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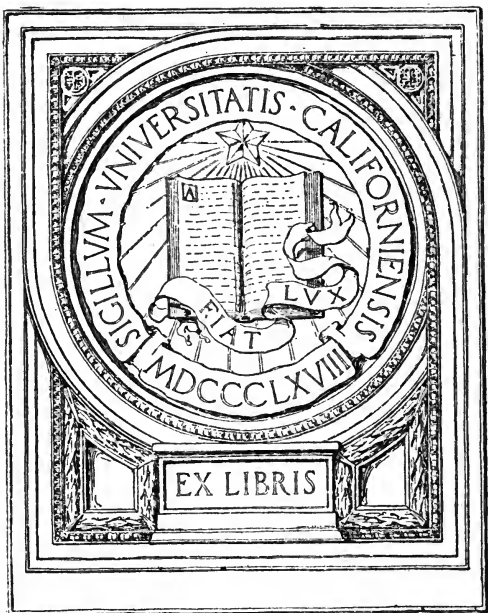
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# QUIT-RENTS AND CURRENCY IN NORTH CAROLINA 1663--1776.



—BY—

EDWIN WEXLER KENNEDY.



A Dissertation Presented to the Board of University  
Studies of the Johns Hopkins University in  
Conformity with the Requirements for the  
Degree of Doctor of Philosophy.

1897.



THE J. W. BOND CO.  
BALTIMORE MD.  
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## PREFACE.

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The aim of this monograph is to present a study in the colonial history of North Carolina, along two lines of thought: (1). The History of Quit-rents, (2). The History of Currency.

Although these topics are economic in their character, they had no small influence on the political development of the State. They were elements in the estrangement which gradually grew between the mother country and the colony, and their history forms a part of the general history of the period.

In offering this work to the public I desire to acknowledge my indebtedness to Judge Robert W. Winston, of Durham, N. C., to Doctor John C. Kilgo, President of Trinity College, N. C., and to Hon. S. G. Gilbreath, ex-State Supt. of Public Instruction of Tenn.

E. W. K.

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## QUIT-RENTS AND CURRENCY IN NORTH CAROLINA.

1663---1776.

### CHAPTER I.—QUIT-RENTS.

In 1663 Charles II, as feudal lord of the land which he held in America by the right of discovery, granted to eight persons as tenants-in-chief that portion of land in America lying between thirty-one degrees and thirty-six degrees, north latitude, and the Atlantic and Pacific oceans. (1) In 1665 the grant was extended on the north to thirty-six degrees, thirty minutes and on the south to twenty-nine degrees, north latitude. (2.) By the terms of the grant these persons were created Lords Proprietors with absolute sovereignty "saving always the faith, allegiance, and sovereign dominion, due us, our heirs and successors." (3) They were "to have, hold, use, exercise, and enjoy the same (their privileges) as amply, fully and in as ample manner, as any Bishop of Durham, in our Kingdom of England ever heretofore had, held, used, or enjoyed, or of right ought, or could, have, use or enjoy." (4) It was provided that the Lords Proprietors should hold the lands "in free and common socage and not in capite or by knight service," subject to the payment annually of one-fourth of the gold and silver which should be found therein, and an annual quit-rent of twenty marks. (5) They were authorized to grant land in fee-simple, fee-tail, term of life or years, at such rents, services or customs as they desired, the statute of *quia emptores* to the contrary notwithstanding. (6). It was the desire of the Lords Proprietors to transport subjects of the British crown from the Kingdom of England and from other countries subject to England, to Carolina, for the purpose of forming a colony for the "propagation of the Christian faith and the enlargement of our empire and dominions." (7).

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(1) Colonial Records of North Carolina I, p. 21. Hereafter cited as C. R. (2) C. R. I, p. 104. (3) C. R. I, p. 103. (4) Bassett's "The Con. Beginnings of N. C.," p. 20, C. R. I, p. 103, (5) C. R. I, p. 104. (6) C. R. I, p. 110. (7) C. R. I, p. 21.

In pursuance of this purpose, in the same year in which the colony came into their possession, the Lords Proprietors made an announcement to the public entitled "A Declaration and Proposals to All That will Plant in Carolina," in which they stated, "We will grant to every present undertaker for his own head one hundred acres of land, to him and his heirs forever, to be held in free and common socage; and for every man servant that he shall bring or send thither, that is fit to bear arms, armed with a good firelock musket, performed bore, twelve bullets to the pound, and with twenty pounds of powder, and twenty pounds of bullets, fifty acres of land; and for every woman servant thirty acres; and to every man servant that shall come within that time, ten acres after the expiration of his time, and to every woman servant six acres after the expiration of her time." (8). These propositions were limited to five years, commencing at the time of the first settlement. (9). The lands so granted were to be held subject to the payment of an annual quit-rent of one half-penny per acre, four shillings, two pence per hundred acres. (10). In 1667 the Lords Proprietors made a proposition to grant sixty acres of land to every head of a family, male or female, sixty acres for every male servant able to bear arms and equipped in a specified manner, and fifty acres each for other servants composing his or her family, the quit-rent thereon being one half-penny per acre. (11). In the northeastern part of the colony settlements were made by people who held their lands under titles granted by the governor of the Colony of Virginia at one farthing per acre. In 1679 the Lords Proprietors instructed President Harvey and Council to confirm these grants. (12.) Others of the original settlers purchased their lands from the Indians. This part of the colony became Albemarle county, from which grew the State of North Carolina. The assembly of this county petitioned the Lords Proprietors concerning the payment of quit-rents. In 1668, in answer to that petition, they made what is generally known as the "Great Deed of Grant." This instrument secured to them, their heirs and assigns forever, their lands "upon the same terms and conditions that land is at present usually granted in Virginia." (13). The law of Virginia at this time permitted the tenant to hold his or her land subject to the payment of a quit-rent of two shillings a hundred acres, payable at the home of the tenant in tobacco at a penny a pound. (14). In 1669, the Lords Proprietors, accord-

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(8). C. R. I, p. 45. (9). Ibid, p. 45. (10). Ibid, p. 46. (11). C. R. I, p. 156. C. R. V, p. 93. (12) C. R. I, p. 233. (13) C. R. III, p. 480, 481. (14) C. R. IV, p. 109.

ing to the one hundred and thirteenth article of the Fundamental Constitutions, stated that, "Whosoever shall possess any free-hold in Carolina, upon what title or grant soever, shall at the farthest, from and after the year one thousand six hundred and eighty-nine, pay yearly unto the Lords Proprietors, for each acre of land, English measure, as much fine silver as is at this present time in one English penny, or the value thereof, to be as a chief rent and acknowledgement to the Lords Proprietors, their heirs and successors forever." (15). In 1694 the Lords Proprietors instructed Governor Archdale to sell land in the colony, reserving an annual quit-rent of one shilling per hundred acres for some, and four shillings and two pence for other lands. (16). In regard to the lands lying north of the Cape Fear he was authorized to use his own discretion as to the rate of quit-rent, provided it should not be less than a half-penny per acre. (17). In 1708 the governor was instructed to grant land at a quit-rent of a half-penny per acre, with the proviso that no person should have more than six hundred and forty acres. (18). In 1663 an island, about five miles long and two miles in width, lying near the mouth of the Albemarle river, was granted to Sir John Colleton at a quit-rent of a half-penny per acre for all tillable lands, provided that "all others that shall plant in North Carolina pay as much." (19). The governors were not always obedient to the instructions of the Lords Proprietors. They so abused the power entrusted to them that the Lords Proprietors in 1715 ordered that the land office should be closed, and that the land should be sold only by themselves in London. (20). In violation of this order the governor and council in 1724 allowed people to take lands in Bath County at three shillings per hundred acres. When the Royal period began, the King instructed the governor of the colony that thereafter the rate of quit-rents should be four shillings per hundred acres. (21).

#### THE QUIT-RENT ROLL.

The quit-rent roll was a list of names of persons holding land in the colony subject to the payment of quit-rents, showing the location of the land, the number of acres, the rate, and amount of quit-rents to be paid by each person. The method of securing land in the colony was very simple. The colonist petitioning for a grant of land was required to prove his right before the Governor and as many as four members of the council not

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(15) C. R. I, p. 204. (16) C. R. I, p. 390, C. R. V, p. 94. (17) C. R. I, p. 391. (18) C. R. V, p. 94. (19) C. R. I, p. 55. (20) C. R. V, p. 95. (21) C. R. V, p. 96.

having any interest in the land. If the land was granted, the warrant was issued by the Governor in council, and recorded in the auditor's office. The warrant was returnable by the surveyor within a year. When the warrant was returned the grant was made and was required to be registered in the secretary's office within six months. (22.)

In 1713, Governor Pollock and his council met at the residence of the Governor in Chowan precinct, and in compliance with the requirements of the Lords Proprietors concerning the formation of a quit-rent roll, appointed five persons from Chowan, two from Perquimans, four from Pasquotank, two from Currituck precincts, and four from Bath county, to take a list of all lands held in their respective precincts, showing how the land was held, how long held and what rent was due. All persons were required to appear before these listers and give on oath the required information by the last day of October of that year. The lands of all persons who failed to comply with this requirement were to be considered forfeited and subject to be entered as though no one had ever held them. (23.) In 1726, Edward Moseley, the Surveyor General, reported to the Governor and council a list of all the grants of land recorded in the office of the secretary of Albemarle county, for the purpose of forming a rent roll. The secretary was ordered to have copies made with the addition of the more recent grants for the use of the collectors. (24.)

