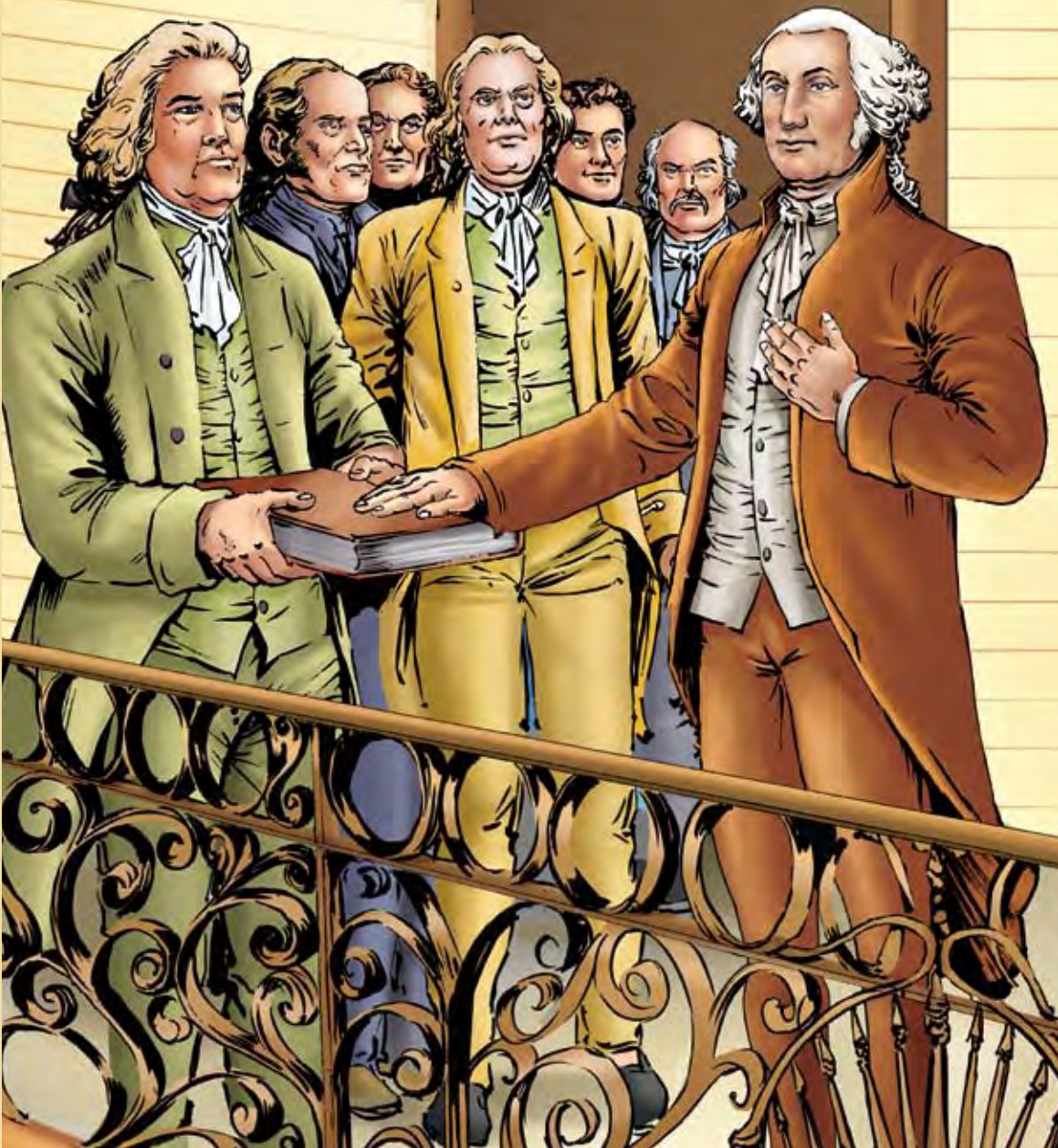




THE UNITED STATES EMERGES



In 1781, the Articles of Confederation were approved by the colonies, making the Continental Congress the official governing body of the country. Also in 1781, the Battle of Yorktown decided the outcome of the Revolution. American colonies had defeated the British.

