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THE PAPER MONEY OF COLONIAL NORTH CAROLINA, 1712–74: RECONSTRUCTING THE EVIDENCE

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ABSTRACT

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Beginning in 1712, North Carolina's assembly emitted its own paper money and maintained some amount of paper money in public circulation for the rest of the colonial period. Yet, data on colonial North Carolina's paper money regime in the current literature are thin and often erroneous. We correct that here. We forensically reconstruct North Carolina's paper money regime from original sources—providing yearly quantitative data on printings, net new emissions, redemptions and removals, and amounts remaining in public circulation. These new data provide the basis for future economic, political, and social histories of colonial North Carolina.

The British North American colonies were the first Western economies to emit sizable amounts of paper money—called <u>bills of credit</u>. Colonial assemblies had these bills printed and placed in their treasuries. They directly spent these bills on soldiers' pay, military provisions, salaries, and so on. They also had some bills loaned on interest to their citizens, who secured these loans by pledging their lands as collateral. These colony-specific, assembly-issued paper monies formed an important part of the circulating medium of exchange in many colonies. They were the only paper monies in circulation. No public or private incorporated banks issuing paper banknotes, redeemable in specie on demand, existed in colonial America.[1]

North Carolina was an early adopter of paper money, being the second of the southern colonies, after South Carolina, to emit paper money. It was also the only colony to emit paper money from the beginning of its existence as a separate colony through the rest of the colonial period. Spanning from 1712 through 1774, North Carolina maintained one of the longest continuous paper money economies among the thirteen colonies. North Carolina issued its bills in North Carolina pounds ($£_{NC}$ = North Carolina paper pounds). North Carolina set the face value of its bills at $1.5£_{NC} = 1£_{S}$ ($£_{S}$ = pounds sterling) from 1712 to 1748, and $1.33£_{NC} = 1£_{S}$ from 1748 through 1774. Post 1747, at face value, $1£_{NC} \approx \$101.34$ in 2012 U.S. dollars.[2]

North Carolina did not have a general circulating medium of exchange before emitting paper money. Throughout the colonial period, foreign specie coins were largely absent and there is little evidence that other colony's paper monies circulated in North Carolina, with the possible exception of some Virginia paper money circulating in the Albemarle region between 1764 and 1772. In addition, there is little evidence that North Carolina paper money circulated in other colonies as a money. In the absence of North Carolina paper money, North Carolinians primarily used direct barter of agricultural commodities, some rated by the assembly in terms of exchange and tax value, to transact local exchange. The North Carolina assembly also accepted rated commodities in payment of taxes and fees. This revenue made it difficult and costly for the assembly to pay its debts, fund provincial government projects, and pay military expenses. If tax payments were in agricultural commodities, then sufficient funds could not be raised in time to meet large emergency wartime spending requirements.[3]

The solution in colonial America was to move tax receipts through time by issuing paper bills of credit. The assembly created and spent these bills into circulation to pay for immediate war expenses. They simultaneously establishes future taxes payable in these bills, thereby removing them from circulation in the near future. The assembly both moved tax receipts through time to spend more on the current emergency than what was possible with only current tax receipts and made the payment of government debts and taxes less difficult and costly. The side effect was to create a local medium of exchange in the assembly's bills usable between the time of its emission and the time of its tax redemption and removal from circulation.[4]

The North Carolina assembly spent considerable legal space on structuring its paper money emissions. All emission acts included future taxes and mortgage payment schedules designed to redeem and remove that emission's bills from circulation. Each act spread redemption over many years to kept future tax burdens at reasonable levels. Redeemed bills were to be burnt and not re-spent by the assembly. Each emission's spending and redemption structure was different. Some emissions paid interest, most did not. Some emissions were a legal tender, some were not. Some emissions were handwritten; others were typeset on a printing press. Some emissions were loaned to citizens who pledged their lands as collateral—called land banks emissions. Most emissions, however, were spent directly out of the treasury to pay military expenses, salaries, and other government debts.

Colonists knew how tax-redemption and land bank bills of credit worked. While the broad coincidences in bills-of-credit emission structures across colonies indicates that colonists were aware of the discussion and actions in other colonies, there is no evidence that North Carolina's assembly directly copied language and practices from neighboring colonies into their paper money acts. First, surviving examples of paper monies show considerable variation across colonies. Second, North Carolina's early paper money acts have not survived, so a definitive statement about copying neighboring colonies' acts is not possible. Third, North Carolina's later paper money acts are different in execution detail from that of neighboring colonies' acts. For example, North Carolina's first land-bank emission was in 1729, whereas South Carolina's first land bank was in 1712, Virginia never had a land bank emission, Maryland's first land bank was in 1733, and Pennsylvania and New Jersey first land banks were in the early 1720s.[5]

North Carolina's economic and political history is incomplete without a full explication of its paper money emissions. Many of the political conflicts between the assembly (the Lower House), the governor, and the British Crown involved paper money. North Carolina's participation in colonial wars and wars with indigenous Americans depended on paper money. The size and timing of tax burdens were affected by paper money emissions. Future political, economic, and social histories of colonial North Carolina should be informed by, and must be consistent with, the paper money data provided here.[6]

North Carolina's paper money is understudied. The magnitudes in circulation and their composition are largely unknown. Tabulated continuous yearly data on the amount in circulation exist in the current literature only for the years 1748–68, and those data are questionable. Compared with our data here, the yearly data reported in the *Historical Statistics* for 1748–68 averages 15 percent too high.[7] No systematic data on gross emissions, net emissions, or redemption and removal of bills exist in the current literature. We correct this by reconstructing yearly data over the entire history of colonial North Carolina's paper money regime. These new data fill in what is currently missing in the literature and correct the prior existing data for errors of omission, transcription, and interpretation.

The paper proceeds as follows: First, the data sources and the outcome from the data reconstruction exercise are presented. This includes providing context for the secular trend in the amounts of paper money in circulation by adjusting for population growth and market value versus face value when compared with other colonies. Second, the details of the forensic accounting reconstruction of the data are provided so scholars can reproduce the results and delve deeper into the potential causes of the secular patterns shown.

Data Sources and Evidence Outcomes

The annual amounts of paper money authorized, the net new emissions, redemptions and removals, and amounts left in public circulation cannot be directly taken from existing records. These data must be reconstructed using forensic accounting techniques. The treasury records of North Carolina have not survived, or been yet found. Statutory laws provide information on authorized paper money emissions and redemption structures, though the complete text of all paper money laws have not survived, especially for the earliest emissions. Occasional retrospective reports on emissions, redemptions, and amounts in circulation by governors, or other unattributed government personnel, recount some details of emissions and redemptions. After 1748, the treasurers more systematically reported summaries of paper money redemptions and removals to the Lower House which were recorded in the Lower House minutes.

All these sources are combined to reconstruct the most internally consistent and coherent annual data series on paper money flows possible, see Table 1. Figure 1 displays the face value amounts of North Carolina's paper money in circulation. Table 1 also provides the assembly's face value at redemption rating to pounds sterling, as well as observations of the current market value to pounds sterling, of the North Carolina pound. The market value declined substantially from 1715 to 1740, recovering after 1748. In addition, Table 1 and Figure 1 show the importance of paper money for funding emergency war expenses, such as the Tuscarora Indian War, King George's War, the French and Indian War, as well the putting down the Regulator Rebellion.

To put Figure 1 in context, both over time and in relation to other colonies, Figure 2 converts the data to per white capita amounts. It also adds several other colonies' data, putting all in a common measurement unit, namely Queen Anne's Proclamation rate of 1.33 colonial pounds equaling one-pound sterling. The paper monies of New Jersey, Pennsylvania, and Virginia are the only colonies south of New England with continuous annual data that we currently trust, being vetting or judged as reasonably trustworthy by us.[8]

In per white capita face value proclamation amounts, North Carolina's paper money in circulation peaks in the 1730s. The amounts post-1750 are a third to half the 1730s amounts. Most of the difference from Figure 1 to Figure 2 is due to white population growth. The peaks in North Carolina per white capita paper money amounts in the 1710s and 1730s are comparable in

Table 1 North Carolina Paper Money, 1712–74: Yearly Emissions, Redemptions, Amounts in Circulation, and Face versus Current Market Value