The difficulty of forming a rent roll was not only due to the settlers but to the officers of the colony. Governor Everard in 1729 sold four hundred thousand acres of land at twenty pounds a thousand, to pay the expenses of the commissioners for running the boundary line between the colony and Virginia. The grants were duly signed and sealed, but the names of the grantees, the number of acres, and the amounts paid, were not specified. The lands were not described, nor had they even been surveyed. (25). Governor Burrington, the first royal governor, was instructed by the King to give his consent to an act of the assembly to remit all arrears of quit-rents, payable to the Lords Proprietors, which were included in the King's purchase, provided that all land-owners in the colony should register their grants in the auditor's office, and should in the future pay the rate of quit-rents specified in the original grant. The requirements of the King were not satisfactory to the colonists. They refused to re-register their lands, and the

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(22) C. R. V, p. 100. (23) C. R. II, p. 35. (24) C. R. II, p. 603. (25) C. R. IV, p. 266, C. R. V, p. 95.

quit-rent roll remained incomplete. Other efforts were made from time to time to secure a satisfactory law for the formation of a quit-rent roll, but a lack of harmony between the departments of 'the assembly prevented. In 1738 the assembly passed an act for forming a quit-rent roll. The Governor signed it, but it was annulled by the King in council. (26). In 1748 an act was passed by the assembly providing for the formation of a quit-rent roll. The act required that all persons except orphans, minors, and persons beyond the sea, who held land in the colony and grants from the Lords Proprietors not registered, should register them within a period of twelve months. The lands in the territory belonging to the King were to be registered in the office of the Auditor General, or in the office of the clerk of the county court where the lands were situated. Those who held land in the territory of Earl Granville were to register such lands as were not entered, in his office or in the office of the clerk of the county court where the lands were situated. All patents which were not registered within the specified time were to be considered void. All registers were required to report annually to the Auditor General or Earl Granville's agents respectively, a list of the transfers of land in their respective counties, specifying the names of persons, the number of acres, the situation of the land, and the date of the transfer. It was required that the secretary make a similar report of the wills. (27). In a report of the condition of the colony made to the Lords Commissioners for Trade and Plantations in 1761, it appears that the quit-rent roll was then incomplete. (28). The auditor up to this time had not kept a register of the grants of land. He had only a partial list which was taken from the record of the secretary. One thing that augmented the difficulty in making a quit-rent roll was the variety in the size of the grants of land. The amount of land the early settlers received depended upon the number of servants they imported. The number of acres allowed for each person varied from time to time. In 1708 the Lords Proprietors instructed the Governor to limit the grants to six hundred and forty acres (29.) In 1715, the assembly passed an act prohibiting a surveyor from surveying more than that number of acres in one tract. In 1736, the King directed that one million two hundred thousand acres of land be granted to Henry McCulloh and others. In accordance with which, this number of acres was taken in ninety-six grants of

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(26) C. R. V, p. 100. Iredell, 57. (27) Iredell, 121, 134. (28) C. R. VI, p. 618. (29) C. R. V, p. 94.

twelve thousand five hundred acres. (30.) Henry McCulloh received eight tracts of twelve thousand five hundred each, situated on the "branches of the Nues and Tarr rivers." (31.) These grants were made with the idea of settling French protestants, two hundred acres of land being allowed to each person. (32.) It is not surprising that it was so difficult to keep records of the grants of land when we remember that the colony was for many years without a capitol. The assembly met from place to place, at Bath, Edenton, Newberne, and Wilmington. The meetings were held in private houses. There was no place where the records could be kept with safety. The officers often lived far from each other. Governor Gabriel Johnston in a letter to the Board of Trade, dated December 28th, 1748, said: "The public records lie in a miserable condition, one part of them at Edenton near the Virginia Line, in a place without Lock or Key; a great part of them in the Secretary's House at Cape Fear, above Two Hundred Miles Distance from the other, Some few of 'em at the Clerk of the Council's House at Newbern, so that in whatever part of the Colony a man happens to be, if he wants to consult any paper or record he must Send Some Hundred of Miles before he can come at it." (33.) The colonists were careless in keeping and auditing the accounts of public business, but they were not much more so than the Mother Country seems to have been, for from 1714 to 1802 England made no regular statement of her financial condition. It was not until after 1822 that a regular annual financial statement of income and expenditure was made to Parliament. (34.) This example may have had some influence on the colonists.

#### THE COLLECTION OF QUIT-RENTS.

The early settlers of North Carolina were probably required to pay their quit-rents in money, while the colonists of Virginia were permitted to pay theirs in tobacco. (35.) In 1668 the Lords Proprietors, in answer to a petition made by the Assembly of Albemarle county concerning the payment of quit-rents, granted the inhabitants of that county permission to pay their quit-rents in tobacco. The colonists offered other commodities as well, which were accepted by the receivers and disposed of according to the direction of the Lords Proprietors. This method of payment was not so unfavorable to the Lords Proprietors when the settlements were made along the Albemarle

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(30) C. R. V, p. 104. (31) Deed owned by Mrs. Maggie L. H. Hicks, Nashville, Tenn. (32) C. R. V, p. 104. (33) C. R. IV, p. 1165. (34) C. R. III, pp. 480, 481. (35) C. R. IV, p. 109.

and Pamlico Sounds and the rivers running into them. The commodities could be easily and quickly transported. But when the interior of the colony was settled this method became impracticable. One defect of this system, which is not to be wondered at, considering the times, became evident: the first fruits, the best of the commodities, were not scrupulously reserved for the rent collectors. (36.) In 1715, an act was passed by the Assembly requiring all goods in distress for quit-rents, to be valued by four free-holders under oath, and in the event the goods were not redeemed within ten days, they should be received at that value by the person in whose interest the distress was made. (37.) The data at hand is not sufficient to make an accurate exhibit of the collections of the quit-rents during the proprietary period. The first regular statements of the Receiver Generals we find, were made after the Lords Proprietors sold their interests in the colony to the King. The amount of arrears of quit-rents was not large at that time. The payment of quit-rents during this period was made largely in commodities. The Lords Proprietors had houses in different parts of the colony for storing the produce which they received in payment of lands and quit-rents. (38.) Williamson says: "The rent of land on Salmon Creek was assigned by law to Governor Ludwell for the payment of his salary." (39.) In 1733 the King in order to encourage his officers in the collection of quit-rents established a list of salaries which was to be paid out of the quit-rents, (40.) but the officers were so careless in the matter that the amount collected was not sufficient to satisfy these claims. The Receiver General collected £4,200 of back rents from 1729 to 1736. According to the report of the Receiver General from 1735 to 1748, including both years, there was collected the sum of £13,356, 17s. 9d. sterling, which was an average of about £954 a year. (41.) The collections from 1741 to 1745, inclusive were £4,003, 1s. 2d., an average of about £800, 3s. 19 3-5d. a year. (42.) Governor Gabriel Johnston granted during his administration up to July 12th, 1743, 1,047,000 acres of land which should have produced a quit-rent of £2,094 in addition to the amount of quit-rents from grants made during the proprietary period. (43.) The receipts from 1745 to 1748, inclusive, were £1,261, 7s. 1d., an average

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(36) C. R. IV. p. 921. (37) C. R. IV. p. 678. (38) Williamson's Hist. of N. C., Vol. I, p. 163. (39) *Ibid.* p. 164. (40) C. R. V, pp. 97, 20, 77. (41) C. R. V, p. 20. (42) C. R. V, p. 101. (43) C. R. IV, p. 1136.

Governor, £1,000; Auditor, £100; Chief Justice, £70; Baron, £40; Surveyor General, £40; Secretary, £70; Attorney-General, £80; Clerk of Crown, £25; Charges for the Exchequer, £30; Total, £1,455.

of £323, 6s. 9¼d. a year. (44). The amount collected between May 14th, 1751 and October 5th, 1751, was £161, 8s. (45). It is evident from these figures that the amount of collections decreased after the salaries of officers were made payable from the quit-rents. It appears from a report made to the Lords of the Treasury in 1753 that the colony owed the widow of Governor Johnston more than £13,000 sterling, payable from the quit-rents. (46.) In 1754 Governor Dobbs requested the Board of Trade to represent to the King the necessity of making other provision for the support of the government until the collections should be adequate to pay the debts and meet the expenses of the government. (47). The great decrease in the collection of quit-rents was largely due to the grant made by the King to Earl Granville in 1744 of that part of the colony of North Carolina lying between thirty-five degrees, thirty-four minutes and thirty-six degrees, thirty minutes, north latitude. (48). This transfer of territory placed more than one-half of the colony in the possession of Earl Granville. Another cause that militated against the collection of the quit-rents was the lack of a quit-rent roll. About the middle of the eighteenth century there was a great influx of immigrants from Scotland, Ireland and Moravia, which added greatly to the development of the colony. The increase in the collection of quit-rents is noticeable, notwithstanding the demoralization of the French and Indian war. The report of the Receiver General for two years, from March 25th, 1770, to March 25th, 1772, shows a collection of £2,242, 7s. 9½d., an average of £1,121, 5s. 10d. a year. (49). This shows a decided increase in the collection of quit-rents. The officers of the Crown, who were land-owners, were negligent in the payment of their quit-rents, and yet they demanded the payment of their salaries out of the quit-rents, as though they owed nothing. (50). The report of the Receiver General for the year ending March 25th, 1773, shows a quit-rent collection of £996, 6d. (51). At this time there was due to the officers of the colony the sum of £11,388, 6s., 3d., which was to be paid from the quit-rents. (52).