General George Washington talked with Robert Morris, in charge of finance.

Sir, I must have money for the army!

General, we are the governing body of the nation.

We have the power to make war—but no power to vote taxes to pay for it!



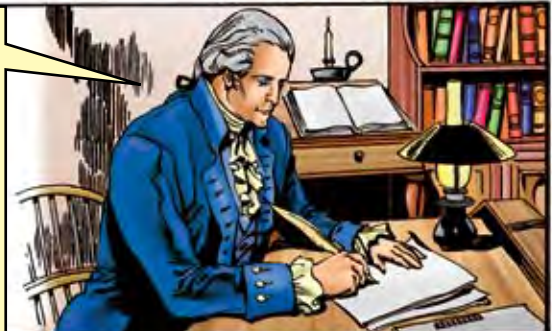
We must ask the states for money, and they don't pay us!

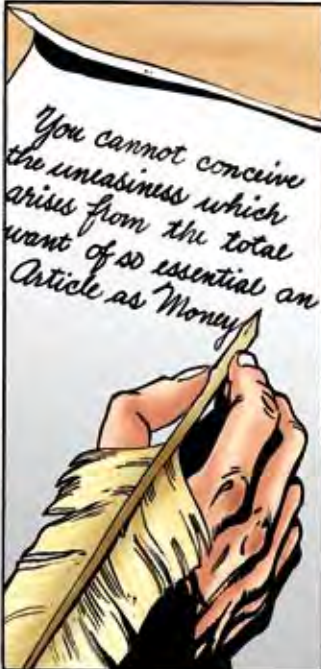
Very well! I will write the state governors.



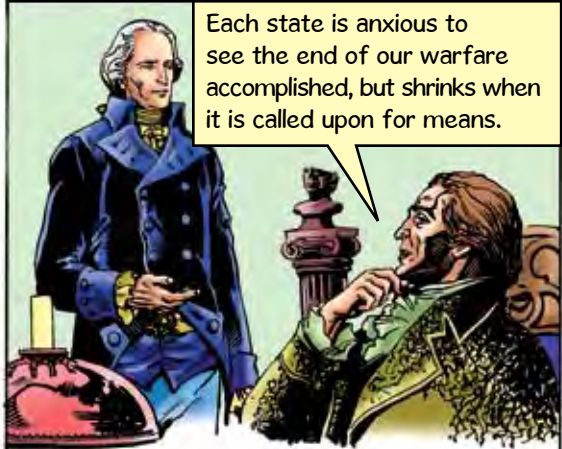
Washington had refused to accept pay for himself, but he knew his men could not afford to do this.

There is no prospect of obtaining pay until part of the money required of the states can be brought into the public treasury.





He talked with James McHenry, an ex-officer, now a member of the Maryland legislature.



Each state is anxious to see the end of our warfare accomplished, but shrinks when it is called upon for means.

The revolutionary slogan, *No taxation without representation*, was taken to mean "No taxation—period!"

Young Alexander Hamilton, an aide to Washington for most of the war, led an important attack at Yorktown. Soon after, he left the army and returned to his wife and family in Albany, New York.

Darling, at last you are here! I am so happy!



I am through with public life! From now on I want nothing but to be with my family.



But Robert Morris felt differently.

You know our need for money. I want you to be collector of our taxes for New York State.

No! I want to practice law.



The need is desperate! You know the situation in the army. You have influence in New York.

Very well, sir. I'll try.