Year	EM #	Face Value of Newly Authorized Emissions £$_{NC}$	Face Value of Net New Emissions £$_{NC}$	Face Value of Amounts Redeemed & Destroyed £$_{NC}$	Face Value of Amounts Remaining in Circulation £$_{NC}$	Estimate Interest Earned on Paper Money Land Bank Loans £$_{NC}$	Face Value = Legislated Par at Redemption: 1£$_S$ = X£$_{NC}$ X =	Current Market Value in Sterling 1£$_S$ = Z£$_{NC}$ Z =
1712	#1	4,000	4,000	0	4,000	0	1.50	
1713	#2	8,000	8,000	0	12,000	0	1.50	
1714	#3	24,000	12,000	2,000	22,000	0	1.50	
1715				2,000	20,000	0	1.50	1.50
1716				2,000	18,000	0	1.50	
1717				2,000	16,000	0	1.50	
1718				800	15,200	0	1.50	
1719				800	14,400	0	1.50	
1720				800	13,600	0	1.50	
1721				800	12,800	0	1.50	
1722	#4	12,000	0	800	12,000	0	1.50	5.00
1723				0	12,000	0	1.50	
1724				0	12,000	0	1.50	5.00
1725				0	12,000	0	1.50	
1726				0	12,000	0	1.50	
1727				0	12,000	0	1.50	
1728				0	12,000	0	1.50	
1729				0	12,000	0	1.50	5.00
1730	#5	40,000	30,000	2,000	40,000	1,875	1.50	
1731				0	40,000	0	1.50	6.50
1732				0	40,000	0	1.50	
1733				0	40,000	0	1.50	
1734				0	40,000	0	1.50	
1735	#6	52,500	12,500	500	52,000	2,400	1.50	7.20
1736				500	51,500	2,400	1.50	7.00
1737				500	51,000	2,400	1.50	8.67
1738				500	50,500	2,400	1.50	
1739				500	50,000	2,400	1.50	10.00
1740				604	49,396	2,400	1.50	9.67
1741				605	48,791	2,394	1.50	10.00
1742				604	48,187	2,388	1.50	
1743				605	47,582	2,382	1.50	
1744				604	46,978	2,376	1.50	
1745				605	46,373	2,370	10.00	10.00
1746				604	45,769	2,365	10.00	10.00
1747				605	45,164	2,359	10.00	
1748a				604	44,560	2,353	10.00	10.33
1748b	#7	21,350	11,409	0	17,350	0	1.33	
1749				1,532	15,818	0	1.33	
1750				0	15,818	0	1.33	
1751				558	15,260	0	1.33	1.33
1752				1,091	14,169	0	1.33	
1753			4,000	761	17,408	0	1.33	
1754	#8	40,000	39,000	1,568	54,840	0	1.33	1.67
1755				1,028	53,812	0	1.33	1.60
1756	#9	3,400	4,339	1,881	56,270	0	1.33	1.80

1757	#10-11	14,806	10,991	4,466	62,795	0	1.33	
1758	#12	7,000	7,000	5,905	63,890	0	1.33	
1759	#13-14	9,500	8,995	6,438	66,447	0	1.33	1.85
1760	#15	12,000	12,000	5,853	72,594	0	1.33	1.90
1761	#16	20,000	20,000	622	91,972	0	1.33	2.00
1762				10,011	81,961	0	1.33	2.00
1763				0	81,961	0	1.33	2.00
1764				11,943	70,018	0	1.33	1.93
1765				0	70,018	0	1.33	2.00
1766				5,498	64,520	0	1.33	
1767				7,775	56,745	0	1.33	1.73
1768				0	56,745	0	1.33	1.80
1769	#17	20,000	20,000	0	76,745	0	1.33	
1770				14,941	61,804	0	1.33	
1771				12,586	49,218	0	1.33	
1772	#18	60,000	60,000	12,477	96,741	0	1.33	1.60
1773				0	96,741	0	1.33	
1774				0	96,741	0	1.33	1.75

Sources: Brock, Currency, 108–12, 428–45; CR, 1:839; 2:iv–v, 50, 296, 575–78, 608–24; 3:142–56, 151, 154, 175, 177–79, 189, 259, 266–69, 271, 285–325, 475–89, 561–622; 4:102, 115–55, 178–80, 382–414, 418–19, 501–11, 514–15, 527–31, 552–77, 651–55, 719–52, 770–91, 814–34, 838–43, 855–66, 997–99, 1022, 1073, 1293–295, 1298, 1341–342, 1346; 5:58, 73–75, 210–11, 234–35, 307–09, 556–67, 726–27, 851, 898–900, 1083–084, 1088; 6:197–99, 378, 396, 435, 504–05, 693–94, 811, 825–26, 829, 944, 949–50, 1154, 1162, 1166, 1174, 1185–186, 1205–208, 1267, 1274, 1277, 1282–285, 1289, 1304, 1308–311; 7:61–88, 393–94, 565–94, 627, 644, 649, 653, 661–63, 666, 683, 924–86; 8:9, 105–41, 144–48, 211–15, 261, 302–46, 387, 397–420, 427, 433–34, 440, 443, 453–54, 459–63, 471–73, 478, 697; 9:166–67, 142, 147–222, 226, 230–35, 368–70, 454–56, 464, 475–76, 478, 494–523, 549–50, 557, 563, 572–77, 580, 582–84, 586, 647–51, 653–55, 733–88, 874–953, 1187–205; 23:54–55, 90–91, 94–95, 98, 112, 217, 292–96, 392–98, 516–18, 539–41, 781–83, 850–51; 25:157–58, 173–75, 234–35, 331–33, 345–48, 350–52, 361–64, 370–72, 394–95, 457–58; Earliest Printed Laws of North Carolina (Wilmington, DE: Michael Glazier, 1977), 90–92, 157–58, 173–75; McCusker, Money and Exchange, 215-19; Newman, Early Paper Money, 314–20.

Notes: EM # = emission number by chronological count. The difference between authorized emissions and net new emissions is due to currency swaps of new bills for old bills, to new bills never spent out of the treasury, and to new bills released at a later date than authorized. The 1745–48 change in the legislated rate of redemption was a partial default on the outstanding paper money in circulation and not a change in face value designation on that money. The 1748a and 1748b values capture the change over from the old to the new paper money and the legislated change in the par at redemption value. McCusker, Money and Exchange, 215, states that the “par of exchange” after the Seven Year’s War was 1.78. He confused the approximate market rate in this period for the legal “par” rate at redemption that remained at 1.33.

magnitude to the peaks in the per white capita amounts seen in New Jersey and Pennsylvania in the 1720s and New Jersey in the early 1740s. A substantial difference in peak amounts, however, occurs during the French and Indian War, with North Carolina maintaining far less paper money

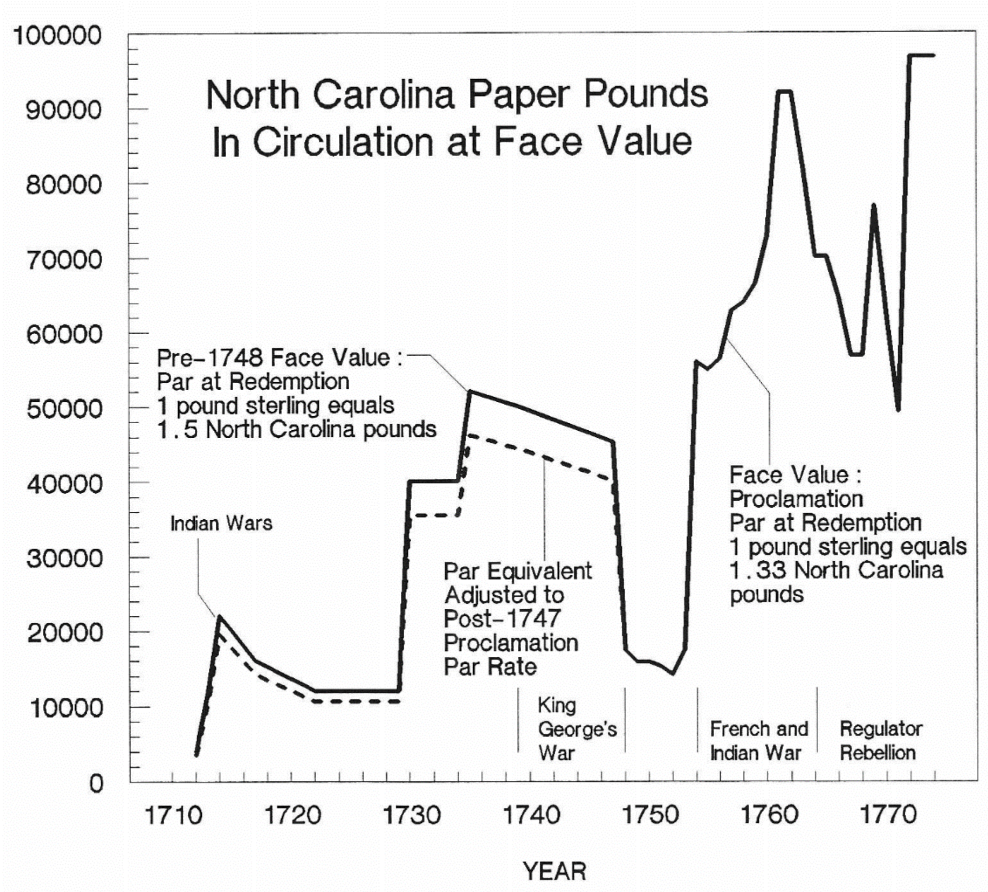

Figure 1. Colonial North Carolina Paper Pounds in Circulation at Face Value, 1712–74

Source: Table 1.

per white capita in circulation than either New Jersey, Pennsylvania, or Virginia.