#### THE ADMINISTRATION OF QUIT-RENTS.

The rate of quit-rents each person was required to pay was determined from the grants. (53). The only fiscal importance of the quit-rents lay in the fact that the Crown officers of the colony were paid from them. They were to be collected and

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(44). C. R. V, pp. 78, 101. (45) C. R. V, p. 21. (46) C. R. V, p. 22. (47) C. R. V, p. 78. (48) C. R. V, p. 101. (49) C. R. IX, p. 650. (50) C. R. IX, p. 646. (51) C. R. IX, p. 609. (52) C. R. IX, p. 655. (53). C. R. VII, p. 484.



accounted for under the supervision of the Receiver General, who was appointed by the Lords Proprietors during the the proprietary period and by the Crown thereafter. He received no salary, but was allowed a commission of ten per cent. on all receipts, and in some cases a certain fee for distraining. (54). It was his duty to disburse the receipts according to the instructions of the Lords Proprietors during the proptietary period, or of the King during the royal period. (55). He was required to account to the governor and council for all such sums. (56). His deputies were appointed by and were responsible to him for all collections. (57). They were allowed a commission of five per cent. Each deputy was required to give bond of £1,000 for the faithful performance of the duty of his office. (58). Their reports were to be made to the Receiver General annually. In addition to the collections, they were to report to him all grants not on the quit-rent roll. (59). Later the sheriffs became the collectors of the quit-rents, and were allowed a commission of five per cent. (60). The chief duties of the office of auditor were to certify and enter the warrants for lands, (61) to audit the patents of land, (62) to audit the accounts of the Receiver General, to issue "debentures" to the officers whose salaries were to be paid from the quit-rents, (63) and to prepare a quit-rent roll for the Receiver General. (64) The auditor did not receive a salary, but was to be paid certain fees which were established by the Assembly. (65). The duties of the office in the colony were performed by a deputy auditor. (66). There was in addition to these officers a commissioner appointed by the Crown, whose duty it was to supervise, inspect, and control, the revenues and grants of land in North and South Carolina. (67).

#### CONCLUSION.

In concluding the study of quit-rents, it is proper to state that the colonists, so far as we have evidence, never denied their obligations to pay the quit-rents, but questions of rate, of how and where the rents should be paid, were the causes of no small amount of trouble. The Governor claimed the right to determine what should be offered in payments and where the payments should be made. (68.) It had been customary in the early days of the colony, when money was scarce, for the

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(54) C. R. VI, p. 756. (55) C. R. VII, p. 484. "The State Records of N. C." Vol. XI, p. 5. (56) C. R. VIII, p. 150. (57) C. R. V, p. 422. (58) C. R. V, p. 422. (59) C. R. V, p. 423. (60) C. R. VI, p. 621. (61) C. R. VII, p. 484. (62) C. R. VII, p. 485. (63) C. R. VII, p. 484. (64) C. R. V, p. 588. (65) C. R. VII, p. 485; C. R. IV, 1128. (66) C. R. VII, p. 484. (67) "The State Records of N. C.," XI, p. 31. (68) C. R. III, vi., C. R. IV, xiv.

colonists to pay their quit-rents in commodities and on the plantations where they were produced. In Governor Johnston's administration a bill was pending in the Assembly determining four places for the payment of these dues. The House of Burgesses refused to agree to it. Thereupon the Governor issued a proclamation determining where the quit-rents were to be paid and also the rates at which the commodities were to be received. (69.) The House of Burgesses protested, but their protest was ineffectual. The collectors were obedient to his proclamation. (70.) The following year the House of Burgesses petitioned for permission to present their grievances. (71.) The Governor ignored the petition. The collectors continued "to destrain for the rents." Whereupon the Assembly ordered the collectors to be placed in custody. Then, according to the record, "His Excellency being now come to the Upper House, and having sent a message to command the immediate attendance of the House of Burgesses, they not paying obedience thereto, His Excellency was pleased to send another message to them; but they still neglecting to give their attendance, His Excellency then by and with the advice and consent of His Majesty's Council, prorogued the General Assembly to the first day of March next, then to meet at New Bern." (72.) This event occurred in 1736. This vigorous act of the Governor did not settle the question at issue. The people were determined in their demands. In 1739 the Governor realized that it would be impossible to collect the quit-rents unless it should be done in a manner acceptable to the people. Accordingly, an act was passed by the Assembly (73) in which there were two notable concessions. (74.) The first was the agreement to refer the matter of determining the value of paper currency to a committee consisting of the Governor, members of the Council, the Attorney General and the Receiver General, and a like number of members of the House of Burgesses. The other concession was concerning the number of places at which the payments should be made, of which the Governor said "it could have been wished were fewer in number, but there was no possibility of avoiding it." (75.) But, finally in 1740, the King refused to sanction the act.

In 1741, an unsuccessful effort was made to pass a Quit-rent Act. (76.) In 1744, at a meeting of the Assembly a "Committee on Propositions and Grievances" presented the following resolutions, which the House endorsed: "Resolved by this Committee that no produce of this province being accepted in pay-

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(69) C. R. IV, xiv. (70) Ibid. (71) C. R. IV, xv. (72) C. R. IV, xvi. (73) C. R. IV, xvii. (74) C. R. IV, xvii. (75) C. R. IV, xvii. (76) C. R. IV, xvii.

ment of quit-rents of late years, nor the current bills at less than 10 for 1, which is equal to sterling money, as this from the great scarcity of silver and gold puts it entirely out of the power of the greatest part of the inhabitants of this province to pay their quit-rents being contrary to the Grand Deed and also of law of this province is a Very great grievance." (77.)

In 1755 the quit-rent question came up again in the Assembly and an act was passed which authorized the land owners to pay their quit-rents in inspector's notes for tobacco and indigo. (78.) It seems from a letter written by the Earl of Dartmouth to Governor Martin, that the King had under consideration an act passed by the Assembly concerning the quit-rent question as late as 1774, the year before that assigned to the Mecklenburg Declaration of Indendence. (79.) After the outbreak of hostilities the whole question passed beyond the influence of the King forever.

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(77) C. R. IV, xvii. (78) C. R. V, 458. (79) C. R. IX, 834.

## CHAPTER II. CURRENCY.

The history of the currency of North Carolina during the colonial period is not the least important phase of her growth. It furnishes a fertile field of instruction to the historian as well to the economist, although, in general, the financial history of that colony is similar to others. They all experienced one thing very early in their development: they felt the need of some means of facilitating the exchange of the products of their industry. The great variety of means to which they were obliged to resort is interesting to observe. How they accomplished so much with their little money and limited resources is indeed wonderful. In North Carolina as in the other colonies the early settlers were primitive people and their surroundings were of like nature. Their wants were few and simple. They came principally from Virginia. Their motives were economic as well as political. They were soon able to supply in a great measure their own wants from their new and fertile fields. But as the colony grew in numbers and in wealth and as the division of labor took place, they naturally became more dependent on money and felt more sensibly the need of an increase in the volume in circulation. As the colonists ceased producing all they consumed, they became more and more dependent on the products of the labor of others to supply their wants. This division of labor, in the scarcity of money, necessitated the exchange of one commodity for another. Trade sprang up and something more than barter was necessary to meet its demands. The double coincidence of barter became a burdensome barrier to the progress of the colony. It is instructive to study the variety of plans the colonists adopted in their attempts to evolve a circulating medium adequate to the increasing demand of trade. In doing this, we shall include in the term, currency, anything that performs the functions of money, from cheese to gold. (1.)

### GOLD AND SILVER.

North Carolina coined no money during her colonial period. The sovereign claimed the prerogative of coining all the gold and silver, and his claim was sanctioned by constitutional and

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(1) Gibbon in "Walker's Political Economy," p. 124.

by civil law. (2.) The early settlers doubtless brought some gold and silver with them. The foreign trade of the colony, which owing to the inaccessibility of her harbors was not so great as that of some of the other colonies, and her trade with New England, the West Indies, Virginia and South Carolina, enabled her to accumulate the coinage of other countries. (3.) There was an appreciable amount of coin in circulation in the colony in the early part of the eighteenth century. President Rowan, who had been a merchant, said in 1733 that he had taken more than one hundred pounds weight of silver at one time to England. (4.) Of the amount of coin then in circulation, a part was due to the illicit trade existing between the colony and the West Indies. (5.) The colonists added much to their circulation through the trade which was carried on with the pirates who infested the coasts of the colony and West Indian waters. It is not surprising that it was difficult for the colonists at that early time to discriminate between privateering and pirating, since some of these pirates held commissions from the English government to prey upon the commerce of their enemies, the Spanish. These bold sea rovers would seize the vessels they met and take them into their hiding places. Often their spoils consisted of money and other precious freight. Hughson says, "For many years after the founding of Carolina, most of the currency in circulation was the gold and silver pieces brought in by the pirates and privateers from their cruises in the West Indian waters." (6.) It is not unreasonable to suppose, judging from the extensiveness of her foreign, domestic and colonial trade that North Carolina had in circulation about the same kind of gold, silver, and other coins as was in circulation in the other colonies. The principal part of her supply came from England, Spain and Portugal. There was, therefore, a variety of coins in the colony. The foreign coins had no standard value. This was determined by the contracting parties. In 1704 Queen Anne issued a proclamation for the purpose of regulating the value of the different coins then in circulation throughout the English colonies. The following table (8) shows the kind of coins, their weight, and the value in English money at which she wished each to pass :