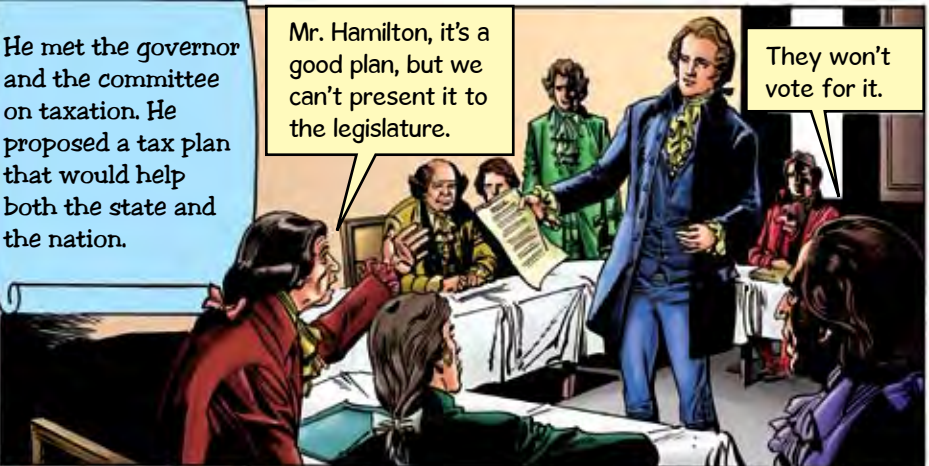
Hamilton sailed down the river to Poughkeepsie, where the legislature was meeting.



He met the governor and the committee on taxation. He proposed a tax plan that would help both the state and the nation.

Mr. Hamilton, it's a good plan, but we can't present it to the legislature.

They won't vote for it.



As a citizen, I am mortified that this state pays nothing in support of the war!

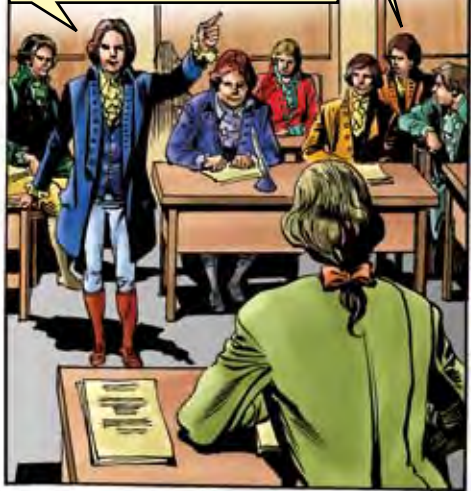


Congress had asked New York for \$365,000. Hamilton collected \$6,250. And other states did worse!

The legislature would not pass Hamilton's tax plan, but they passed another measure.

I move that Alexander Hamilton be sent as a representative to Congress.

All in favor say aye.



Hamilton went home to Albany and explained to his wife.

I wanted to stay out of public life. But our nation will collapse unless something is done to give us a strong federal government.



As Hamilton knew, there was great unrest in the army. It had been a long time since men or officers had been paid.

Now the fighting's over, they don't care what happens to us.

If we give up our weapons, disband and go home, they'll never pay us.

But what can we do?



We fought the war— why should we suffer?

Maybe we could seize land and set up our estate.

Maybe we could make General Washington our king!



Washington received a letter from a respected officer, Colonel Nicola, suggesting they make Washington a king. He was terribly shocked.

No man possesses a more sincere wish to see justice done than I. But you could not have found a person to whom your schemes are more disagreeable.



But plans for mutiny continued to circulate. An unsigned folder called for a secret meeting of all officers. Washington issued an order forbidding secret meetings and set a time for another open meeting at which he would speak.

The officers assembled, and Washington made a long and moving address, appealing to their loyalty. They were not convinced. Then he pulled out a letter. He could not read the writing, and he stopped and put on his glasses.

