9.3: The Articles of Confederation Government

By 1777 it had become obvious that if the new American states were to succeed diplomatically in gaining allies in their rebellion against Britain, then a more inclusive national government than the Second Continental Congress, which had been conducting the war until that point, would have to exist. A government that spoke and legislated for the states as a whole was needed. And so in 1777, the Second Continental Congress appointed a committee to draft a constitution for the states, which, when ratified, would bind them into a “firm league of friendship” for their common defense, the security of their liberties, and their mutual and general welfare. There was to be a common treasury that would “defray the charges of war.”

In terms of a national structure, this constitution, or the Articles of Confederation, created a one-house congress composed of two delegates from each state who served one-year terms. The “President of the United States” was the chair of the Confederation Congress, elected by its members; there was no separate executive branch, no national judiciary, and no national headquarters. While Congress could pass laws for the states as long as three-quarters of its members approved, borrow and coin money, and conduct diplomatic relations, it could not regulate trade, tax the states, or, without a national judiciary, enforce its laws. Congress also lacked the power to keep the states from issuing their own currency and imposing their own tariffs. The Articles of Confederation was released to the states for ratification, and by 1781, the states had approved it. It would be in effect for eight years until it was replaced by the U.S. Constitution.

9.3.1: The “Critical Period”

The period during which the Articles were in effect, 1781-1789, was first called a “critical” one for the new United States, by John Quincy Adams in 1787 as he addressed the graduating class of Harvard University. It was, he insisted, a time when the new U.S. was “groaning under the intolerable burden of…accumulated evils.” It was, in other words, a period of diplomatic and financial challenge and internal confusion. While trade flourished and new markets were opened with the Dutch, Swedes, Prussians, Moroccans, and Chinese, the need for a national bank, with the power to issue
government bonds and tax, was acute. The weak national government, the result of a reaction to the restrictions placed on the colonies after the French and Indian War, faced continuing crises with which it had a hard time coping, especially when it came to dealing with foreign governments and the nation’s war-related debt. Many Americans assumed the transition from their status as British colonies to an independent nation would go smoothly. However, such attitudes were misplaced because foreign governments saw the United States as weak and treated the new government accordingly. Furthermore, many Americans believed prosperity would come quickly after the war; trade did resume, but efforts to fund the debt at the national and state levels caused problems.

Establishing sovereignty over territory ceded to the United States in the Treaty of Paris proved difficult. First, the British excluded American ships from their ports, which impacted the trade of timber, wheat, and other goods. They also did not evacuate all of their trading posts in the Northwest. Merchants found other markets and they also engaged in smuggling, but the Confederation Congress lacked the power to do more to secure a commercial treaty or to force the British to evacuate American land. Second, the Spanish disputed the border between New Spain and the United States. They also closed the Mississippi River to American traffic, which significantly affected the ability of southerners to conduct their international trade through New Orleans. Congress sent John Jay, the secretary of foreign affairs, to negotiate with Spain and instructed him to stand up for American rights in the Southwest. When it became clear his Spanish counterpart would not budge, Jay deviated from his instructions. He sacrificed navigation on the Mississippi for a commercial treaty. However, southerners in Congress blocked the measure. Many states did not want Congress to negotiate on their behalf; they wanted to make their own commercial arrangements. Thus, issues with Great Britain and Spain continued to fester.

During the war, the Confederation Congress struggled to meet its financial obligations, and this pattern continued in the postwar years because the central government lacked a dedicated source of revenue. Early in the conflict, Congress issued paper currency to finance the war; the currency lost value almost immediately and so the government printed more money. Large amounts of paper currency in circulation, which could not be exchanged for specie or coin, did not bode well for the financial health of the new country. In 1781, Robert Morris became the Confederation’s minister of finance, and he proposed two measures to remedy the nation’s financial problems. He suggested imposing a five percent tax on all foreign imports. However, Rhode Island and Virginia opposed the measure, and since the vote needed to be unanimous, that effort to raise revenue failed. Morris also proposed the creation of a national bank but could not convince enough members of Congress of the importance of a bank. After Morris left the government, some members of Congress tried again to win support for the import tax in 1784. They again failed, after which they simply let the states choose how to pay their portion of the debt.
Just as the Confederation Congress struggled to meet its financial obligations, so too did many states. They resorted to high taxes to fund their debt. In doing so, they angered the people who could not afford to pay those taxes. Many citizens resented the personal economic problems they faced in the 1780s, and they had little desire to contribute to their states’ efforts to fund the public debt. As frustration mounted, nationally-minded leaders looked for ways to address the weakness of the central government. In December 1786, leaders from New York, New Jersey, Pennsylvania, Delaware, and Virginia met in Annapolis, Maryland to discuss the possibility that the states would grant Congress the right to regulate commerce. The New Jersey delegation, along with delegates from other states like Alexander Hamilton and James Madison, hoped for greater change. However, those present could do little to enact change because so few states participated in the Annapolis Convention. The fear of the republican experiment failing had not yet reached crisis proportions. Added to the financial woes was the fact that American artisans were demanding new supplies of paper money and creditors to be paid in gold or silver. By 1785 the demand for paper money had become so insistent that seven states began issuing what would become worthless paper.

