

Guide to Reading

Main Idea

The 13 states ratified the Articles of Confederation, which created a national government for the new nation.

Key Terms and Names

Articles of Confederation and Perpetual Union, Northwest Ordinance, duty, recession, Shays's Rebellion

Reading Strategy

Organizing As you read about the new government created by the Articles of Confederation, complete a graphic organizer similar to the one below by listing the achievements of the Confederation Congress.

**Reading Objectives**

- **List** the achievements of the newly formed Confederation Congress.
- **Summarize** the weaknesses of the Confederation Congress.

Section Theme

Government and Democracy The Articles of Confederation provided a workable but faulty national government.

Preview of Events

1781

1781

Articles of Confederation ratified

1783

1783

Newburgh conspiracy

1784

Postwar economic recession begins

1785

1786–1787

Shays's Rebellion

1787

1787

Northwest Ordinance becomes law

★ **An American Story** ★

On March 15, 1783, General George Washington arrived in Newburgh, New York. He had come to convince his officers—members of the so-called Newburgh conspiracy—not to rebel against the government.

Many officers were deeply in debt and angry with Congress for not giving them their back pay and pensions. Several had sent an angry letter to other officers arguing that the time had come to take action. When Washington read a copy of the letter, he called a meeting of all high-ranking officers at Newburgh and criticized their “insidious purposes” that threatened the separation between “military and civil” affairs.

Washington then said that he wished to read a different letter, and he pulled out a pair of reading glasses. No one had ever seen him wear them before. “Gentlemen,” Washington began, “you must pardon me. I have grown gray in the service of my country and now feel myself growing blind.” This simple statement drained the tension from the room. Some officers wept. Shortly afterward, the officers pledged their loyalty to Congress. Washington’s integrity had preserved a basic principle—that the army should not interfere in politics.

—adapted from *The Forging of the Union*

The Achievements of the Confederation Congress

Even before independence was declared, Patriot leaders at the Continental Congress realized that the colonies needed to be united under some type of central government. In November 1777, the Continental Congress adopted the **Articles of Confederation and Perpetual Union**—a plan for a loose union of the states under the authority of the Congress.

The Articles of Confederation The Articles of Confederation established a very weak central government. The states had spent several years fighting for independence from Britain. They did not want to give up that independence to a new central government that might become tyrannical.

Under the Articles, once a year, each state would select a delegation to send to the capital city. This group, generally referred to as the Confederation Congress, was the entire government. There were no separate executive and judicial branches.

The Confederation Congress had the right to declare war, raise armies, and sign treaties. Although these powers were significant, the Congress was not given the power to impose taxes, and it was explicitly denied the power to regulate trade.

GEOGRAPHY

Western Policies Lacking the power to tax or regulate trade, the only way for the Confederation Congress to raise money to pay its debts and finance its operations was to sell the land it controlled west of the Appalachian Mountains. To get people to buy the land and settle in the region, the Congress had to establish an orderly system for dividing and selling the land and governing the new settlements. The Land Ordinance of 1785 established a method for surveying the western lands. It arranged the land into townships six miles square. Each township was divided into 36 sections, one mile square.

Two years later, the Congress passed the **Northwest Ordinance**, which provided the basis for governing much of the western territory. The law created a new territory north of the Ohio River and east of the Mississippi, which could eventually be divided into three to five states. Initially the Congress would choose a governor, a secretary, and three judges for the territory. When 5,000 adult male citizens had settled in a territory, they could elect a territorial legislature. When the population of a territory reached 60,000, the territory could apply to become a state "on an equal footing with the original states."

The Northwest Ordinance also guaranteed certain rights to people living in the territory. This included freedom of religion, property rights, and the right to trial by jury. The ordinance also stated that "[would] be neither slavery nor involuntary servitude in the said territory." The exclusion of slavery from the Northwest Territory meant that as the United States expanded in future years, it would be divided between Southern slaveholding states and Northern free states.

Success in Trade In addition to organizing western settlement, the Confederation Congress tried to promote trade with other nations. After the Revolutionary War ended, the British government imposed sharp restrictions on American access to British markets. The British insisted that American goods sold to British colonies in the Caribbean had to be carried on British ships. American ships could still carry goods to Britain, but only goods from their respective states. A ship from Massachusetts, for example, could not carry goods from New York.