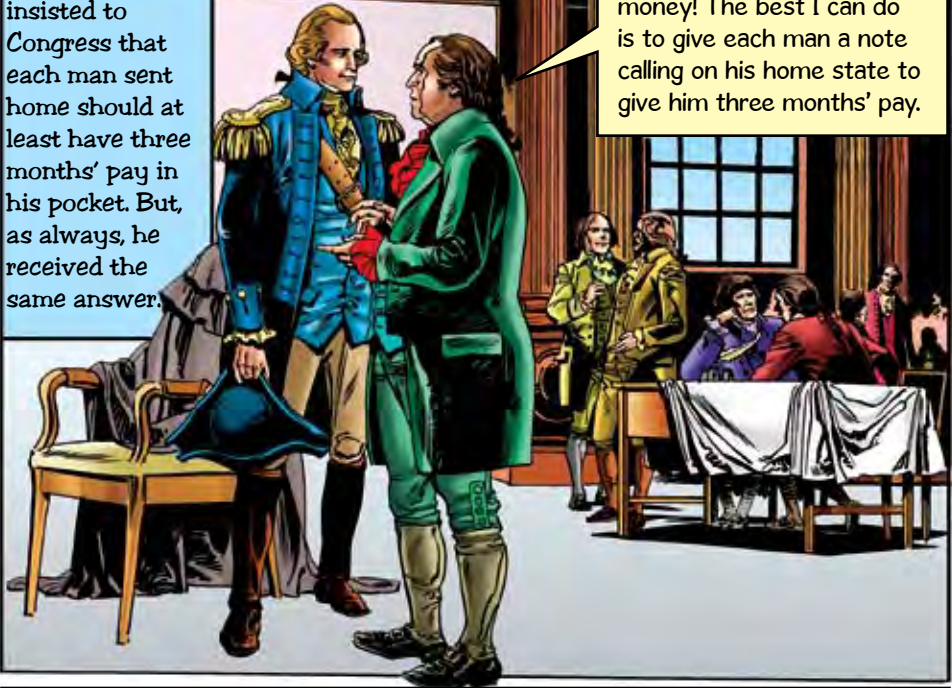
Gentlemen, you must pardon me. I have grown gray in your services and now find myself growing blind.



They had never seen him wear glasses before. The simple words moved many to tears. They voted overwhelmingly their confidence in Congress and their patriotism.

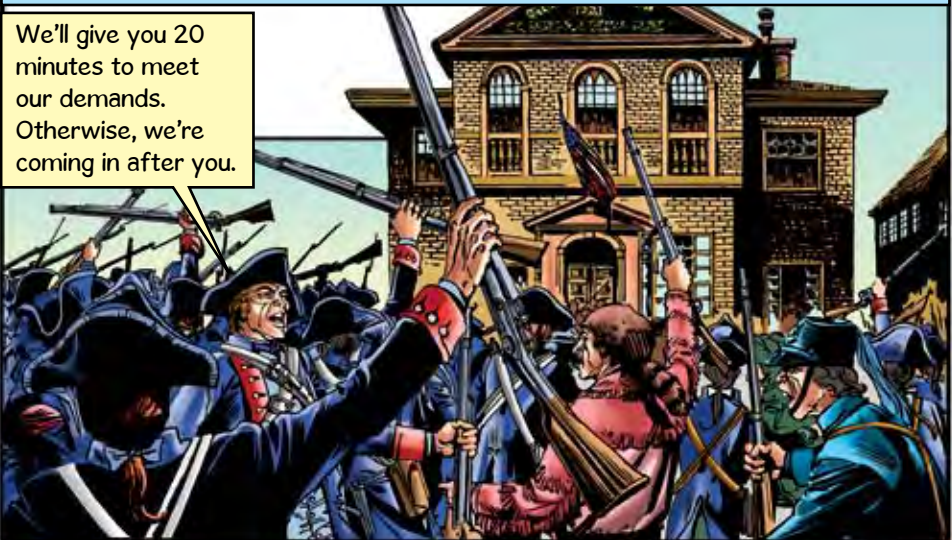
Washington insisted to Congress that each man sent home should at least have three months' pay in his pocket. But, as always, he received the same answer.

General, there simply is no money! The best I can do is to give each man a note calling on his home state to give him three months' pay.



Troops in camp near Philadelphia petitioned Congress, refusing to go home without payment. Congress ignored their petition. Three days later 300 men entered Philadelphia and surrounded the building where Congress was meeting.