Despite the overwhelming problems the Confederation Congress faced, it did in fact create two long-lasting pieces of legislation that addressed the Northwest Territory, ceded by Britain to the United States at the end of the Revolutionary War. The Land Ordinance of 1785 divided the area north of the Ohio River Valley and west of the Appalachians into townships, six miles squared. The townships were in turn divided into thirty-six sections: thirty-five were to be sold, and one was to be set aside for schools. Each section consisted of 640 acres, which were sold for no less than $1.00 per acre. Settlers and speculators began to pour into the region, paving the way for a series of conflicts as the Americans insisted on taking land from the Indians, who had not acquiesced to the Treaty of Paris and considered the land rightfully theirs.
The Northwest Ordinance, which followed in 1787, set out the process by which a territory could become a state. It specified that if a territory had fewer than 5,000 white adult males, it would be governed by a governor and a three-judge panel, all of whom were to be appointed by the Confederation Congress. When a territory held 5,000 to 60,000 white male inhabitants, a legislature could be elected by all white males, but the governor was still appointed by Congress. When the population of a territory exceeded 60,000, it could adopt a constitution—which must forbid slavery and protect religious freedom—and apply for statehood, which would be granted by Congress. The measure gave Congress greater control over the settlement of the western territories; self-government came only with statehood. And finally, the Northwest Ordinance barred slavery, except as punishment for a crime in the territory, though it did provide for the return of fugitive or runaway slaves.

For the most part, however, the period during which the Articles of Confederation was in effect was indeed “critical” for the fledgling country; the final straw came in 1786 with the rebellion of a group of Massachusetts farmers led by Daniel Shays.

9.3.2: Shays’s Rebellion

One of the most serious challenges to the Confederation government, and an important impetus to calling for a constitutional convention, came in the form of a “rebellion,” or what Alexander Hamilton called a Massachusetts “civil war” led by a “desperate debtor,” Daniel Shays. Like farmers in many states, those of western Massachusetts suffered from high taxes, crushing debt, and widespread foreclosures. These farmers, in an effort to influence the legislature and governor in Boston and forestall foreclosures on their lands, drafted a list of grievances, among which were the following:

1. the present system of taxation operated “unfairly between the poor and the wealthy classes”
2. There existed “a shortage of cash money”
3. “farm goods [were] not accepted as payment for debts and taxes”
4. Taxes and the fees charged by lawyers and the courts were too high
5. “State government officials are being paid fattened salaries”

By fall, 1786, resistance to the policies of the Massachusetts state government had escalated to the point of an insurrection led by Daniel Shays, a Revolutionary War veteran. Marching through the countryside of Massachusetts, Shays and his men succeeded in taking over the Court of Common Pleas in Northampton, Massachusetts in an effort to prevent the trials of indebted farmers. The Governor of Massachusetts, with help from bankers and merchants in the eastern part of the state, raised troops and quickly crushed the rebellion.

Despite the fact that Shays’s “rebels” numbered only 1,200, many of America’s most distinguished and reasoned leaders evidently believed that anarchy was about to consume all of the states and that Shays’s Rebellion might just be the spark that set it off. According to many, mob rule was at hand. James Madison, reading reports that set the number of farmers at 12,000, came to the conclusion that the whole affair had been instigated by the British. Even George
Washington cried out, “What, gracious God, is man that there should be such inconsistency and perfidiousness in his conduct?”