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(2) Jevons' "Money and the Mechanism of Exchange," p. 65. (3) C. R. III, p. 50. (4) Spencer's "First Steps N. C. History," p. 72. (5) Whitney's "Government of the Colony of S. C.," p. 110. (6) Hughson's "The Carolina Pirates and Colonial Commerce," p. 14. Hawk's History of N. C., Vol. II, p. 271. (7) Evon's History of U. S. Mint and Coinage," p. 59. (8) Postlethwayt's "Dictionary of Commerce," Art. "Plantations."

	dwt. gr.	s.	d.	f.
Seville pieces of eight, old plate, weight	17 12	4	6	0
“ “ “ new “ “	14	3	7	1
Mexico “ “ “ “	17 12	4	6	
Pillar “ “ “ “	17 12	4	6	3
Peru “ “ old plate, “	17 12	4	5	
Cross dollars, “	18	4	4	3
Ducatoons of Flanders, “	20 21	5	6	
Ecus of France or Silver Lewis, “	17 12	4	6	
Crusadoes of Portugal, “	11 4	2	10	1
Three Guilder Pieces of Holland, “	20 7	5	2	1
Old Rix dollars of the Empire, “	18 10	4	6	

The fractional parts were to be proportional in value to their denominations, and light weight pieces to their weight. It was doubtless far from her intention to make these coins legal tender. Such a course would not have been advantageous to her own currency. She knew that the best money would render the best service in controlling the markets of the world. Consequently she placed the value of the foreign coins at least twenty-five per cent. less than Sterling. (9). In 1707 Parliament passed an act for the purpose of ascertaining the foreign coin in circulation in the colonies. In order to make the queen's proclamation effective, a measure was enacted that no person should, after the first day of May, 1709, pay or receive any other coins mentioned in the proclamation at a higher rate than that specified therein, on a penalty of six months imprisonment without bail or mainprize and a forfeiture of ten pounds for every such offence. While this act was probably disobeyed in many instances and while its tendency was to depreciate the foreign coins, it gave to them a nominal value throughout the colonies which doubtless had some slight influence on trade. In 1783 the general assembly of North Carolina passed an act rating the foreign gold and silver coin in use in the colony. The following table shows the kind, weight, and value of each coin:

Gold Coins.	dwt.	grs.	£	N.	Car.	Cur.
A Guinea.....	5	6	1	17	4	
Half Guinea.....	2	15	18	8		
French Guinea.....	5	5	1	16	0	
Moidore.....	6	18	2	8	0	
Four Pistole Piece.....	17	0	6	0	0	
A Pistole.....	4	4	1	10	0	
Double Johannes.....	18	0	6	8	0	
Single “.....	9	0	3	4	0	
Half “.....	4	12	1	12	0	
Quarter “.....	2	16	0	16	0	

(9) Whitney's "Government of the Colony of S. C.," p. 111.

Silver Coins.	dwt.	grs.	£	N.	Car.	Cur.
French Crown.....	0	0	0	9	0	
English " .....	0	0	0	9	0	
Half Crown.....	—	—	0	4	6	
Quarter Crown.....	—	—	0	2	3	
A Dollar.....	17	6	0	8	0	
Half Dollar.....	—	—	0	4	0	
Quarter Dollar.....	—	—	0	2	0	
A Pistareen.....	—	—	0	1	8	
English Shilling.....	—	—	0	1	8	

It was enacted that this rating should thereafter be read in evidence in the courts, "to liquidate all Debts and Demands and in entering up judgments thereon." (10.) This applied to future debts only. These were the only values at which these coins were allowed to circulate.

While North Carolina coined no money, it is probable that some was issued especially for her. In 1660 Lord Baltimore sent to Maryland the "Baltimore Shilling," which had been coined in London. Evans says, "The Carolinas, Virginia and New Hampshire, all followed Maryland in the introduction of a colonial coinage." (11.) Governor Dobbs in 1754 mentioned in a letter to the Board of Trade that he had applied to the treasury for the issuance of copper coinage for the colony. (12.) It is quite probable that the only coin ever authorized to be issued from the English mint for general circulation in the colonies, was a half-penny piece of mixed metal which is called the "*Rosa Americana*." It was issued in the reign of George I. The obverse side contains the head of the Monarch and the inscription "*Georgius Rex*." The reverse side contains a crown over a double rose, and the legend "*Rosa Americana*" and a scroll on which are the words "*Utile Dulci*." (13.) For some time the copper coinage of England consisted principally of tokens which were issued by private tradesmen as is, to a large extent, the custom of China with regard to the coinage of small money. (14.) In Mr. Smiles' "Lives of Bolton and Watt," Bolton says, "The lower class of Manufacturers purchased copper coin to the nominal value of thirty-six shillings for twenty shillings in silver, and distributed it to their work-people in wages so as to make a considerable profit." (15.) Private individuals were not prohibited from issuing copper coinage until the reign of George III. (16.) Boyne in his

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(10) Iredell. "Laws of N. C., p. 452. (11) Evan's "History of the U. S. Mint and Coinage," p. 60. (12) C. R. Vol. 5, p. 149. (13) Evan's Aistory of the U. S. Mint and Coinage," p. 60. (14) Jevons' "Money and the Mechanism of Exchange," p. 65. (15) Jevon's "Money and the Mechanism of Exchange," p. 65. (16) Walker's "Money," p. 168.

"Tokens of the Seventeenth Century" gives a list of nine thousand four hundred and sixty-six kinds of copper coin issued by different people. (17.) There was in circulation in Carolina a token called the "Carolina Elephant." On the obverse side is the picture of the London Elephant. It contained no legend. On the reverse side are stamped these words, "God Preserve Carolina and the Lords Proprietors, 1694." In 1768 the Assembly of North Carolina passed an act encouraging the importation of the English copper half pence and made it legal tender for the payment of small debts for a term of five years. (18.)

#### BARTER COMMODITIES.

In the early days of the colony, gold and silver were so scarce that it was necessary for the colonists to resort to the use of commodities in order to facilitate the exchange of their products in satisfying their few and simple wants. (19.) This custom at that time was not peculiar to North Carolina, it was general throughout the English colonies.

The early inhabitants of North Carolina were mainly farmers. They settled along the Albemarle and Pamlico sounds and the rivers running into them. These waters soon became thoroughfares over which they transported the products of their farms to their neighbors and to markets. (20.) At first, in the scarcity of money, they exchanged commodity for commodity in simple barter. They not only exchanged one article for another, but they also used commodities in the payment of their debts. (21.) When a judgment for damage "to a certain amount" was rendered by a court, it was usually recorded as "payable in deer skins, hides, tallow, or small furs, at country price." (22.) Store houses were established in the several precincts for the storage of commodities which were paid to the Lords Proprietors for quit-rents and for lands. (23.) The price of these several commodities was fixed by the Assembly. They were made legal tender at those prices in the payment of all foreign and domestic debts except in cases where an agreement had been made to the contrary. (24.) The following is the first list of barter commodities which were so rated: (25.)

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(17) *Ibid*, p. 168. (18) Iredell, p. 243. (19) C. R. I, p. 715. (20) *Hawks'* vol. II, 269, 270. (21) Jevons' "Money and the Mechanism of Exchange," p. 26. (22) Williamson's "Hist. of N. C.," vol. I, p. 163. (23) Williamson's "Hist. of N. C.," vol. I, p. 163. (24) C. R. IV, 920; Williamson's "Hist. of N. C.," vol. I, p. 163. (25) C. R. IV, 920, C. R. IV, 292.



	£	s.	d.
Indian Corn, per bushel.....	—	1	8
Tallow, per pound.....	—	—	5
Beaver and Otter skins, per pound.....	—	2	6
Butter, per pound.....	—	—	6
Raw buck and doe skins, per pound.....	—	—	9
Feathers, per pound.....	—	1	4
Pitch, per barrel (full gauged).....	1	—	—
Pork, per barrel.....	2	5	0
Tobacco, per cwt.....	0	10	0
Wheat, per bushel.....	0	3	6
Leather, tanned, uncurried, per pound.....	0	0	8
Wildcat skins, per piece ...	0	1	0
Cheese, per pound.....	0	0	4
Buck and doe skins, dressed, per pound.....	0	2	6
Tar, per Barrel (full gauged).....	0	10	0
Whale oil, per barrel.....	1	10	0
Beef, per barrel.....	1	10	0

These commodities were rated in 1715, the year the laws of the colony were revised. This list as a whole or in part may have been so used prior to this time. In 1723 the General Assembly, in order to encourage the hemp, rice and turpentine industries, added to the list, hemp at 8d. per lb., rice at £1 and 5s. per cwt., and turpentine at £1 and 5s. per bbl. The price of corn and wheat was raised to two and four shillings respectively per bushel. These commodities were made legal tender in the payment of all debts domestic or foreign, when delivered according to the requirements of the Act, except where sterling had been previously agreed upon. (26.) In 1618 in Virginia it was made a penalty of three years hard labor for a refusal to accept tobacco at three shillings per lb. (27.) This system seems to have worked well in the early days of the colony when the settlements were made along the coasts, around the Albemarle and Pamlico Sounds, and along the rivers. The commodities were easily and quickly carried by small boats to market. But as commerce grew, the use of barter commodities became burdensome. Sometimes goods of inferior quality were put on the market, especially those received in payment of debts. In order to remedy this, in 1764, the Assembly enacted that all flax, flaxseed, hemp, beef, pork, butter, flour, rice, tar, pitch, turpentine, lumber, heading, shingles, staves, leather, deer skins, and indigo should be inspected before being exported. (28.) The chief difficulty, however, in the use of commodities as money, was what is called the coincidence of barter. It is not easy "to find two persons whose disposable possessions mutually suit each

(26) C. R. IV, 293. (27.) Jevons' "Money and the Mechanism of Exchange, p. 26.  
(28) C. R. VII, 489.

others wants. There may be many people wanting, and many possessing those things wanted, but to allow of an act of barter there must be a double coincidence, which will rarely happen." (29.) But the conditions of the country were such that barter commodities were necessary down to the end of the colonial period.