Figure 3 provides an additional contextual comparison by taking the data in Figure 2 and converting the values from proclamation face value to current market values in pounds sterling equivalents. The North Carolina pound circulated below face value by a considerable amount between the 1720s and 1750, see Table 1.[9] In per white capita market value, the amount of North Carolina pounds in circulation briefly peaks in the mid-1710s stays low thereafter until the early 1750s when it maintains a secondary peak for the rest of the colonial period. The amount of North Carolina pounds in circulation per white capita at current pounds sterling market values was considerable below that for New Jersey and Pennsylvania in the 1720s and again in the late

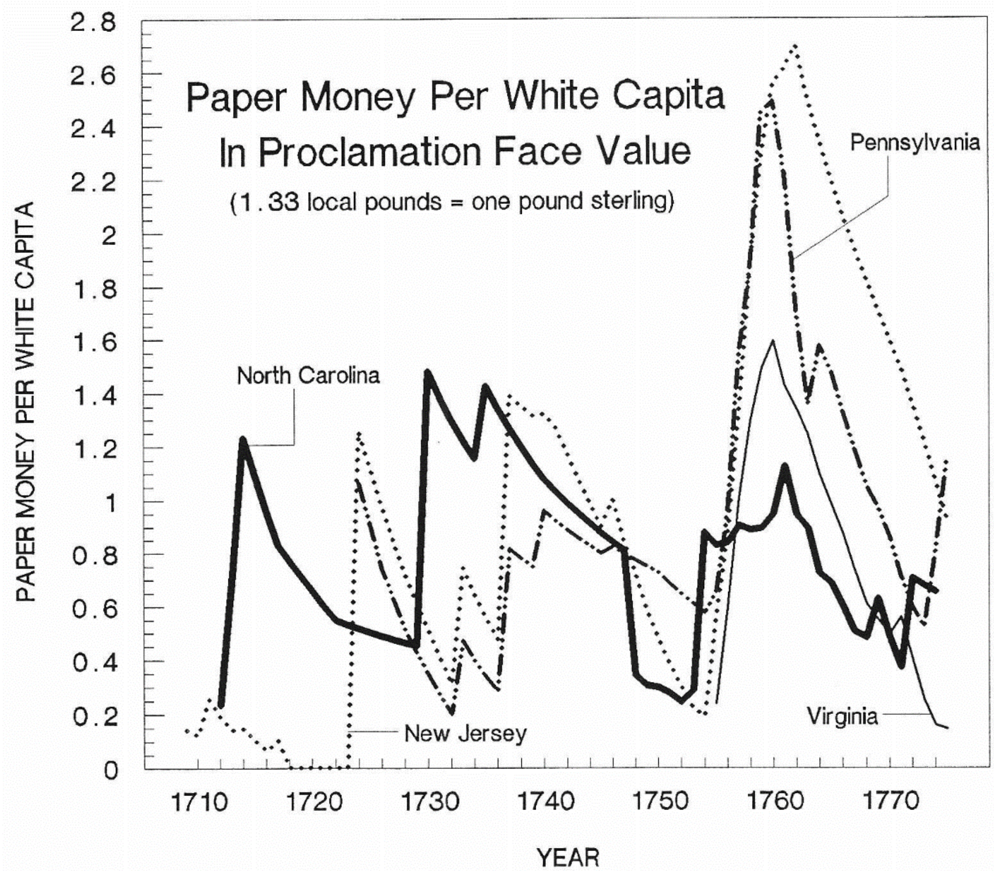

Figure 2. Per White Capita Paper Money Placed in Circulation by New Jersey, Virginia, Pennsylvania, and North Carolina, 1709-1774, at Proclamation Face Value

Sources: Table 1; Carter, Historical Statistics, 5:652, 692-95 with interpolated values between decadal benchmarks used for population; Grubb, "Colonial New Jersey's Paper Money," 15-16; Grubb, "Colonial Virginia's Paper Money," 99, 106.

1730s to 1750. A substantial difference in peak amounts occurs during the French and Indian War, with North Carolina maintaining far less paper money per white capita in circulation at market values than did either New Jersey, Pennsylvania, or Virginia. Understanding the causes of this market value effect on altering the secular trend in North Carolina's per white capita amounts of paper money in circulation requires a deeper look into how North Carolina structured and executed it paper money laws between the 1710s and 1750.

Finally, there is little evidence on the geographic dispersion of North Carolina paper

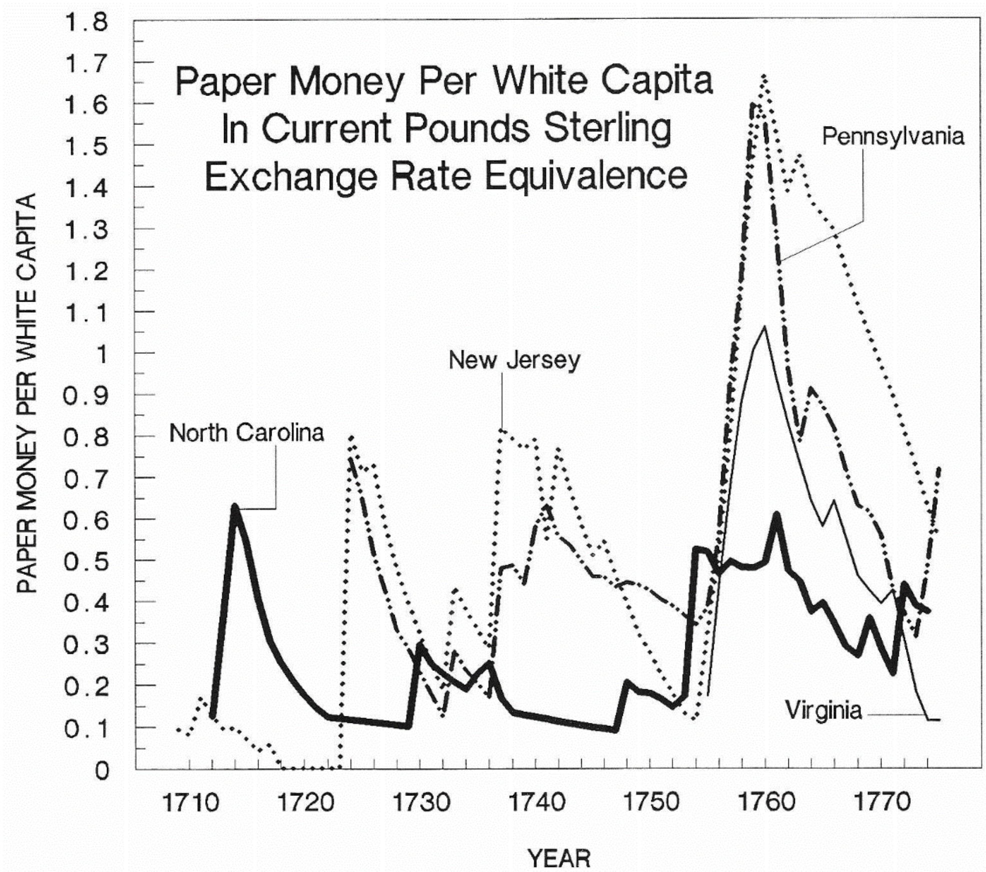

Figure 3. Per White Capita Paper Money Placed in Circulation by New Jersey, Virginia, Pennsylvania, and North Carolina, 1709-1774, at Current Market Value

Source: Figure 1; McCusker, Money and Exchange, 172-73, 183-86, 211-12, 217-19 with interpolated values used between missing yearly data and converted to Queen Anne's Proclamation Value of 1.33 colonial pounds equals one-pound sterling.

money within North Carolina. Quantitative evidence for where the assembly spent their paper money or where taxes in paper money were paid has yet to be found. However, given that most of the assembly's spending of paper money was on military personnel and supplies, the initial injection of paper money would be where the militia was mustered and supplies gathered, and thereafter in the theaters of conflict. Given that the militia was comprised of most adult males, paper money was likely spread initially quite broadly geographically across North Carolina. Where it circulated thereafter is hard to establish quantitatively.

Data Reconstruction

The following describes the forensic accounting reconstruction that went into the North Carolina data reported in Table 1 and Figures 1 through 3. The reconstruction details allow scholars to reproduce the results here as well as improve on them in the future. They also provide context for evaluating the performance of colonial North Carolina's paper money regime.