Some leaders, however, took a view different from that of Washington and Madison, regarding Shays’s Rebellion as an almost legitimate form of popular protest, a sign of the vigor and political alertness of the populace and of their determination to guard their liberties. “What signify a few lives lost in a century or two,” Jefferson wrote. “The tree of liberty must be refreshed from time to time with the blood of patriots and tyrants. It is its natural manure.” In a letter, Jefferson explained himself further to James Madison, who shared Washington’s attitude about Shays’s rebels:

I am anxious to learn your sentiments on the late troubles in the eastern states. So far as I have yet seen, they do not appear to threaten serious consequences…Those states have suffered by the stoppage of the channels of their commerce, which have not yet found other issues. This must render money scarce and make the people uneasy. This uneasiness has produced acts absolutely unjustifiable; but I hope they will provoke no severities from their governments…

The mass of mankind under…a government wherein the will of everyone has a just influence enjoys a precious degree of liberty and happiness. [There will be occasional turbulence]…but I hold it that even a little rebellion now and then is a good thing.

The unhappiness of the farmers spread to other areas of the northeast where similar rebellions broke out. Although the unrest was put down in several months, the fact that the Confederation Congress did not take a stand on the rebellions and could not send troops into the states underscored the problem, long voiced by leaders like George Washington, James Madison, and Alexander Hamilton, that a stronger national government was needed, one with power to create and maintain peace and harmony within the states, between the states, and between the states and the national government. Thomas Jefferson looked at the situation from the standpoint of diplomatic weakness mused in 1786: “The politics of Europe render it indispensably necessary that with respect to everything external, we must be one nation only, firmly held together.”
The Articles of Confederation thus assumed the role of chief culprit in causing the need for a stronger government. Traditional accounts assail the Articles for being too democratic, as evidenced by the fact that the national government lacked the independent power to tax, pay down the national debt, raise an army, turn back the threat posed by such mobs as the participants of Shays’s Rebellion, and guarantee prosperity. An economic downturn following the revolution has frequently been attributed to the Articles. Therefore, in the development of the Constitution, the Founding Fathers have usually been praised for recognizing the need for a federal government that could force the states in the interests of order and liberty.

9.3.3: Before You Move On...

Key Concepts

The United States had been established and functioned under the notion that a constitution was necessary in the creation and definition of a government. It was desirable in order to define and perhaps limit the scope of a central government and to protect the rights of the people and the states. England’s adoption of a Bill of Rights in 1689 and the ideas publicized during the Enlightenment, like those of the Baron Montesquieu and Jean Jacques Rousseau, led the Continental Congress to create a committee in 1777 to draft a constitution; this first constitution was called the Articles of Confederation. Described as a “firm league of friendship,” the Articles reflected the distrust of its members and of the states generally of a central government that wielded too much power. Reeling from their recent experience with Britain and her attempt to tighten her hold on the colonies, the delegates who drafted the Articles created a government that was powerless in most areas. Although the Confederation Congress could pass laws, it had no authority to enforce them, as there was no separate executive or judicial branch. The Confederation Congress could request funds from the states but could not tax; it could request troops but could not draft citizens.

Sometimes called a "critical" period, the seven years that the Articles were in effect were ones of little significant progress for the new United States. Two land ordinances were passed, but, for the most part, the government under the Articles was ineffective and powerless. It could not do much to solve border issues with Spain and Great Britain, nor could it do anything to secure better commercial relations with those countries. To make matters worse, the Articles made it almost impossible for the Confederation Congress to resolve issues of public finance caused by the war. By 1787 it was obvious that a stronger central government was called for if European countries were to take the United States seriously.

Test Yourself

Exercise \(\PageIndex{1}\)

Under the Articles of Confederation, the national government consisted of

a. Congress and a court system.

b. Congress and an executive.

c. Congress, a court system, and an executive.
d. Congress.
Answer
d

Exercise \(\PageIndex{2}\))

a. The right to collect taxes from the states.
b. The right to enforce laws passed by the Confederation Congress.
c. The right to pass legislation.
d. The right to draft troops.
e. All of the above were powers possessed by the national government.
Answer
c

Exercise \(\PageIndex{3}\))

The Land Ordinance of 1787

a. specified the process by which a territory could become a state.
b. divided the northwest territory into townships.
c. addressed the parish system in Louisiana.
d. basically left the course of the territories to the territories themselves with little oversight from the central government.
Answer
a