To overcome these problems, representatives from the Congress negotiated several trade treaties with other countries, including Holland, Prussia, and Sweden. A previous commercial treaty with France also permitted American merchants to sell goods to French colonies in the Caribbean. By 1790 the trade of the United States was greater than the trade of the American colonies before the Revolution.

Reading Check **Describing** What were the provisions of the Northwest Ordinance of 1787?

The Congress Falters

The Confederation Congress's commercial treaties and its system of settling the west were two of its major achievements. Other problems facing the new nation were not so easily solved.

Problems With Trade During the boycotts of the 1760s and the Revolutionary War, American artisans and manufacturers had prospered by making goods that people had previously bought from the British. After the war ended, British merchants flooded the United States with inexpensive British goods, driving many American artisans out of business.

The problems facing artisans and merchants convinced many American states to fight back by restricting British imports. Unfortunately, the states did not all impose the same duties, or taxes on imported goods. The British would then land their goods at the states that had the lowest taxes or fewest restrictions. Once the British goods were in the United States, they moved overland into the states that had tried to keep them out.

Because the Confederation Congress was not allowed to regulate commerce, the states began setting up customs posts on their borders to prevent the British from exploiting the different trade laws. They also levied taxes on each other's goods to raise revenue. New York, for example, taxed firewood from Connecticut and cabbage from New Jersey.

New Jersey retaliated by charging New York for a harbor lighthouse on the New Jersey side of the Hudson River. Each state was beginning to act as an independent country, and this behavior threatened the unity of the new United States.

Problems With Diplomacy The Confederation Congress also had problems in other areas of foreign policy. The first problems surfaced immediately after the Treaty of Paris, which ended the Revolutionary War, was signed.

Before the war, many American merchants and planters had borrowed money from British lenders. In the peace treaty, the United States had agreed that the states should allow these lenders to recover their prewar debts by suing in American courts. The Congress had no power to compel the states to do this, however, and many states restricted Britain's ability to collect its debts. The United States also had agreed that the states should return the property that had been confiscated from Loyalists during the war. Again, the Congress could not compel the states to do this, which further angered the British.

In retaliation, the British refused to evacuate American soil as specified in the treaty. They continued to occupy a string of frontier posts south of the Great Lakes inside American territory. Congress had no way to resolve these problems. It did not have the power to impose taxes, so it could not raise the money to pay a financial settlement to Britain for the debts and Loyalist property. Since it could not regulate trade, it also had no way to pressure the British into a settlement.

American dealings with Spain also showed the weaknesses of the Confederation Congress. The major dispute with Spain involved the border between Spanish territory and the state of Georgia. The Spanish stopped Americans from depositing their goods on Spanish territory at the mouth of the Mississippi River. This effectively closed the river to American farmers who used it to ship their goods to market.

Again, the Confederation Congress had no leverage to pressure the Spanish, and the dispute over Georgia's border and navigation on the Mississippi remained unresolved. Once more, the limited powers of the Confederation Congress had prevented any diplomatic solution from being worked out.

The Economic Crisis While the Confederation Congress struggled with diplomatic issues, many other Americans were struggling economically. The end of the Revolutionary War and the reining in of economic activity with Britain plunged the new United States into a severe recession, or economic slowdown.

Farmers were among those most affected by the recession. Although they were not earning as much money as they once did, they had to keep borrowing to get their next crop in the ground. Many also had mortgages to pay. At the same time, the Revolutionary War had left both the Confederation Congress and many states in debt. To pay for the war, many states had issued bonds as a way to borrow money from wealthy merchants and planters. With the war over, the people holding those bonds wanted to redeem them for gold or silver.

To pay off their debts, the states could raise taxes, but farmers and other people in debt urged the state governments to issue paper money instead. They also wanted the states to make the paper money available to farmers through government loans on farm mortgages.

Since paper money would not be backed up by gold and silver, and people would not trust it, inflation—a decline in the value of money—would begin. Debtors would be able to pay their debts using paper money that was worth less than the value printed on it. This would let them pay off their debts more easily. Lenders, on the other hand, including many merchants

Why It Matters

The Northwest Ordinance

One of the major challenges facing the Confederation Congress was formulating a plan for dealing with the territory west of the Appalachian Mountains. Formerly claimed by individual states, these vast lands were now the territory of the entire United States. The Northwest Ordinance that the Congress adopted stands as one of the few successes of the Confederation.