#### BILLS OF CREDIT IN THE PROPRIETARY PERIOD.

In 1711 the Tuscarora Indians made war on the colonists, and probably would have destroyed them but for the timely aid rendered by South Carolina. The Indians massacred the women and children, burned the houses, killed and drove away the cattle, hogs, and horses, and devastated the fields. (30). The colonists were almost impoverished (31); few even could supply their families with the necessaries of life. (32). Their trade had been almost ruined, the few vessels that came and went carried little else than pitch and tar. (33.) The people were burdened with debt; they were in immediate need of money to pay their soldiers and to meet the expenses of the government. (34). Under these circumstances, in 1712 the Assembly decided unanimously to issue £4,000 in paper currency called bills of credit. These bills were interest-bearing, and were to be redeemed at a time specified on the bills, by means of a duty levied "on all goods exported or imported by land or water." Treasurers were appointed, whose business it was to collect the duties and pay the bills at maturity. (35). These were the first bills of credit issued by North Carolina. (36). These bills were expected to circulate at the same value as proclamation money, which they did for a short time, (39) but, owing to the small amount of revenue collected, and to an increase in the military and administrative expenses, they depreciated. In 1712, other bills were issued to the amount of £8,000, increasing the amount in circulation to £12,000. (38). Doctor Hawks thinks that the £8,000 issued in 1712 were the first bills of credit ever issued by North Carolina. In discussing these bills he says: "Forgetful of the fact that credit was but a temporary substitute for cash; that the day must come at last when the promise must be redeemed by payment, and that a violated promise must inevitably destroy the value of the substitute on which they relied, the Assembly of Albemarle yet seemed, at first, as far at least as we can discover, to have

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(29) Jevon's "Money and the Mechanism of Exchange," p. 3. (30) C. R. I, 827. (31) C. R. I, 873. (32) C. R. I, 874. (33) C. R. I, 873, 874. (34) C. R. I, 874. (35) C. R. I, 838, 839. C. R. II, iv. C. R. III, 484. (36) C. R. III, 484. (37) C. R. III, 485. (38) C. R. IV, 576.

ordered emissions of the bills without providing any special sinking fund for their ultimate redemption." (39).

In both opinions Doctor Hawks is in error. (40.) As to the bills first issued he seems to have overlooked the £4,000 issue which took place before the £8,000 which he claimed were the first issued. (41.) The act of the Assembly which authorized the third issue of bills provides for the payment of "the remaining part of the sum of twelve thousand pounds publick Bills of Credit." (42.) In regard to there being no sinking fund he was doubtless misled by the supposition that the bills of credit issued by North Carolina were similar to those issued by Pennsylvania. (43.) In fact the Assembly provided for the redemption of these bills by levying a tax on polls and real estate. (44.) This was the first time real estate was taxed in North Carolina. (45.) A treasurer was appointed in each precinct whose duty it was to receive these taxes for the purpose of paying the bills. It is quite probable that the bills of £8,000 issued were similar to the bills of the previous issue. (46.) In 1732 Governor Burrington, in a letter to the Lords of Trade and Plantation, after mentioning the sum of £4,000 in bills of credit which was issued in 1712, says: "Afterwards more bills were made much in the same manner, a Land Tax and a Pole Tax were lay'd to call in and sink the Bills." (47.) It is evident that he had reference to the £8,000 issue, since the redemption of the next issue was not dependent on either a land or poll tax. The increase in the volume of currency by the issuance of the £8,000 bills of credit caused a depreciation of about forty per cent. in the value of all the bills in circulation. (48.) In 1714 the Assembly authorized the emission of £24,000 in bills of credit for the purpose of paying the Government's indebtedness and of redeeming the outstanding bills of the £12,000 previously issued. (49.) The Act directed that the bills should be issued in the following denominations:

300 of £ 20	3,000 of 20s.
300 of £ 15	3,300 of 10s.
480 of £ 10	150 of 8s.
450 of £ 5	3,000 of 5s.
300 of £ 3	720 of 2s. 6d.

There was no interest allowed on these bills and no time was specified for their redemption. (50.) These were, when issued,

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(39) C. R. II, pp. 4-5. C. R. III, p. 485. (40) Hawks' "History of N. C." Vol. II, 280. (41) C. R. III, 485. (42.) C. R. III, 177. (43) Hawks' "Hist. N. C.," vol. 2, 280. (44.) C. R. II, pp. 4-5. C. R. III, 485. C. R. IV, 576. (45.) C. R. II, pp. 4-5. (46.) C. R. III, 485. (47) C. R. III, 485. (48) C. R. IV, 576. (49) C. R. III, 179, 485; C. R. IV, 576; C. R. II, 5. (50) C. R. III, 177, 178, 485.

to be placed in the hands of the treasurer on or before the twenty-fifth day of the following March, and he was required to pay to the treasurer of each precinct the amounts due to the persons in their respective precincts. All out-standing bills were required to be presented to be exchanged for new bills within six months after the date above mentioned. (51.) Two years' interest was allowed on the old bills exchanged. Those who neglected or refused to offer their old bills for exchange before the twenty-fifth day of the following August, were not allowed interest thereon, and those who failed to offer them before the twenty-fifth day of March 1716, would thereby render them valueless.

The bills of the new issue were legal tender in payment "for any of the rated commodities of the country, or other money, except sterling." (52.) The rate of exchange between them and sterling was fifty per cent. (53.) Any person who refused to receive them at this value was liable to a forfeiture of double the value of the bills refused. One-half of this forfeiture was to be used for the purpose of paying the contingent expenses of the government, and the other half became the property of the person who brought suit against the person so offending. (54.) All persons convicted of counterfeiting these bills were to be punished as guilty of felony, without the benefit of clergy. Any member of the Council who should be guilty of making a motion prejudicial to the credit of these bills would be subject to a fine of £20 and suspension from that body at the option of the Lords Proprietors. (55.) A member of the lower house thus offending would be subject to a similar fine and expulsion. While the Assembly set no time for the redemption of this issue of bills, nevertheless several sums were redeemed between the years 1715 and 1722. (56.) In 1717 the amount of out-standing bills was about sixteen thousand pounds. (57.) In 1722 the Assembly passed a bill authorizing the issuance of £12,000 in bills of credit. The purpose of this issue was to redeem all the out-standing obligations. It was thought that this sum would be adequate, although it was only half as large, inasmuch as many bills would likely be lost or defaced. (58.) The act authorizing these bills provided that three commissioners should be appointed to issue and place them in the hands of the public treasurer whose duty it was to exchange them for the old bills in circulation. It was required that all old bills should be presented for redemption in the new bills, by the last of August, 1723. A failure to comply with this requirement

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(51) C. R. III, 178. (52) C. R. III, 178. (53) C. R. III, 178. (54) C. R. III, 178. (55) C. R. III, 179; (56) C. R. IV, 576. (57) C. R. II, 296. (58) C. R. IV, 178, 419, 576, C. R. II, p. 5.

rendered the bills valueless. (59.) The act further required that a tax of five shillings per poll should be levied for the purpose of redeeming the old bills. The sheriffs were permitted in the settlement of their accounts with the treasurer to pay bills of credit or rated commodities. Where commodities were offered they were to be delivered at certain specified places on the navigable streams in their respective precincts. These bills were made legal tender at their face value in the payment of all debts except in cases where the contract was otherwise. Though rated at fifty per cent. less than sterling they circulated generally at the rate of five for one sterling until 1729. (60.) These bills instead of being printed, were written, and were therefore, easily defaced and obliterated. So much was this the case that the amount of currency in circulation was considered insufficient to meet the demands of trade. (61.)

#### THE LAND BANK.

In 1729 the Assembly made a new departure in its financial legislation. The act which authorized it was, in comparison with all previous acts authorizing the issuance of paper currency, a decided improvement. If all requirements had been complied with, the currency, would under the circumstances, have proved reasonably satisfactory. The departure consisted in the establishment of a land bank. (62.) It was not a bank in the modern acceptation of the term, but an emission of a sum of bills, not for supplying the wants of the government, but to be lent at interest, to the people on land security for a certain number of years. Franklin says of such bills, "For as bills issued upon money are money, so bills issued upon land are in effect coined land." (Walker, Money, page 323.) The act appointed a board of commissioners to issue forty thousand pounds in bills of credit, ten thousand pounds of which were to be used for the purpose of redeeming the outstanding bills. The amount of the last issue was £12,000, but the Assembly calculated on £2,000 being lost, torn or defaced. (63.) The remaining thirty thousand were to be placed in the hands of the precinct treasurers to be lent to the people for a term of fifteen years at six per cent. interest on land secured by mortgage. (64.) The interest and one-fifteenth of the principal were to be paid annually. The amount placed in each precinct was in proportion to the number of tithables determined by a census, which was to be certified to on oath. (65.) Each person who wished to borrow money was re-

(59) Hawks, II, 282. (60) C. R. IV, 576. (61) C. R. IV, 178. (62) C. R. IV, 419, 576. Iredell, 49. C. R. III, 486. (63.) C. R. IV, 576. (64.) C. R. IV, 576. 419. C. R. II, p. 5. (65) Hawk's 'Hist. N. C.," Vol. II, 283, etc.

quired to execute a mortgage on unencumbered land worth twice the amount of the loan. On a failure to meet these obligations the precinct treasurers were empowered to appoint an officer whose duty it was to "make distress and sale" of the personal property of the borrower to the amount necessary to satisfy the claim.