1712 through 1747: Emissions #1 through #6

North Carolina was administratively separated from South Carolina in 1711. Between 1711 and 1747, North Carolina authorized six emissions of paper money totaling 140,500$£_{NC}$. This total is the face value amount authorized to be created, of which 74,000$£_{NC}$ was to be used to execute one-for-one swaps with existing bills already in circulation. Thus, total net new emissions were 66,500$£_{NC}$. All six emissions had a face value at redemption of 1.5$£_{NC}$ = 1$£_{S}$. Emissions #1, #2, #3, and #4 were designated a legal tender. See Table 1 for emission numbers. The legal tender status of emission #5 is unclear. Emission #6 was not made a legal tender. Emissions #1, #2, #3, #4, and #5 were handwritten, as no printer existed in the colony at that time. Emission #6 was the first emission to be printed on a press.[10] All six emissions are assumed to go into circulation in the year authorized, or in the following year if authorization was late in the year. The records are not detailed enough to tell if some authorized bills sat idle in the treasury before being spent into circulation.

The Tuscarora Indian War broke out in 1711, threatening the existence of the colony. Emission #1 and #2, in 1712 and 1713, respectively, where issued to fund this war. The acts authorizing these emissions have not survived. The information about them comes from contemporary and retrospective letters written by governors. Both emissions paid interest. That interest rate cannot be found in the contemporary records. The first interest rate used by the assembly was 6.25 percent in the 1729 paper money act. That rate is used to calculate the interest paid on these emissions.

Colonel Alexander Spotswood wrote to the Board of Trade on May 8, 1712 that, to prosecute the Indian war, North Carolina had raised 4,000£$_{NC}$. North Carolina Governor George Burrington, in a letter to the Lords of Trade and Plantations on May 19, 1733, stated that war broke out in 1711 and though the assembly had laid on taxes they could not collect them and so emitted 4,000£$_{NC}$ bills of credit paying interest to fund the war. A report by the assembly in 1741 stated that 4,000£$_{NC}$ were emitted in 1712 and 8,000£$_{NC}$ were emitted in 1713, bringing the total in 1713 to 12,000£$_{NC}$.[11]

The act authorizing emission #3 in 1714 stated that the remaining part of the 12,000£$_{NC}$ from emissions #1 and #2 with up to two years of accrued interest were to be swapped for emission #3 bills. While poll and real estate taxes had been laid, there is no indication that these taxes were collected in 1712 and 1713, or that bills were redeemed and burned in those years. Thus, 12,000£$_{NC}$ was in circulation at the end of 1713.[12]

The act authorizing emission #3 was passed in 1714. The law was confirmed (2 George I) in 1715. The act went into operation in 1714 and authorized 24,000£$_{NC}$. The bills paid no interest. Emission #1 and #2 bills still outstanding, along with their accrued interest, were to be swapped for emission #3 bills by early 1715.[13]

If the full amounts of emissions #1 and #2 were still outstanding in 1714, then 12,000£$_{NC}$ old bills would be swapped for new bills, leaving the net new emission amount from emission #3 to be 12,000£$_{NC}$. Given an interest rate of 6.25 percent per year paid on old bills, the accrued amount of interest paid to old-bill holders in emission #3 bills was 1,000£$_{NC}$ (two years of accrued interest on 4,000£$_{NC}$ of emission #1 and one year of interest on the 8,000£$_{NC}$ of emission

#2). That would leave the assembly with net new spendable bills out of emission #3 of 24,000£$_{NC}$ – 12,000£$_{NC}$ – 1,000£$_{NC}$ = 11,000£$_{NC}$.[14]

The assembly passed an act in 1714, confirmed in 1715, to raise 2,000£$_{NC}$ annually toward redeeming and removing emission #3 bills from circulation. It was to be operative until all the bills currently outstanding were redeemed and removed from circulation. These taxes included a fifteen-shilling poll tax and a two-shillings six-pence per one hundred acre land tax.[15] Assuming this amount of tax was first collected in 1714, leaves the amount in circulation at the end of 1714 as 22,000£$_{NC}$.

Redemption and removals from 1715 through 1722 can be estimated by pro-rated back-projection given the amount stated to be in circulation at the end of 1717 and 1722. Thomas Pollack wrote to Charles Eden on November 13, 1717 that 16,000£$_{NC}$ were in circulation. A report by the assembly in 1741 stated that at the end of 1722 there were 12,000£$_{NC}$ in circulation. If 2,000£$_{NC}$ in bills were taxed out of circulation each year from 1714 through 1717 that would leave 16,000£$_{NC}$ in circulation at the end of 1717 as Pollack indicated. To get from 16,000£$_{NC}$ to 12,000£$_{NC}$ by the end of 1722, an average of 800£$_{NC}$ would have to be taxed out of circulation from 1718 through 1722. This decline in redemption volume is consistent with the reduction in the poll tax from fifteen shillings to ten shilling in 1720 and then to five shilling in 1722.[16]

The assembly passed the act authorizing emission #4 in 1722. It authorized 12,000£$_{NC}$. These bills were to be swapped one-for-one with the bills still outstanding, thought to be 12,000£$_{NC}$. This number corroborates the other sources that indicate that by the end of 1722 the amount in public circulation was 12,000£$_{NC}$. The reason given in the act for the bill swap was that the current bills had been outstanding so long and had experienced such wear and tear in hand-to-hand usage that “most of them are very much Defaced and others being for such large

Sums are not so Usefull…"[17]

The act also removed all prior taxes used to redeem bills and instituted a five-shilling poll tax that was to be used only for "Defraying the Contingent Charges of the Government." Bills paid in as taxes were re-spent by the government as opposed to being burnt. A report by the assembly in 1736 claimed that the 12,000£$_{NC}$ in bills in circulation in 1722 were "the only Currency or portable Medium of Trade subsisting in the Province." It also indicated that no provision was made to redeem and remove these bills. Governor Burrington in his 1733 report to the Board of Trade repeated these assessments. Because emission #4 was a pure one-for-one swap of bills, it did not add to the amount in public circulation. Because no taxes to redeem bills were enacted, that amount stayed in circulation through 1729 when the next paper money act was passed by the assembly.[18]

In late 1729 the assembly passed the paper money act for emission #5 which went into effect in 1730. The act has not survived. Information about the emission can be found in letters from Governor Burrington to the Duke of Newcastle on July 2, 1731 and the Lords of Trade and Plantation on May 19, 1733; and assembly reports made in 1736, 1740, and 1741.[19] An emission #5 bill is reproduced in Figure 4

The act authorized 40,000£$_{NC}$, of which 10,000£$_{NC}$ was to be swapped one-for-one for emission #4 bills that were thought to be still outstanding. It was also thought that 2,000£$_{NC}$ bills from emission #4 had been lost. In 1735 this 2,000£$_{NC}$ reappeared as not lost. These sums corroborate the assumption above that no bills were redeemed between 1723 and 1729 and so the full 12,000£$_{NC}$ of emission #4 remained in circulation from 1722 through 1729. The swap was executed as 9,555£$_{NC}$ bills were so recorded as swapped and destroyed in the minutes of the Lower House between April 20 and May 1, 1731. On February 21, 1735 a further 446£$_{NC}$ bills of

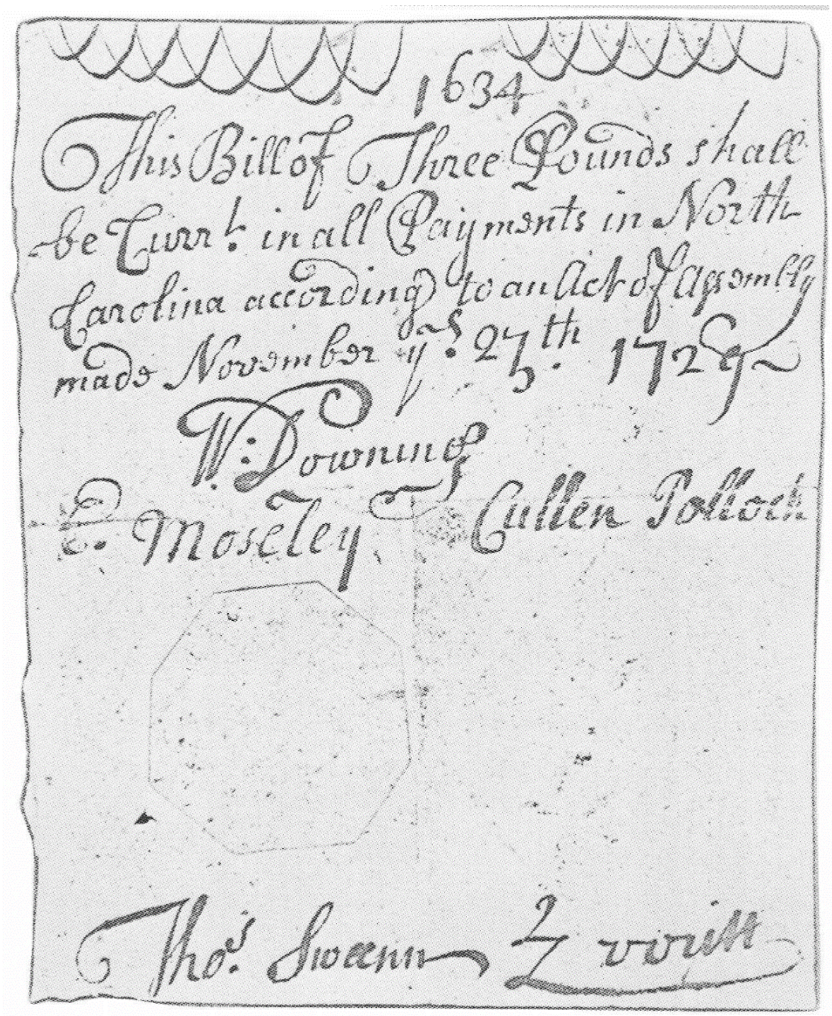

Figure 4. November 27, 1729 Bill (Emission #5): Last of the Handwritten Emissions

