transfer of the capital from Boston to a more central location. Inland towns found it difficult to send representatives to the assembly because expenses were so high. The farmers also demanded paper money and tender laws, the latter enabling them to settle debts and taxes with goods rather than specie. Both would ease the credit crisis. During the Revolution, the yeomen had benefited from inflation and were able to pay off prewar debts with cheap dollars. While they stopped short of demanding a return to high inflation, they hoped for a gentle upswing in prices and a larger money supply to help them settle their debts.

*Some States*

When state legislatures emitted paper money or passed tender laws, as in Rhode Island, North Carolina, New York, and Georgia, little unrest ensued. In Rhode Island, political parties channeled conflict, for after the Country Party ousted the Mercantile Party in spring 1786, the new assembly issued paper money with stiff fines for creditors who refused to accept it. Elites elsewhere referred to "Rogue Island," even suggesting that the state be abolished and divided between Massachusetts and Connecticut. In other states, mercantile factions maintained control of the government. They detested paper money because debtors would pay in depreciated bills; they opposed tender laws because of the lack of a market for grain and livestock. Merchants argued that paper