A mortgage could not be foreclosed until the mortgagor had failed in three payments. The calculation was that the thirty thousand pounds placed on interest as described by the act, would amount to forty-five thousand pounds. This would give a profit to the bank of fifteen thousand pounds. When fifteen thousand pounds were paid in, ten thousand pounds were to be retired and five thousand pounds to be put in circulation by applying that sum to the payment of the commissioners, the precinct treasurers, and the expenses of the government. (66). The borrower of the bills had the option of paying his loan before the expiration of the specified time, on condition that he pay three per cent. interest, for the unexpired term, on the amount borrowed. The new bills were made legal-tender in all transactions, except in the payment of debts where gold or silver had been promised. The Assembly claimed the right to determine each year the rate at which these bills should pass. (69). These bills were issued the year after the seven Lords Proprietors sold their interest in North Carolina to the King, but before the first royal governor came to the colony. Governor Burrington came in February, 1730. Soon after his arrival he declared the Act of 1729, authorizing the issuance of the forty thousand pounds bills of credit, invalid. (68). His reason for doing so was that it was passed after the Parliament had passed the act vesting the rights of the Seven Lords Proprietors in the Crown. (69). He ordered the precinct treasurers to refuse to receive the annual installments from the borrowers as required by the act. (70). They acted in accordance with his wishes, and the amount of currency then in circulation remained about the same during his administration. (71). This condition of affairs witnessed a great depreciation in the currency. (72). This action of the governor destroyed the first land bank in North Carolina. In Pennsylvania the land bank seems to have been more successful. Governor Pownal, who had been governor of Massachusetts, South Carolina, and New Jersey, says of this system: "I will venture to say that there never was a wiser or a better measure; never one better calcu-

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(66) Hawks, II, 286, etc. (67) C. R. IV, 419. (68) C. R. IV, 179. (69) C. R. IV, 179. (70) C. R. IV, p. 179. (71) C. R. IV, p. 197. (72) C. R. IV, p. 179.

lated to serve the uses of an increasing country; that there never was a measure more steadily or more faithfully pursued for forty years together than the loan office in Pennsylvania." (73).

#### BILLS OF CREDIT IN THE ROYAL PERIOD.

When Governor Johnston, who succeeded Governor Burrington, came to the colony he issued a proclamation requiring all precinct treasurers to make a report of their accounts to the assembly called to meet at Edenton in January, 1734. They were asked to account for all the money they had received in accordance with the requirements of the Act of 1729. (74.) They generally responded, but not more than one-tenth of the money due had been paid. (75.) There was at this time a large sum of quit-rents due the Crown, and also the taxes levied to meet the expenses of the government since 1729. In view of these circumstances and the scarcity of gold and silver in the colony, it was considered by the Assembly unwise to continue retiring the currency as was required by the Act of 1729. In this crisis they thought that such a contraction would not leave money enough in circulation to meet the expenses of the government and pay the quit-rents due which were at this time demanded to be paid in silver. (76.) To relieve the situation the Assembly in 1734 passed an act providing for the emission of forty thousand pounds in bills of credit. (77.) The bills were to be exchanged for the bills issued in accordance with the Act of 1729. This issue modified to some extent the old contract. The principal and the interest were not to be paid for ten years. This plan furnished the colonists for that period a volume of currency to the amount of forty thousand pounds. (78.) In this same year the commissioners were authorized by the Assembly to issue twenty-five hundred pounds in bills additional to defray the expenses of the issue. Also, in 1734, another act was passed by the Assembly granting to the King the sum of fourteen thousand one hundred and fifty pounds 3s. 2d. to be raised by a tax of five shillings per poll for five years. But in order to meet the immediate demands of the public debts a clause was inserted in the act by the consent of the Governor authorizing the issuance of ten thousand pounds in bills of credit as a part of that sum. (79.) These bills were to be redeemed by this tax and a duty on imported liquors. The amount of outstanding bills of credit at

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(73) Walker's "Money," p. 324. (74) C. R. IV, p. 179. (75) *Ibid*, p. 179. (76) C. R. II, p. 5. (77) C. R. IV, 179, 419, 577; (78) C. R. IV, 179, (79) C. R. IV, 180, 419. Iredell, 56.

this time was fifty-two thousand five hundred pounds. (80.) The last issue of bills was not made legal tender and was not rated when issued. In 1738 the Assembly passed an act appointing a committee consisting of the Governor, the Council, the Attorney General, the Speaker, and an equal number of the lower house to determine annually the value of the bills of credit in circulation. (81.)

From 1726 to 1740 the exchange between these bills and sterling was ten to one. (82.) This would make one ounce of silver worth fifty s. 4d. in paper currency. In 1740 the Assembly rated the paper currency at 7½ to 1. (83.) In 1739 the Assembly made an effort to pass the paper currency in payment of quit-rents. The officers declined to accept it and proceeded to collect them. The Assembly ordered that the officers should be imprisoned. (84.) Walker says, "The issues of North Carolina were so much out of proportion to the requirements of the colony's trade, that exchange on London rose in 1740 to 1400:100." (85.) The outstanding bills which were issued in 1734 were to be redeemed in 1744, but the financial condition of the country at that time was critical. (86.) This was due in no small degree to the amounts issued by the different colonies in aid of the expedition against Louisburg. In 1740 one ounce of silver was equal in value to twenty-eight shillings in Connecticut paper money. In 1749 the exchange of Massachusetts paper money on London was 1100:100. (87.) In 1744 the currency had greatly depreciated and there was a large amount of quit-rents due the crown and Earl of Granville. The debt of the colony was large and business was greatly depressed. (88.) The condition of affairs was so bad that Governor Johnston said, "not a Man would go twenty miles as an Express on the Public Faith." (89.) In this crisis, the people demanded issuance of bills of credit. They were so urgent that Governor Johnston felt it necessary to favor their demands, although he had been instructed by the King not to do so. (90.) In 1747 an event occurred which determined the action of the governor in reference to this matter. Several small vessels laden with armed men came from St. Augustine into North Carolina waters. Where they landed they did great damage. They killed many people, burned vessels, stole negroes, and slaughtered cattle and hogs. This aroused the people to the neces-

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(80) C. R. IV, 180, 577. (81) C. R. IV, 419. (82) C. R. IV, 419, 577. (83) Williamson's "Hist. of N. C." Vol. II, 56. (84) Williamson's "Hist. of N. C." Vol. II, 42. (85) Walker's "Money," 325. (86) C. R. IV, 921. (87) Walker's "Money," p. 321. (88) C. R. IV, 922. (89) C. R. IV, 921. (90) C. R. IV, 922.



sity of building forts. To meet this emergency the governor yielded, and in 1748 the Assembly passed an act authorizing the issuance of £21,350 in bills of credit. (91). At the rate of exchange at that time this sum was equal to £16,012-10 sterling. As specified in the act, the bills were to be used as follows: £2,000 to build a fort at Ocracoke inlet; £1,500 to build a fort at Topsail inlet; £500 to build a fort at Bear inlet; £2,000 to build a fort at the mouth of the Cape Fear river; £15,350 to redeem the outstanding bills of credit and pay the expenses of the government. (92). The denominations of these bills varied from 4d. to £3. In exchanging the new for the old bills, one shilling in new bills was to be given for seven shillings and six pence in old bills. They were made legal-tender in all payments at the rate of four shillings in paper currency for three shillings sterling. A tax of one shilling per poll was authorized to be levied as a sinking fund until all the bills were redeemed. (93). The penalty for counterfeiting these bills was, for the first offence, whipping not exceeding forty lashes, standing in the pillory two hours, and having both ears nailed to the pillory and cut off. For a repetition of the offence the criminal was to be regarded as a felon and punished accordingly. (94.)

There were £20,646, 14s. of these bills in circulation in 1750, having maintained the value at which they were issued. (95.) In 1749 the sum of £189:13:3 had been redeemed, and in 1750 the sum of £513:12:0. (96.) In 1754 a new occasion arose for the expansion of the currency. A contest commenced which was eventually to decide whether England or France should be the mistress of the New World. This war brought the thirteen separate colonies into a sympathy and confederation which ripened into a national union of states. Governor Dinwiddie of Virginia, called on the several colonies for aid in the war. In order to do her part and meet the expenses of the government, North Carolina resorted again to the expediency of issuing bills of credit. In 1754 the Assembly passed an act authorizing the issuance of £40,000. (97.) Commissioners were appointed for stamping and signing the bills. The bills were to be of the following denominations: 40 shillings, 30 shillings, 26 shillings and 8 pence, 20 shillings, 15 shillings, 10 shillings, 5 shillings, 4 shillings, 2 shillings and 8 pence, 1 shilling, 8 pence, and 4 pence.