Source: Newman, <u>Early Paper Money</u>, 315. Reprinted by permission of the Eric P. Newman Numismatic Education Society.

emission #4 were ordered destroyed, bringing the total swapped to 10,001£$_{NC}$. No taxes were enacted to redeem and remove this 10,000£$_{NC}$. As with emission #4, these bills when received for tax payments would be re-spent by the government.[20]

The rest of emission #5, 30,000£$_{NC}$, was loaned to citizens, who pledged their lands as security, for a period of fifteen years (to 1744) at a 6.25 percent annual interest rate. The principal would be repaid at one-fifteenth each year, with those bills removed from public circulation and destroyed. Any excess principal paid would be re-loaned to 1744. Table 2 reconstructs the intended structure of the land bank portion of emission #5.[21] North Carolina was sold to the Crown in 1729. George Burrington was named its first Royal Governor. He received his commission on April 29, 1730, and arrived in North Carolina where he was shortly thereafter sworn in as governor in Edenton on February 25, 1731. He declared the land bank portion of emission #5 invalid and ordered that the principal and interest no longer be collected.[22]

Burrington had attended a meeting of the Lord Commissioners for Trade and Plantations (the Board of Trade) in London on July 23, 1729 where colonial bills of credit were discussed. The topic of whether bills were necessary, and what sums and on what foundations would best preserve their credit, was brought up. The Commissioners' instructions to the new governor, issued on December 14, 1730, were that he was not to give assent to any law emitting bills of credit that did not have a clause "…declaring that the same shall not take effect until the said Act shall have been approved & confirmed by us…" commonly called a suspending clause.[23] While emission #5 was passed on November 27, 1729 by the assembly, Burrington regarded it as falling under his instructions, even though it pre-dated his commission, his instructions, and his arrival, because North Carolina had been purchased by the Crown in 1729. Given that emission #5's act did not have a suspending clause, and had not yet been approved and confirmed by the Board of Trade, Burrington felt he had cause, given his instructions, to declare it invalid and suspend its operation. He did this shortly after his arrival in North Carolina in late February 1731, even though emission #5 had already been in operation for over a year.

Assuming that the first year of the land bank emission was operative, then 1,875$£_{NC}$ interest income was received by the government by the end of 1730, and the first one-fifteenth of the loan principal due at the end of 1730, 2,000$£_{NC}$, was paid in and removed from circulation.

Table 2 Deduced Design of the Lank Bank Loan Portion of Emission #5

Year	Principal Redeemed	End of Year Balance Outstanding	Annual Interest Paid at 6.25 percent (interest income)
1730	2,000£NC	28,000£NC	1,875£NC
1731	2,000	26,000	1,750
1732	2,000	24,000	1,625
1733	2,000	22,000	1,500
1734	2,000	20,000	1,375
1735	2,000	18,000	1,250
1736	2,000	16,000	1,125
1737	2,000	14,000	1,000
1738	2,000	12,000	875
1739	2,000	10,000	750
1740	2,000	8,000	625
1741	2,000	6,000	500
1742	2,000	4,000	375
1743	2,000	2,000	250
1744	2,000	0	125
Totals	30,000		15,000

Sources: CR, 3:294, 323–24; 4:142–43, 145–46, 178–79, 419, 576.
Notes: The act was said to be able to generate 15,000£NC in interest income over fifteen years, which takes the loan period to 1744. Using one-fifteenth of the principal redeemed each year, with any excess principal redeemed re-loaned out to 1744, and an interest rate of 6.25 yields the 15,000£NC so stated.

Thus, 40,000£NC was outstanding at the end of 1730, 28,000£NC on loan, 10,000£NC swapped for emission #4 bills, and 2,000£NC of emission #4 bills thought lost but which would reappear in 1735. This 40,000£NC would remain outstanding from 1730 into 1735.

Governor Burrington was relieved in 1734 and replaced by Governor Gabriel Johnston. Under Johnston's guidance the assembly moved to fix the paper money problem created by Burrington. On March 1, 1735, the assembly passed its last paper money act before 1748, namely emission #6. The act has not survived. Information about the emission can be found in assembly reports made in 1736, 1740, and 1741.[24]

Emission #6 printed 52,500£NC, of which 40,000£NC was to be swapped one-for-one for bills currently outstanding from emission #5. The swapped amount corroborates that the amount in circulation at the end of 1734 was 40,000£$_{NC}$. This swapped portion of emission #6 was to be considered as loaned out at 6 percent interest per annum for ten years (to 1745). Any principal paid before 1745 would be re-loaned at 6 percent per annum. The assembly ordered that all emission #5 bills were to be swapped for emission #6 bills by February 24, 1739. On February 27, 1739, the treasurer indicated they had 37,880£$_{NC}$ in old bills in their hands that had already been or were in the process of being swapped. They also indicated they had 3,300£$_{NC}$ new bills in their hands to complete the required bill swap, as not all claims had been yet paid. The assembly ordered the swapped bills burned.[25] These amounts corroborate that approximately 40,000£$_{NC}$ bills were outstanding at the end of 1734.

The interest earned by the government would be 2,400£$_{NC}$ per year, which is the amount assumed to be earned from 1735 through 1740, after which loan principal started to be removed from circulation. Of the 40,000£$_{NC}$ swapped bills, 28,000£$_{NC}$ were emission #5 loaned bills that the previously governor had stopped principal and interest collection on. The other 12,000£$_{NC}$ bills swapped had been emission #3 bills swapped for emission #4 bills that were then swapped for emission #5 bills, plus the 2,000£$_{NC}$ in emission #4 bills thought lost that had reappeared in 1735. This 12,000£$_{NC}$ were not initially emitted on loan, but were bills spent by the government to cover debts. Holders of these swapped bills in 1735 were forced to now accept them as loaned sums upon which they would owe annual interest as well as principal repayment.

Suppose you sold the government some war materials in 1714 and were paid with emission #3 bills. If you held these bills, waiting for the government to redeem them via you fulfilling your tax obligation, you would be disappointed. The bills you received in 1714 would be swapped in 1722 for emission #4 bills that would then be swapped in 1730 for emission #5 bills that would then be swapped in 1735 for emission #6 bills that you now owed to the government as loan principal plus interest rather than as a claim against fulfilling your tax obligations. You just got confiscated plus some.

This seemingly endless postponement by the assembly in the face-value redemption of a substantial portion of the bills they had put in circulation between 1715 and 1735 reduced the bills' expected value when used in trade. Citizens would be reluctant to accept bills in local trade unless compensated for the risk of potential on-going delays in the bills' face-value redemption. Compensation would take of the form of an expanding gap between the bills' face value and their current market value. The collapse in the market value of the bills from 1715 to 1740, shown in Table 1, is consistent with citizens reacting to the delayed redemption and confiscation mentioned above.

The rest of emission #6 not swapped for old bills, i.e. 12,500£$_{NC}$, were new spending by the assembly, with 2,500£$_{NC}$ used to cover debts and 10,000£$_{NC}$ as a grant to the King to cover military expenses. A five shilling poll tax and a liquor duty were implemented for five years (to 1740) to redeem and remove these sums. In January 1740, the report on the state of paper money said that the amount of bills still outstanding was 50,000£$_{NC}$.[26] Starting with 40,000£$_{NC}$ in circulation at the end of 1734, adding 12,500£$_{NC}$ new bills to this total in 1735, and then assuming that 500£$_{NC}$ were redeemed and removed each year from 1735 through 1739, yields 50,000£$_{NC}$ left in circulation at the end of 1739.

The taxes to redeem the 12,500£$_{NC}$ portion of emission #6 lapsed at the end of 1739. In 1740, and again in 1745, the assembly added a one-shilling poll tax, the latter to run for eight years, to redeem bills. In 1740, the assembly ordered that paid-in loan principal not be re-loaned out. No other new taxes were enacted before 1748.[27]

The amount of bills redeemed between 1740 and 1748, and thus the amount left in public circulation, is estimated using the amount reported as redeemed and burned in June of 1746. The treasury account recorded in the minutes of the Lower House reported that in late June of 1746 an accumulated total from 1740 to 1746 of 3,543$£_{NC}$ had been paid in as taxes that had been collected and delivered to the treasury by the local sheriffs, and a total of 689$£_{NC}$ of loan principal had been paid into the treasury. The assembly ordered these bills burned.[28] Prorating these sums back to 1740 yields an average of 506$£_{NC}$ bills redeemed per year via tax payments, and 98$£_{NC}$ or 99$£_{NC}$ bills redeemed on average per year as paid-in loan principal from 1740 through 1746. The same amounts are assumed to have been redeemed in 1747 and 1748. Thus, by mid-1748, 44,560$£_{NC}$ bills were left in circulation. It is this sum that would be restructured and partially defaulted on by the 1748 paper money act, namely emission #7.