The Ordinance provided for the survey of land west of the Appalachian Mountains, including the present-day states of Ohio, Illinois, Wisconsin, Michigan, and Indiana. It also set up a clear and orderly process by which new states were admitted on an equal basis to the Union.

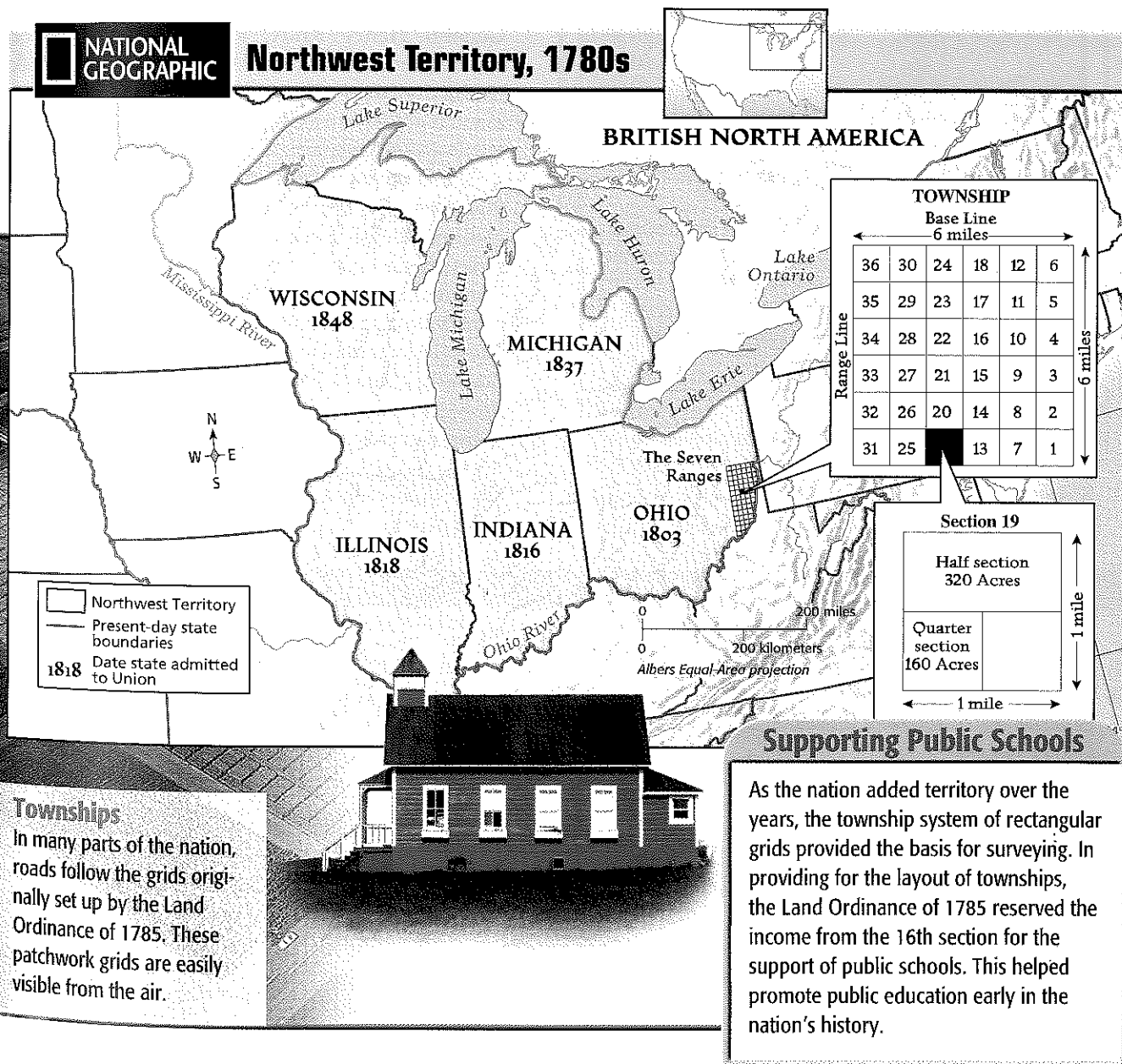
and importers, strongly opposed paper money because they would not be receiving the true amount they were owed. Beginning in 1785, seven states began issuing paper money.

