

# The Constitutional Law of Money

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## Discussion Questions for Class 4

### Money and Self-Determination: The Colonial Experience

#### Readings:

E. James Ferguson, *The Power of the Purse; a History of American Public Finance, 1776-1790* 1-16, 24 (Chapel Hill: University of North Carolina Press, 1961).

Benjamin Franklin, "A Modest Enquiry into the Nature and Necessity of a Paper – Currency" (1729), at [URL](#)

Anonymous. *A Dialogue between Mr. Robert Rich, and Roger Plowman*. Philadelphia, PA: Samuel Keimer, 1725, at [URL](#)

William Douglass. "A Discourse Concerning the Currencies of the British Plantations in America" (1740) In *Colonial Currency Reprints*, edited by Andrew MacFarlane Davis (Boston: John Wilson & Son, 1910) at [URL](#)

William Borden. *An Address to the Inhabitants of North-Carolina, Occasioned by the Difficult Circumstances the Government Seems to Labour Under...* Williamsburg, VA: William Parks, 1746, at [URL](#)

#### Background:

The readings today sample sentiment in favor and against paper money from a variety of colonies. Benjamin Franklin arrived in Pennsylvania in 1723, the same year that the colony issued its first paper money. According to the province's plan, inhabitants could borrow cash by mortgaging their land and agreeing to repay the principal with interest. (Paper money was also receivable in taxes.) The arrangement was up for renewal in 1731; Franklin wrote "A Modest Enquiry" to advocate in favor of paper, a position from which he never wavered. (His side won; Pennsylvania long ran a successful system of land banks.)

While Franklin was one of paper money's most notable supporters, William Douglass of Massachusetts was a committed foe. Opposition to paper money was particularly concerted in New England, given the region's failure to manage the system as successfully as those colonies in the mid-Atlantic. A set of colorful commentators round out the sample here.

Discussion Questions:

1. Why did Franklin think that the money supply in Pennsylvania was inadequate? What were the most damaging effects of that inadequacy to everyday life? to the economy?
2. Were you persuaded that the problems identified by Franklin required public intervention to fix? If so, why?
3. How would the producing money by way of a land bank differ from the method that Massachusetts used in 1690, i.e., spending bills of credit into circulation?
  - a. What stimulates the emissions of currency?
  - b. Who receives those emissions?
  - c. How is the currency's value supported?
4. Do you think that provincial populations would conceptualize 'money' based on mortgages differently from specie?
5. Assuming the four pamphlets here as a starting point, what would you hypothesize about the impact of paper money in early America on
  - a. Social relations?
  - b. Political dynamics at the domestic level? At the level of the Empire?
6. Do you notice a change over time in the vocabulary and kinds of arguments put forward in the pamphlets?
7. Why do you think the British tolerated paper money for as long as they did?