The 1748 Restructuring of North Carolina's Paper Money: Emission #7

On April 4, 1748 the assembly passed the paper money act authorizing emission #7. This act restructured North Carolina's paper money system. From emission #7 through the rest of the colonial period, all bills emitted by North Carolina would have a face value at redemption of 1.33$£_{NC}$ = 1$£_{S}$. The assembly had finally switched to Queen Anne's 1704 Proclamation value, referred to as proclamation money. From 1748 on, the assembly also required more regularly recorded summaries of treasury accounts on paper money, including announcements of the day, time, and location for annual or semi-annual public burnings of specified amounts of redeemed bills. The act also formally, for the first time, partially defaulted on prior bills that were currently outstanding. It required that these bills be swapped for new emission #7 bills at a discount, namely 7.5$£_{NC}$ in pre-1748 bills = 1$£_{NC}$ in 1748 bills, or 10$£_{NC}$ in pre-1748 bills = 1$£_{S}$.[29] As such, the 44,560$£_{NC}$ outstanding in early 1748 would be swapped for 5,941$£_{NC}$ emission #7 bills beginning in mid-1748. An emission #7 bill is reproduced in Figure 5.

The old pre-1748 bills were swapped for new emission #7 bills slowly through 1756. The treasury reports are not easy to follow. While some old bills were recorded as swapped outright for new bills, many old bills were recorded as used to pay current tax obligations with the treasurer swapping the old bills paid in at that point for new bills and then recording the new bills as redeemed. Both the old bills swapped and the new bills recorded as satisfying the tax obligation were removed from circulation and burned. As best as we could reconstruct, the total sum of old bills swapped for new emission #7 bills from 1748 through 1756, when the last swap was recorded, was 44,129£$_{NC}$. This evidence is consistent with, and so corroborates, the estimated 44,560£$_{NC}$ old bills in circulation in mid-1748. A bill loss rate of 1 percent can easily account for the difference.

The 1748 paper money act authorized 21,350£$_{NC}$. With 5,941£$_{NC}$ slated to be swapped for old bills, that left 15,409£$_{NC}$ as a net new emission that the assembly could directly spend. The act dedicated 6,000£$_{NC}$ toward building forts. Another 500£$_{NC}$ was to be paid to the commissioners who executed the act. Whether this was to be paid to each of four commissioners or divided among them is unclear. The remainder, between 7,409£$_{NC}$ and 8,909£$_{NC}$, was to be used to discharge the debts and defray the contingent charges of the government. Of the 15,409£$_{NC}$ net new emission in 1748, 4,000£$_{NC}$ sat idle in the treasury until March 30, 1753 when the assembly ordered it spent on fort construction. Thus, the amount in circulation at the end of 1748 was 17,350£$_{NC}$ in new-bill face value, 15,409£$_{NC}$ – 4,000£$_{NC}$ + 5,941£$_{NC}$ in old bills expressed in new-bill value. In 1753, the 4,000£$_{NC}$ is added back in to the amount in circulation. The 1748 act also repealed all prior taxes slated to redeem bills and instituted a one-shilling annual poll tax for as long as it took to redeem all emission #7 bills.[30]

Figure 5. April 4, 1748 Bill (Emission #7)

Source: Newman, Early Paper Money, 316. Reprinted by permission of the Eric P. Newman Numismatic Education Society.

1748 through 1774: Emissions #7 through #18

From 1748 through 1774, North Carolina authorized twelve emissions of paper money, emissions #7 through #18, totaling 208,056£$_{NC}$. This total is the amount authorized to be printed, of which some were designated for one-for-one swaps with existing bills already in circulation or were bills never released out of the treasury before being destroyed. The resulting net new emissions put into public circulation were 197,734£$_{NC}$.

Emissions #7, #8, #11, #12, #13, #14, #15, and #16 were made a legal tender. Emissions #9, #10, #17, and #18 were not made a legal tender. Emissions #17 and #18 came after the British Parliament passed the 1764 Currency Act (4 Geo III, c. 34) banning legal tender paper money in the colonies. Emissions #9 and #10 were one-year notes that paid 6 percent interest, and so giving them legal tender status may not have been considered necessary to support their function and value. Emissions #9, #10, #11, #12, and #13 paid 6 percent annual interest. These emissions were to circulate only for 1 to 1.5 years each before being redeemed—emission #13 for 2.5 years. The other emissions did not pay interest and had longer circulation lives.[31]

Emission #7 was discussed above. The assembly passed the act authorizing emission #8 on March 9, 1754. It authorized 40,000£$_{NC}$, though the denomination structure only sums to 39,650£$_{NC}$. This was the first of several paper money acts to fund North Carolina's participation in the Seven Years War. The 1754 act also continued the one-shilling poll tax until all bills outstanding were redeemed and added four-pence per gallon liquor duty to this ongoing redemption tax. The commissioners who executed the act received 800£$_{NC}$, and the treasurers receive 1 percent of the bills handled as payment. The assembly reported that 1,000£$_{NC}$ was not spent out of the treasury until so ordered in 1756. The rest is assumed to have gone into circulation in 1754.[32]

Emissions #9 was enacted on September 13, 1756. It authorized 3,400£$_{NC}$ for western fort construction. The bills were to be redeemed in one year and paid 6 percent annual interest. A two-shilling poll tax and a two-pence per gallon liquor duty were imposed for 1757 to redeem these bills. On November 29, 1757, the treasury reported that 61£$_{NC}$ of this emission were never emitted and so were then burned.[33] Thus, only 3,339£$_{NC}$ went into circulation.

Emissions #10 and #11 were enacted on May 28, 1757 and November 21, 1757, respectively. Emission #10 authorized 5,306£$_{NC}$ to militarily assistance to South Carolina. These bills were to be redeemed by September 29, 1758 and paid 6 percent annual interest. A 4.5 shilling poll tax for 1758 and a 7.5 shilling tax on all law suits for 1758 and 1759 were enacted to redeem these bills.

Emission #11 authorized 9,500£$_{NC}$, with 7,000£$_{NC}$ going to military expenses and 2,500£$_{NC}$ to pay off government debts. These bills were to be redeemed by December 10, 1758 and paid 6 percent annual interest. A 6.5 shilling poll tax for 1758 was enacted to redeem these bills. On December 22, 1758, the treasury reported that 3,815£$_{NC}$ of emission #10 and #11 bills had never been emitted and so were then burned.[34] Thus, only 10,991£$_{NC}$ from emissions #10 and #11 went into circulation.

Emission #12 was enacted on May 4, 1758. It authorized 7,000£$_{NC}$ to cover military expenses. These bills were to be redeemed by December 12, 1759 and paid 6 percent annual interest. A 4.5 shilling poll tax for 1759 and a two-pence per gallon liquor duty for four years were enacted to redeem these bills. The treasurers received 2 percent of all bills handled as payment. Given no evidence to the contrary, all 7,000£$_{NC}$ are assumed to have gone into circulation in 1758.[35]

Emissions #13 and #14 were enacted on December 22, 1758—going into operation in 1759—and in November 1759, respectively. Emission #13 authorized 4,000£$_{NC}$ to cover military expenses. These bills were to be redeemed by June 10, 1761 and paid 6 percent annual interest. A 3.08 shilling poll tax for 1760 was enacted to redeem these bills.[36] All 4,000£$_{NC}$ are assumed to have gone into circulation in 1759. An emission #13 bill is reproduced in Figure 6. Emission #14 authorized 5,500£$_{NC}$ in bills redeemed from emissions #9, #10, and #11 that had not yet been burned to be re-spent to cover military expenses. The bills were to be written on by the treasurer to indicate that they were so recycled, and these bills so indicated as recycled were now due to be redeemed by December 10, 1763. They also no longer paid interest. A 1.67 shilling annual poll tax for 1761, 1762, and 1763 was enacted to re-redeem these bills. On January 9, 1760, the treasurer indicated that 4,995£$_{NC}$ bills redeemed but not yet burned from emissions #9, #10, and #11 had been used for this purpose.[37] Thus, for 1759, 8,995£$_{NC}$ bills from emissions #13 and #14 are assumed to have gone into circulation (4,000£$_{NC}$ + 4,995£$_{NC}$).