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(91) C. R. IV, 922. C. R. VI, 22 1308. C. R. VIII, 213. C. R. IX, 744. Iredell, 115, 134. (92) C. R. VIII, 213. Iredell, 115. (93) C. R. VI, 1303. Iredell, 117. (94) Iredell, 117. (95) C. R. IV, 1073. (96) C. R. IV, 1072. (97) C. R. V, 208, C. R. VI, 22, C. R. VIII, 213, Iredell, 157.

(98.) They were to be used for the following purposes: £12,000 to aid Virginia against the French and the Indians, £2,000 to improve and defend Fort Johnston, £1,000 to equip the poorer soldiers of Anson and Rowan counties with ammunition and arms, £4,200 to pay the public debts, £7,000 for the establishment of a public school, £7,200 to be divided among the twenty-four parishes to be used for a parish church, glebe, and parsonage. £2,000 to finish the public buildings of the province, £2,800 to pay contingent expenses of the government, £800 to stamp, sign and pay out the bills. (99.) These bills were to be legal tender in all business transactions at the rate of £4 in bills for £3 sterling. (100.) The penalty for counterfeiting these bills was, for the first offence, that the convict should be whipped at the discretion of the court, not exceeding forty lashes and stand in the pillory for two hours, have his ears nailed to the pillory and then cut off. For a second offence the offender should be considered a felon and be punished accordingly without the benefit of clergy. (101.) The act provided that a tax of one shilling per poll and a duty of four pence a gallon on all wine, rum, or other liquors, imported either by land or sea from any place except Great Britain, should be levied and collected as a sinking fund until the bills were redeemed. (102.) In 1755 the Assembly found it necessary to order the £7,200 which had been appropriated for churches, glebes, and parsonages, and also the £2,000 appropriated for the purpose of finishing the public buildings of the colony, to be applied to the purpose of defraying the expenses of repelling the French and Indians from that territory claimed by both French and English. (103.) The amount of out-standing bills in 1754 was £61,350, four shillings of which were to be equal to three shillings sterling.

These bills were to be redeemed by a tax of one shilling per poll and a duty of four pence a gallon on all imported liquors. This tax and duty were to be paid until all the bills were redeemed. (104.) There were no bills of credit issued from 1754 to 1760. The colonists tried another plan for supplying a currency. They resorted to the expediency of issuing interest-bearing treasury notes. In 1760, however, the Assembly authorized the issuance of £12,000 in bills of credit. (105.) They were issued in the following denominations: £3, £2, 30 shillings, £1, 10 shillings, five shillings, two shillings and eight pence, two shillings, one shilling, 8 pence, six pence, and four

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(98) Iredell, 157. (99) Iredell, 159, 160, C. R. VIII, 213, C. R. V, 109. (100) C. R. VI, 1308. Iredell, 158. (101) Iredell, 158. (102) C. R. VI., 1308. C. R. VIII, 213, Iredell, 160. (103) C. R. V, 279, Iredell, 168-169. (104) C. R. VI, 1309. (105) C. R. VI, 1309. Iredell, 192.

pence. (106). They were made legal-tender in all transactons of business at the rate of four shillings in bills for three shillings sterling. They were issued for the following purposes: £7,000 were to be used in paying the expenses of an expedition against the Cherokee Indians; £3,000 were issued for the payment of the public debts; £2,000 were to be used in the payment of rewards for killing Indians. It was required of the person who wished to claim such a reward that he present the scalp of the Indian to the Assembly and take an oath that he had killed the Indian or was present at the killing, and that he had received no reward from the government. If the claimant were on pay, he was entitled to a reward of five dollars. If not, he was entitled to a reward of ten dollars. (107). These bills were to be redeemed by a tax of one shilling per poll, to be levied in January, 1763, and continued until all the bills of this issue had been redeemed. (108). Counterfeiting these bills was to be regarded as a felony, and was to be punished accordingly. (109).

In 1761, the Assembly authorized the emission of £20,000 bills of credit, for the purpose of raising and equipping forces to assist Virginia and South Carolina. The bills were made legal tender in all transactions as proclamation money. They were issued in the following denominations; £3, forty shillings, thirty shillings, twenty shillings, fifteen shillings, ten shillings, five shillings, four shillings, three shillings, two shillings and six pence, two shillings, one shilling, eight pence, six pence, and four pence. (110.) A provision was made in the act for the redemption of these bills by levying a tax of two shillings per poll, commencing in January, 1764, and continuing until all the bills of this issue had been retired. (111.) Counterfeiting these bills was considered a felony and was to be punished accordingly. This was the last emission of bills of credit by North Carolina until she became independent. In 1764 Parliament passed an act prohibiting the colonies from issuing bills of credit with legal tender value. (112.)

#### TREASURY NOTES.

In 1756 the assembly passed an act granting the King an aid of £3,400 for the purpose of defraying the expenses of constructing a fort and for equipping and paying two companies of soldiers for the protection of the western frontier. (113.) This

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(106) Iredell, 192. (107) Iredell, 193. (108) C. R. VIII, 214. Iredell, 193-194. (109) Iredell, 194. (110) Iredell, 198, 199. C. R. VII, p. 214. (111) Iredell, 199. (112). Whitney's "Government of the Col. of S. C." p. 114. Walker's "Money," p. 324. (113) C. R. V, p. 673, 687, 738.

sum was issued in treasury notes at the rate of proclamation money, bearing interest at six per cent. from the date of issuance until November 10th, 1757. These were simple interest bearing promissory notes. They were to be redeemed by a tax of two shillings per poll and a duty of two pence per gallon on all imported liquors for a year. (114.) The surplus was to be applied to the payment of the contingent expenses of the government. (115.) In 1757 an additional sum of £5,306 in treasury notes was issued for the purpose of assisting South Carolina. These notes were to bear interest at six per cent. until September 29, 1758. They were to be redeemed by levying a tax of four shillings and six pence per poll for that year, and a tax on law suits for two years. (116.) There was issued the same year the sum of £9,500 in interest-bearing treasury notes, which was to be paid by a tax of six shillings and six pence per poll for a year, the rate of interest being 6 per cent. The surplus interest was to be applied to the payment of the contingent expenses of the government. (117.) £2,500 of this appropriation were to be used in payment of the debts of the colony, and the remaining £7,000 were to be used for the payment of the military expenses of the colony. (118.) In 1758, the sum of £7,000 of treasury notes was issued. These notes were to bear interest at six per cent. until December 12, 1759. They were issued for the purpose of increasing and maintaining the colonial forces under the command of Brigadier General Forbes and for garrisoning the forts along the Atlantic coast. (119.) The denominations of the notes were as follows: £2,000 of 10 shillings; £4,000 of 20 shillings; £1,000 of 40 shillings. (120.)

These notes were to be paid by levying a tax of four shillings and six pence per poll for a year, and a duty of two pence per gallon on all imported liquors for a period of four years. The surplus was to be applied to the payment of the contingent expenses of the government. (121.)

In November of the same year, the sum of £4,000 of treasury notes was issued to be used in garrisoning Fort Johnston and Fort Granville, and for other purposes. (122.) These notes were to bear interest until June 10th, 1761. Provision was made for their redemption by levying a tax of three shillings and a penny per poll for a year. The surplus of this tax was to be used in payment of the contingent expenses of the government.

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(114) C. R. VI, 1309. C. R. VIII, p. 213. (115) C. R. VIII, p. 213. (116) C. R. VI, 1308. C. R. VIII, 213. (117) C. R. VI 1309. Iredell, 214. (118) C. R. VIII, 214. (119) C. R. V, 1003. C. R. VI, 1310. C. R. VIII, 214. Iredell, 182. (120) C. R. V, 1003. (121) C. R. V, 1003. C. R. VI, 1310. (122) C. R. VIII, 214. Iredell, 183.

(123.) In 1759, the sum of £5,500 of interest bearing treasury notes, which had been borrowed from different funds, was re-issued as non-interest bearing notes. This issue, therefore, did not increase the number of treasury notes in circulation, authorized. A tax of a shilling per poll was levied for three years for the purpose of redeeming them. (124.) According to the financial report made to the Governor in 1764 there had been issued since 1747 £93,350 in bills of credit and £30,776 of interest-bearing notes including interest, making in both bills of credit and interest bearing notes the sum of £124,126. The sum of £49093:15:10 including principal and interest had been redeemed, leaving £75032:4:2 unredeemed. This sum was to be redeemed by a tax of four shillings per poll and a duty of fourpence per gallon on all imported liquors. Both of these sources of revenue were authorized to be continued until all of this sum should be retired. (125.) The following table will show the amount of both bills and notes redeemed each year. (126.)

When Burned.	Proclamation Bills.			Interest Notes.		
	£	s.	d.	£	s.	d.
1749—April 14.....	189	13	3	....	..	..
1750—April 6.....	513	12	0	....	..	..
1751—October 9.....	527	14	4	....	..	..
1752—April 10.....	1,090	17	6	....	..	..
1753—April 11.....	739	6	8	....	..	..
1754—February.....	337	17	3	....	..	..
1755—January 11.....	958	1	4	....	..	..
October 15.....	938	15	10	....	..	..
1756—October 21.....	1,809	0	5	....	..	..
1757—Nov. 29.....	1,986	13	5	2,540	0	0
1758—December 22.....	1,701	10	11	7,843	0	0
1760—January 9.....	1,143	5	4	....	..	..
May 27.....	....	..	..	1,260	19	3
December 1.....	1,479	2	5	3,113	0	3
1761—April 21.....	105	13	3	513	1	3
1762—April 27.....	2,057	19	111	5,124	14	9
December.....	1,710	15	11	1,119	8	9
1764—March 7.....	1,140	9	8	1,673	12	6
November... ..	7,171	0	8	1,958	10	1
1766—November.....	3,786	7	8	1,711	11	22
1768—January.....	7,774	9	7	....	..	..
	£37,162	7s.	4d.	£26,857	18s.	0d.