In Rhode Island, the paper money eventually became so worthless that merchants refused to accept it in payment for debts. After an angry mob rioted against the merchants, Rhode Island's assembly passed a law forcing people to accept paper money at its stated value. Those who refused could be arrested and fined.

To people with property, this signaled danger. If states were passing such laws, it was because poorer, debt-ridden citizens controlled them. With the spread of democratic ideals and a lowering of property qualifications for voting, many states had begun electing such citizens to office.

Shays's Rebellion The property owners' fears seemed justified when a full-scale rebellion, known as **Shays's Rebellion**, erupted in Massachusetts in 1786. The rebellion started when the government of Massachusetts decided to raise taxes instead of issuing paper money to pay off its debts. The taxes fell most heavily on farmers, particularly poor farmers in the western part of the state. As the recession grew worse, many found it impossible to pay their taxes as well as their mortgages and other debts. Those who could not pay often faced the loss of their farms.

Angry at the legislature's indifference to their plight, in late August 1786, farmers in western Massachusetts rebelled. They closed down several county courthouses to prevent farm foreclosures,



Some Weaknesses of the Articles of Confederation

Provision	Problem Created
Congress has no power to tax	Weak currency and growing debt Inability to pay army leads to threats of mutiny
Congress has no power to enforce treaties	Foreign countries angry when treaties are not honored; for example, Britain keeps troops on American soil
Every state, despite size, has one vote	Populous states not equally represented
Congress has no power to regulate commerce	Trade hindered by states imposing high tariffs on each other
Amendment requires unanimous vote of states	Difficult to adapt articles to changing needs

Chart Skills

- 1. Interpreting Charts** What was the problem with requiring a unanimous vote of the states to create changes in the Articles of Confederation?
- 2. Understanding Cause and Effect** Why do you think the states approved a government with so many weaknesses?

and then marched on the state supreme court. At this point, Daniel Shays, a former captain in the Continental Army who was now a bankrupt farmer, emerged as one of the rebellion's leaders.

In January 1787, Shays and about 1,200 farmers headed to a state arsenal intending to seize weapons before marching on Boston. In response, the governor sent more than 4,000 volunteers under the command of General Benjamin Lincoln to defend the arsenal. Before they arrived, Shays attacked, and the militia defending the arsenal opened fire. Four farmers died in the fighting. The rest scattered. The next day Lincoln's troops arrived and ended the rebellion. The fears the rebellion had raised, however, were harder to disperse.

A Call for Change People with greater income and social status tended to see the rebellion, as well as inflation and an unstable currency, as signs that the republic itself was at risk. They feared that as state legislatures became more democratic and responsive to poor people, they would weaken property rights and vote to take property from the wealthy. As General Henry Knox, a close aide to George Washington, concluded: "What is to afford our security against the violence of lawless men? Our government must be braced, changed, or altered to secure our lives and property."

These concerns were an important reason why many people, including merchants, artisans, and creditors, began to argue for a stronger central government, and several members of the Confederation Congress called on the states to correct "such defects as may be discovered to exist" in the present government. The Confederation's failure to deal with conditions that might lead to rebellion, as well as the problems with trade and diplomacy, only added fuel to their argument.

Reading Check **Explaining** What caused Shays's Rebellion?

SECTION 1 ASSESSMENT

Checking for Understanding

- 1. Define:** duty, recession.
- 2. Identify:** Articles of Confederation and Perpetual Union, Northwest Ordinance, Shays's Rebellion.
- 3. Describe** the conditions that led to Shays's Rebellion.

Reviewing Themes

- 4. Government and Democracy** What do you think was the most serious flaw of the Articles of Confederation? Why do you think so?

Critical Thinking

- 5. Comparing** How are the issues faced by the federal government today similar to those that were faced by the Confederation Congress?
- 6. Organizing** Use a graphic organizer similar to the one below to list the weaknesses of the Confederation Congress.



Analyzing Visuals

- 7. Examining Maps** Study the map of the Northwest Ordinance on page 161. What significant provision of this law would contribute to dividing the nation into competing regions?

Writing About History

- 8. Persuasive Writing** Take on the role of a journalist during the time of the Confederation Congress. Write an editorial expressing your opinion of Shays's Rebellion, and suggest how the government might handle such situations better in the future.