Emission #15 was enacted on July 14, 1760. It authorized 12,000£$_{NC}$, with 3,000£$_{NC}$ used

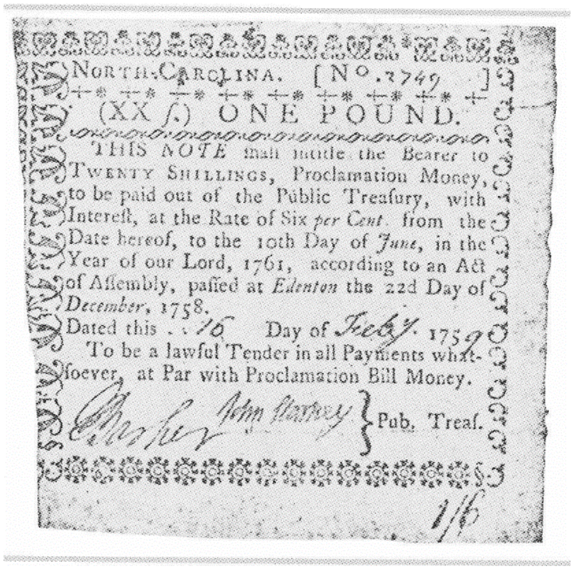

Figure 6. December 22, 1758 Bill (Emission #13): Last Emission to Pay Interest

Source: Newman, Early Paper Money, 319. Reprinted by permission of the Eric P. Newman Numismatic Education Society.

to pay off government debts and 9,000£$_{NC}$ spent on prosecuting wars with indigenous Americans. A one-shilling yearly poll tax was enacted to start on January 1763 and continue until all the bills were redeemed.[38] With no evidence to the contrary, all 12,000£$_{NC}$ are assumed to have gone into circulation in 1760.

Emission #16 was enacted on April 23, 1761. It authorized 20,000£$_{NC}$ to pay for military assistance to South Carolina and Virginia. A two-shilling yearly poll tax was enacted to start on January 1764 and continue until all the bills were redeemed.[39] With no evidence to the contrary, all 20,000£$_{NC}$ are assumed to have gone into circulation in 1761.

Emission #17 was enacted on December 5, 1768. It likely did not go into operation until 1769. It authorized 20,000£$_{NC}$ to cover military expenses against the regulator insurgents, expenses to survey border lines with indigenous American tribes, and to pay off government debts. A two-shilling yearly poll tax starting in 1771 was to continue until all the bills were redeemed.[40] With no evidence to the contrary, all 20,000£$_{NC}$ are assumed to have gone into circulation in 1769.

Emission #18 was enacted in December of 1771 and is assumed to have gone into operation in 1772. It authorized 60,000£$_{NC}$ to cover military expenses against the regulator insurgents. A two-shilling yearly poll tax starting in 1772 and running for ten years was enacted to redeem the bills. The treasurers received 1,500£$_{NC}$ for handling this emission.[41] With no evidence to the contrary, all 60,000£$_{NC}$ are assumed to have gone into circulation in 1772. An emission #18 bill is reproduced in Figure 7.

1748 through 1774: Redemption and Removal of Bills

For the years 1748 through 1774, the amount of bills annually redeemed and removed from public circulation, and subsequently burned, can be taken directly from summaries of the treasury reports recorded in the minutes of the Lower House of the assembly.[42] The reports sometimes indicate which emission's bills had been redeemed and were slated to be burned, but more often they combined emissions together into one allotment redeemed and slated to be burned. We determine whether values were expressed in old pre-1748 bills or in new post-1747 bills, and whether old bills were simply swapped for new bills with the old bills burned, or swapped for new bills with the new bills then paid in as taxes (redeemed) and so with both the old and new bills burned. We also determine how to include the interest paid on emissions #9, #10, #11, #12, and #13 in redemptions. Lastly, either no treasurer's reports, or no minutes at all, were recorded by the Lower House in 1763, 1765, 1768, 1769, 1773, and 1774. In these years, we assumed no bills were redeemed, or if they were redeemed they were held and reported in future years. No effort was made to determine the latter possibility and so in years with no reports, it is assumed no redemptions took place. The lack of records in these years is due to the

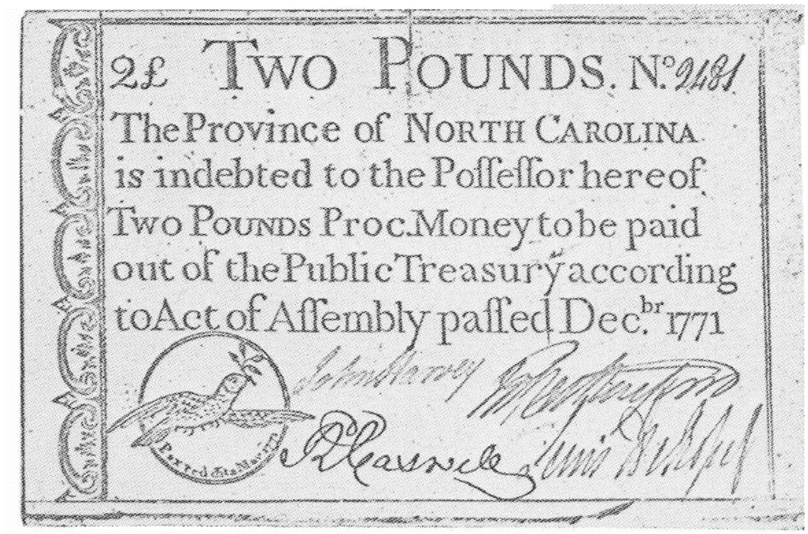

Figure 7. December 1771 Bill (Emission #18): Last Colonial Emission

Source: Newman, Early Paper Money, 320. Reprinted by permission of the Eric P. Newman Numismatic Education Society.

disruptions caused by wars with indigenous Americans, tax (regulator) insurrections, and assembly disputes with the governor. These disruptions likely delayed tax collection. For example, the assembly ordered a temporary stop to tax collection in 1773 and 1774.[43]

How the government paid and accounted for the interest due on the bills from emissions #9 through #13 is not clear. Our best guess is that money was not actually paid as interest to bill holders. Instead, the interest was rolled into part of the tax obligation. For illustration, suppose I have a 1.06£$_{NC}$ tax obligation due. I give the sheriff a 1£$_{NC}$ bill that has 6 percent interest due on it. My tax obligation is counted as being paid in full. The treasurer credits the 1.06£$_{NC}$ amount to the public account by taking the 1£$_{NC}$ bill paid in and then adds 0.06£$_{NC}$ in bills to it from the treasury. The 1.06£$_{NC}$ in bills is then burned.

A 1770 document reports the paper money emitted from 1748 through 1761 and redeemed from 1749 to 1769. This is the source for the numbers reported in Leslie V. Brock and in the *Historical Statistics*, which were, until now, the only continuous annual estimates of the amount of bills in circulation in North Carolina.[44] This document has numerous errors.

For example, the 1770 report lists only 189.66£$_{NC}$ redeemed for 1749, whereas the treasury statements (there are two treasurers) report that 189.66£$_{NC}$ were only part of the sums redeemed. Treasurer Moseley reported 712.63£$_{NC}$ new (1748) bills paid in and burned. This sum was comprised of 1,422.15£$_{NC}$ old (pre-1748) bills paid in on the sinking fund that were swapped for 189.66£$_{NC}$ new bills, and 1,261.75£$_{NC}$ old bills paid in on loan principal that were swapped for 168.23£$_{NC}$ new bills. Thus, 354.74£$_{NC}$ of the 712.63£$_{NC}$ total were new bills paid in as taxes to Moseley. All the old and new bills mentioned were burned. The 189.66£$_{NC}$ amount is the source of the erroneous number listed in the 1770 report as the only amount redeemed in 1749.

The treasury statements for 1749 also included Treasurer Barker's report. He had received 2,290.64£$_{NC}$ in old bills paid in on loan principal. This sum converts to 305.42£$_{NC}$ in new bills when divided by the 7.5 default rate. The old bills were swapped for these new bills at the point of redemption with both old and new bills then burned. The treasury statements also indicate that 1,252.28£$_{NC}$ old bills were brought in and simply swapped for new bills—not as part of any tax or loan payment obligation. These old bills were burned as well.

To get the number reported in Table 1 as redeemed in 1749, 1,532£$_{NC}$, we moved the sum reported in early 1750 as redeemed, namely 513.60£$_{NC}$ in new bills, to 1749 to capture when they were likely taken out of public circulation given the tenor of the 1750 treasury statement.[45] Thus, 712.63£$_{NC}$ + 305.42£$_{NC}$ + 513.60£$_{NC}$ = 1,532£$_{NC}$ redeemed and removed from public circulation in 1749 as reported in Table 1. This example for 1749 illustrates the forensic accounting reconstruction used to correct the rest of the numbers in the 1770 report.