We'll give you 20 minutes to meet our demands. Otherwise, we're coming in after you.



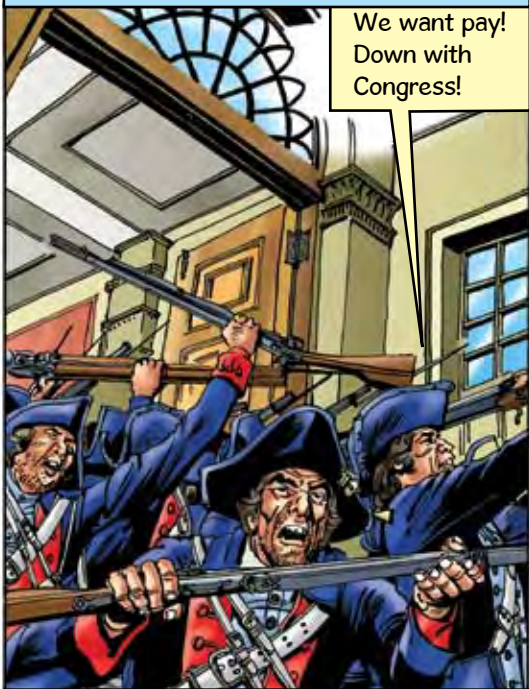


We must get out.
We must leave.

No! We must not submit to a mob.
Come back!

In an ugly mood, the mutineers seized the arsenals.

Hamilton hurried to Governor Dickinson.



We want pay!
Down with Congress!



You must order out the state militia.

I must first learn if they would be willing to take up arms against regular troops.

Supporters of Congress urged that they move out of the reach of the rioters. When the rioters heard that loyal troops were on the way from New York, they broke up. Congress later agreed to pardon them and shipped funds for their pay.

For several years, both Congress and states had been printing paper money with no gold and silver to back it up. The value of these paper dollars fell to nothing. There was terrible inflation. Under the Articles of Confederation, the nation was a group of individual states, each trying to do its own thing, with no one empowered to take charge.

A farmer and his wife owed a tax bill.

How much money have we got?

Hard money or paper money?



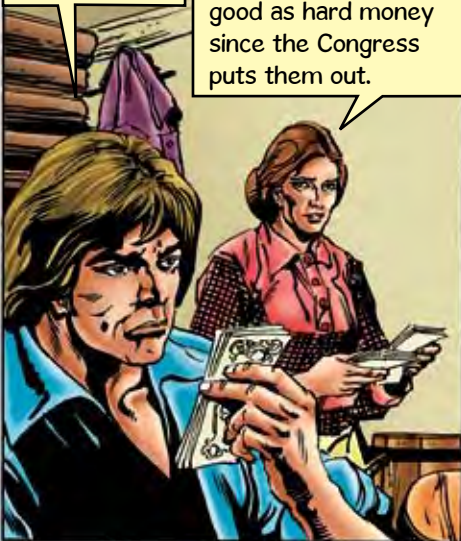
Dollars! I know we haven't enough hard money to count.

There's \$300 here—your militia pay.



Wish it was \$300 of hard money.

I've never gotten it through my head why paper dollars aren't as good as hard money since the Congress puts them out.



Because there's no hard money to back them up. This paper is American dollars, not British shillings and pounds. And there's no American shillings or pounds to back up the dollars.



But when the farmer went to pay his taxes, he was in for a shock.

This money's only worth two cents on the dollar. This \$300 is worth \$6 but your bill's \$12.

But I did \$300 worth of work.



Instead of using money, people traded something they had for something they needed—a system known as *barter*.

Our farmer went to see a hunter friend.

Can you lend me some furs to pay my taxes with and let me work it out?

Sure! You can work a day or two on the new barn I'm building.



In Rhode Island, the state assembly passed a law that paper money must be accepted at its face value. This caused other problems.

A pound of coffee beans, please.

That'll be one dollar hard money.



I have only paper money, and the law says you must accept it.

But the shipper makes me pay hard money for it! I'll be forced out of business.

