

DOCUMENTS
RELATING TO THE
REVOLUTIONARY HISTORY
OF THE
STATE OF NEW JERSEY.

VOLUME IV.

EXTRACTS FROM AMERICAN NEWSPAPERS RELATING
TO NEW JERSEY,

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Town about the 1st of May, and supposed to follow a drove of horses towards Morris Town.—Whoever will take up said mare, so that the subscriber, living in Greenwich, Sussex county, may get her again, shall be entitled to the above reward, and all reasonable charges.

COURT JOHNSON.

—*The New-Jersey Journal*, Vol. I. Numb. XXXVIII,¹ October 26, 1779.

For the NEW-JERSEY JOURNAL.

LETTERS ON OUR PAPER CURRENCY.

LETTER I.

WE all know the depreciated state of our paper currency; and there are but few people but what are concerned about the event. In these circumstances, some persons (we must suppose them interested) have proposed to let it die in the hands of the possessors. A proposal so unjust, and contrary to the final interest of these states, will never take place. The Congress have, I trust, in their late circular letter, satisfied people in that respect. That circular letter which, on the whole, is excellent, and in some respects as a cordial to many, yet contains some things not fully understood, and some things respecting which the public would be glad to query. We venerate the Congress; but they know, and we all know, that their conduct is to be looked into; and all they do for the public may be scanned with modesty, and due regard to the public. Every friend to his country has a right, with modesty and humility, to query and propose any thing for the public good, especially respecting our currency, at a time when something must be done, and when 'tis so difficult to know what is best to be done.

Three things I have to offer to the public respecting our paper currency. 1st. The depreciation and the causes of it. 2d. What the Congress mean and should mean by redeeming our bills, and paying our public debts. 3d. What is best to be done in the present state of our depreciated currency.

1. The depreciation, and the cause of it. This I should not spend time to consider, was it not necessary to open and lead the way to what must follow.

The Congress well observe that the causes of the depreciation are both natural and artificial; but I would just observe that the natural, *i. e.* the quantity is properly the cause; for that only gives opportunity for the artificial causes to take place. Had there not been a

¹ Number XXXIX. of *The New Jersey Journal*, has not been found.

surplus of paper; had there not been so great a quantity, as to have given opportunity to hoard the hard money, no artificial causes would have sunk the value of the paper currency. Thirty million of dollars has been supposed a proper quantity for a circulating medium in these thirteen states; but I think that sum is ten million of dollars too much, at such a time as this, when we have so little foreign trade, and are cut off from so great a part of our commerce. If twenty million of dollars are a sufficiency for a medium of trade in the present state of things, then the natural depreciation of one hundred and sixty million would be eight to one. Be this as it will, there have been other causes that have helped to bring on the depreciation. The Congress say, "A distrust (however occasioned) entertained by the mass of people, &c. is the cause." This certainly, has done its part; but the full and proper artificial cause was the people refusing, or neglecting to take it in all payments as freely as if it had been silver; and as such to use it as a medium of trade in all their dealings, which has often and abundantly been the case, where there was no distrust, but the fullest confidence that the Congress was able and would certainly redeem the bills. This has been the case with multitudes who have dealt by way of barter; or, as they generally say, in the old way. If twenty million of dollars was a sufficient medium, when used as formerly, and people neglect to use continental money in one half of their dealings, then the circulating medium would be but ten million, which gives room to the one hundred and sixty million to depreciate to sixteen for one. People dealing by way of barter; or, as they say, in the old way, exchanging one thing for another, has done more towards depreciating our currency than any one thing. If money is not used between man and man as much as may be in all their dealings, but is neglected or set aside, the event as to depreciation is the same as if undervalued and refused. Thus our honest country people, who have all the time been clamouring and blaming they know not who, for the depreciation of our money, have without knowing or considering it, done more to depreciate it than any one sort of men on the Continent. Many through the Continent also have refused to take continental money for wheat, flour, or other necessaries of life, extorting hard money for what they sold: This has also given paper money a sink; for this has the same tendency as dealing by way of barter; 'tis setting aside paper money, and insisting upon something else. Again, many refugees from cities and places were the enemy have come; which refugees were most hearty friends to their country, having preserved some money, or money's worth, with them knowing that hard money was the best 'standby, at all times and in all places, and that they could help themselves with it in some cases of necessity, when they could not with any thing else, have in their own defence, and to keep their families from starving, been obliged to prefer hard money to other; and thus unavoidably and innocently been a cause of the depreciation. As every instance of the preferring hard money, or any thing else, to paper, tends to depreciate it.

But the engrossers, forestallers, extortioners, and avaricious traders have been a great, and the most culpable cause of the depreciation. This our people in general are aware of, and view them as pernicious to their country. These extortioners, after having purchased goods or provisions at a certain price, in continental money, have refused to take the same, with a proper advance for their trouble, risk, &c. and instead of proposing to take something else in exchange, as other depreciators have done, they have had the effrontery to offer to take continental money at two, three, four, or more, for one.

I have further to observe, that if there is so much paper money issued as to be a sufficient currency, without any hard money, it immediately begins to depreciate; for the silver and gold ceases to circulate, and paper is no standard. Two thirds of the currency of a country will bear to be paper, and not much more. If paper money is so scarce that a considerable quantity of silver and gold must be drawn out as part of the circulating medium, then paper will keep equal with it; for in general 'tis the most portable and agreeable money to trade with. Thus our paper money formerly kept its value. If there is not such a quantity of hard money passing as a currency, that those who need it upon particular emergencies, can take it at their pleasure, paper money will depreciate; and this will ever be the case, if paper is so plenty as to give particular persons opportunity to hoard all the hard money. When hard money ceases to be part of the currency, if free trade is allowed, no legislature will or can avail to keep up the credit of paper money. To decree that men shall not value silver above paper, or not give or take more for one than the other; or to decree that article of commerce, or provisions, shall be bought and sold at a particular price, is in effect to decree that there shall be no free trade, and that many shall suffer, and even starve for want of necessaries which they cannot buy. How suddenly did our gold and silver, yea, even the copper, stop its circulation? How suddenly were they struck dead, when the paper money began to abound? It is strange how suddenly every body knew that hard money was preferable to paper? Hard money is the soul and spirit of paper; for as the spirit keeps the body moving, and as the body without the spirit is dead so is paper without hard money; or in a great measure so. It always has been, and always will be impossible for any government, where there is a free trade, to keep paper money good, unless it is in so small a quantity as to draw out the hard money for part of the circulating medium.

A distrust or fear, in many people, whether the Congress would, whether they could, and whether it would be right for them, to make the paper money as good as silver, has been a considerable cause of the depreciation. Concerning the redemption of our bills, and making them good, I am to query and observe in my next letter.

EUMENES.