The treasurers and assemblymen sometimes distinguished the emissions by different names. Subsequent scholars have followed this convention. Emissions #7, #8, #15, and #16 were often referred to as bills of credit or proclamation bills. Emissions #9, #10, #11, #12, #13, and #14 were often referred to as treasury notes or interest notes, and emissions #17 and #18 were often referred to as debentures. These distinctions are largely artificial.[46] Post-1764 Currency Act bills, emissions #17 and #18, were called debentures to disguise that they were the same as the pre-1764 bills of credit that were out of favor with Parliament. The term ‘treasury note’ simply identifies bills that had short maturity dates and that paid annual interest, as opposed to bills that had longer maturity dates and paid no interest. In functionality, they were all bearer bonds with some type of maturity structure, either zero-coupon bonds or interest-bearing bonds.

Conclusion

We reconstruct North Carolina’s paper money regime over its entire colonial history from 1712 through 1774, producing the most coherent and consist annual data series possible with the current records available. We provide data on multiple aspects of paper money usage and in the subcategories needed to assess paper money’s functionalities. This output is a substantial improvement over what exists in the current literature, both in terms of coverage, measurement categories, and accuracy of measurement.

We present the factual underpinning of North Carolina’s paper money regime. Prior histories that touch on North Carolina’s paper money regime use spotty and unconnected facts that scholars just happened across, as well as literary statements by contemporaries about what was happening.[47] Literary statements by North Carolina’s governors, British ministers and merchant, outside observers, and so on, are difficult to parse. They cannot be taken, as scholars often do, at face value as history. Contemporaries often gave explanations dealing with paper money that were manipulative rhetoric to support a desired policy outcome, or explanations based on an erroneous understanding of the situation. Evaluating and interpreting literary history requires an evidential database to provide comparative context—an anchor, if you will, on which to moor that literary history. The data here provides that anchor.

Endnotes

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[1] Leslie V. Brock, The Currency of the American Colonies, 1700–1764 (New York: Arno Press, 1975 [original 1941]); Farley Grubb, "Is Paper Money Just Paper Money? Experimentation and Variation in the Paper Monies Issued by the American Colonies from 1690 to 1775," Research in Economic History 32, (2016): 147–224; Bray Hammond, Banks and Politics in America (Princeton, NJ: Princeton Univ. Press, 1991 [original 1957]), 3–76; Eric P. Newman, The Early Paper Money of America (Iola, WI: Krause, 2008, 5th Edition).

[2] Grubb, "Is Paper Money just Paper Money," 209-224; Newman. Early Paper Money. Derived from http://eh.net "measuring worth—relative value of U.S. Dollars" using the 1775 to 2012 CPI conversion algorithm. Shillings and pence are converted to decimalized pounds.

[3] Brock, Currency, 106-13, 428-45; Walter Clark, William L. Saunders, and Stephen B. Weeks, eds., Colonial Records of North Carolina 25 vols. (Raleigh, NC: P. M. Hale, 1886-1907 [cited as CR hereafter]); Andrew McFarland Davis, ed., Colonial Currency Reprints, 1682-1751 4 vols. (New York: Augustus M. Kelley, 1964); Joseph Albert Ernst, Money and Politics in America, 1755–1775 (Chapel Hill, NC: Univ. of North Carolina Press, 1973); Grubb, "Is Paper Money Just Paper Money," 147-224. Assertions that Virginia paper money circulated in the Albemarle region between 1764 and 1772 are derived from thin, anecdotal evidence that seem speculative more than factual, Ernst, Money and Politics, 200, 295. Given the commercial connection between the Albemarle region and southern Virginia ports, some use of Virginia currency or at least Virginia currency units of account in the Albemarle region would make sense.

[4] Grubb, "Is Paper Money Just Paper Money," 147-224.

[5] Compare the analysis of North Carolina paper acts here with that in other colonies in Brock, Currency; Ernst, Money and Politics; Grubb, "Is Paper Money Just Paper Money," 209-24; Farley Grubb, "Colonial New Jersey's Paper Money Regime, 1709-75: A Forensic Accounting Reconstruction of the Data," Historical Methods: A Journal of Quantitative and Interdisciplinary History 48, no. 1 (2015): 13-34; Farley Grubb, "Colonial Virginia's Paper Money Regime, 1755-

74: A Forensic Accounting Reconstruction of the Data," Historical Methods: A Journal of Quantitative and Interdisciplinary History 50, no. 2 (2017): 96-112; John J. McCusker, Money and Exchange in Europe and America, 1600-1775: A Handbook (Chapel Hill, NC: Univ. of North Carolina Press, 1978), 220; Newman, Early Paper Money.

[6] For example, A. Roger Ekirch, "Poor Carolina" Politics and Society in Colonial North Carolina, 1729–1776 (Chapel Hill, NC: Univ. of North Carolina Press, 1981) does not incorporate paper money into his history of colonial North Carolina.

[7] Susan B. Carter, et al., eds., Historical Statistics of the United States: Millennial Edition, Vol. 5 (New York: Cambridge Univ. Press, 2006), 5:692–95.

[8] See Carter, Historical Statistics, 5:692–95; Grubb, "Colonial New Jersey's Paper Money Regime"; Grubb, "Colonial Virginia's Paper Money Regime."

[9] Contemporaries outside of North Carolina noted this decline in value, see Davis, Colonial Currency Reprints, 2:319; 3:223, 226, 245, 317, 324, 326; 4:61.

[10] Newman, Early Paper Money, 314–15.

[11] CR, 1:839; 3:484; 4:576.

[12] Brock, Currency, 108; CR, 25:157; David La Vere, The Tuscarora War: Indians, Settlers, and the Fight for the Carolina Colonies (Chapel Hill, NC: The Univ. of North Carolina Press, 2013); Hugh T. Lefler and William S. Powell, Colonial North Carolina: A History (New York: Charles Scribner's Sons, 1973), 67–80.

[13] CR, 3:485; 4:418, 576; 23:95; 25:157–58.

[14] CR, 25:157.

[15] CR, 3:189; 23:90–91.

[16] Coralie Parker, The History of Taxation in North Carolina during the Colonial Period, 1663–1776 (New York: Columbia Univ. Press, 1928), 108; CR, 2:296.

[17] CR, 25:173.

[18] CR, 3:485; 4:178; 25:174.

[19] CR, 3:142–56, 475–89; 4:178-79, 419, 576–77; 23:112.

[20] CR, 3:154, 294, 323–24, 486-87; 4:142–46, 178–80, 419, 568–83, 998.

[21] CR, 3:154, 486–87; 4:142–46, 178–80, 419, 576.

[22] CR, 3:145–54, 175, 266–69, 271, 308–09, 486–87; 4:178–79.

[23] CR, 3:95; Journal of the Commissioners for Trade and Plantations from January 1728-9 to December 1734, Vol. 6 (Nendeln, Liechtenstein: Kraus Reprint, 1969 [original Her Britannic Majesty's Stationary Office, 1928]), 55; Leonard Wood Labaree, ed., Royal Instructions to British Colonial Governors, 1670-1776, Vol. 1 (New York: Octagon Books, Inc. 1967 [original 1935]), 218–19.

[24] CR, 4:178–80, 419, 576–77; 23:117.

[25] CR, 4:382–411.

[26] CR, 4:419.

[27] CR, 4:514, 558, 569–71, 738, 746–49, 773–81; 25:234–35.

[28] CR, 4:832–33.

[29] CR, 23:292–96; Newman, Early Paper Money, 316.

[30] CR, 5:58; 23:292–99.

[31] Newman, Early Paper Money, 316–20.

[32] CR, 8:213; 23:331–33, 392–98; Ekirch, Poor Carolina, 154.

[33] CR, 5:898–900; 25:331–33.

[34] CR, 5:1088; 25:345–48, 350–52.

[35] CR, 25:361–64.

[36] CR, 25:370–72.

[37] CR, 6:197–99, 1310; 25:394–95.

[38] CR, 25:516–18.

[39] CR, 23:539–41; 25:457–58.

[40] CR, 23:781–83.

[41] CR, 23:850–51.

[42] CR, 4:997–99, 1022, 1073, 1293–95, 1341–42; 5:73–75, 210–11, 307–09, 556–57, 726–27, 898–900, 1088; 6:197–99, 378, 435, 504–05, 693–94, 825–26, 829, 949–50, 1205–208, 1282–285; 8:453–54; 9:510–13, 549–50, 576–77.

[43] CR, 7:393; 9 231, 744–45, 874–953, 1204; Ekirch, Poor Carolina, 161–211. On taxes, their collection and arrears, see D. L. Corbitt, "Finances and Delinquent Taxes of North Carolina: Newbern, March 24," North Carolina Historical Review 5, no. 1 (1928): 112–18; Marvin L.

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[44] Brock, Currency, 436–37; Carter, Historical Statistics, 5:692–95; CR, 8:211–15.

[45] CR, 4:997–99, 1022, 1073.

[46] Brock, Currency, 436–37; CR, 7:393; 8:211–15; 9:231; Ernst, Money and Politics, 371.

[47] For example, see Brock, Currency, 106-13, 428-45; Charles J. Bullock, Essays on the Monetary History of the United States (New York: Macmillan, 1900), 125-83; Ernst, Money and Politics.