In 1767 England considered the advisability of furnishing a currency for the use of the colonies. Three plans were considered: (a) for England to furnish an interest-bearing medium

(123) C. R. VI, 1310. C. R. VIII, 214. Iredell 163. (124) C. R. VI, 1310. (125) C. R. VI, 1310, 1311. (126) C. R. VIII, 215.

to be put in circulation by paying the army and the navy, and by means of a loan to the several colonies; (b) for the establishment of a bank connected with the bank of England, to be known as the Bank of America, with the authority to issue notes; (c) for taking the financial affairs of the colonies from Parliament and placing them in the hands of the Crown and boards as was originally the custom. (127.) This last plan, if it had been adopted, would have repealed the restrictive acts of Parliament, and would have permitted the colonies to issue bills on three conditions: (a) that the amount fixed by Parliament should not be exceeded nor increased afterward without the consent of the Crown; (b) that when an issue of bills was made all debts were to be secured and were not to suffer any loss by such omissions; (c) that all sterling debts should be paid in sterling value, and all contracts should be kept. (128.) In 1768 the Assembly authorized the issuance of the sum of £20,000 in certified notes for the purpose of paying the soldiers to suppress an insurrection on the western frontier, and meeting other demands. These notes were not made legal-tender. Such an action would have been contrary to the spirit of the act of Parliament passed in 1764. They were only promissory notes, but money was so scarce at that time that they circulated as freely as if they had been bills of credit. (129.)

In 1771, the Assembly authorized the issuance of £60,000 in debenture notes for the purpose of paying the expenses of Governor Tryon's war against the Regulators. These notes did not bear interest. They were to be redeemed by a tax of two shillings per poll for a period of ten years, unless sufficient funds for that purpose were available sooner. (130.) Although the colonists needed more money, this measure was unpopular. Governor Martin had been instructed to call a new Assembly, but he was advised that a new assembly would not favor such a measure. He, therefore, referred the matter to the old Assembly which had authorized the levy of soldiers for the expedition. Some members of the Assembly had served in this war. (131.) In 1771 a report was made to the Assembly by the Clerk of the Committee of Accounts showing that the sum of £4,340:7:6 more of special taxes had been collected than should have been. (132.) In view of this fact the Assembly passed an act to discontinue the collection of these taxes. The Governor characterized this act "as teeming with fraud," and refused his assent.

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(127) C. R. VIII, 517. (128) C. R. VIII, 517. (129) C. R. VIII, 212. Iredell, 243. (130) C. R. IX, v., 72, 76, 221, 260. Iredell, 258. (131) C. R. IX, xii. (132) C. R. IX, xvi.

(133.) The Assembly, anticipating his intention, had prepared resolutions to discontinue these taxes and indemnify the sheriffs for not collecting them. These resolutions were intended to be recorded in the journal, but the Governor, aware of this intention, dissolved the Assembly immediately after rejecting the act. Colonel William L. Saunders says: "Mr. Speaker Caswell communicated the purport of the resolves to the treasurers as an order from the Assembly and thereupon the taxes in question were omitted from the tax lists sent down to the counties for collection." (134.) The Governor issued a proclamation instructing the sheriffs to continue the collections. (135.)

The trouble between the Assembly and the Governor over the tax question continued till the close of the colonial period. (136.)

CONCLUSION.

The history of the currency of North Carolina during the colonial period shows the use of a great variety of commodities and many examples of inconvertible paper issues in addition to the gold, silver and other coins. The early inhabitants with the small amount of gold and silver they possessed were unable to exchange the products of their industry without relying largely on the use of barter commodities. We find the paper currency of this period based on land, on taxes, and on the credit of the colony. The Assembly issued paper currency to pay the expenses of war, to meet the demands made on the treasury, and to lend to the people for the purpose of encouraging industry. The spirit North Carolina has shown in her financial legislation, limited as she was by England's commercial and financial policy, is in the main commendable. Few bills or notes were issued for which she did not at the time make provision for redemption. We are not aware of any that the Assembly did not attempt to redeem. In 1772 Governor Martin refused to endorse an act authorizing the issuance of the sum of £120,000 in debenture notes for the purpose of redeeming the outstanding debenture notes and bills of credit. He refused his assent because he regarded it inconsistent with the act of Parliament passed in 1764, concerning the issuance of bills of credit. (137.) The debenture notes issued in 1771 were the last paper currency North Carolina issued before she became independent. In 1775, feeling no longer the restrictive influence of Parliament, she returned to the policy of issuing bills of credit.

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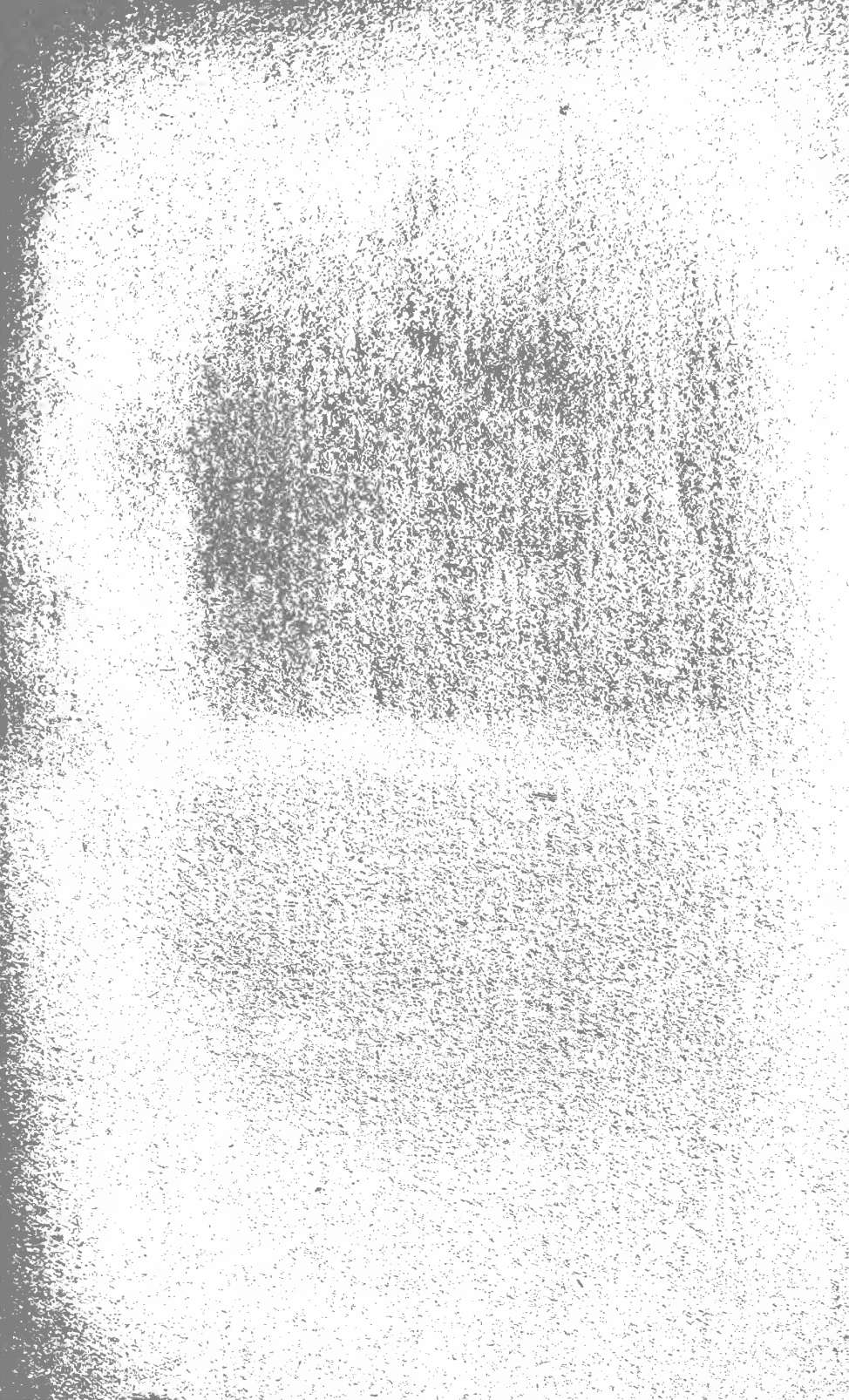
(133.) C. R. IX, pp. xvi, xvii. (134) C. R. IX, xvii. (135) C. R. IX, xvii. (136) C. R. IX, xix. (137) C. R. IX, 258.

## VITA.



Edwin Wexler Kennedy was born in Tennessee August 25th, 1857, received his preliminary education in the public and private schools in Blount county, and the degree of A. B. from the University of Tennessee in 1880; taught in the Knoxville city schools, Tennessee, and in the Goldsboro city schools, North Carolina; was for twelve years superintendent of the Durham city schools, North Carolina. From 1895 to 1897 he was instructor in history in the Woman's College of Baltimore, and from 1894 to 1897 he was a graduate student in the Johns Hopkins University. His studies were History, Jurisprudence and Politics, and the subject of his thesis, "Quit-rents and Currency in North Carolina, 1663-1776."





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