

XI GOVERNMENT AT WAR

6 Thomas Powell on Inflation

[*Pennsylvania Evening Post*, August 16, 1777.]

As in every war, the scarcity of commodities drove prices upwards, but the monetary practices of the states and central government greatly exacerbated the problem. By the fall of 1777 the Congress had issued nearly \$250,000,000 and the states almost \$210,000,000 in bills that had little or no backing. The results were spiraling prices and near financial chaos. Calculations in January of successive years revealed the following amount of paper money required to purchase \$1.00 specie: \$1.25 (1777), \$4.00 (1778), \$8.00 (1779), \$42.50 (1780), \$100 (1781). The term "not worth a Continental" originated in describing the worthless currency. Finally, in May 1781 the Congress in effect declared the nation bankrupt, calling in old money and issuing new currency. In announcing his second rate increase since the war began, Burlington innkeeper Thomas Powell graphically described the inflation that plagued all citizens.

Burlington, August 15, 1777

It is with real concern that I find myself again under a necessity to address the public, on account of the excessive high price both of shop goods and provisions, linen, bedding, &c. being in continual wear. The present price of those articles render it impracticable for me to replace them, and having found, both by weekly accounts of the consumption in my family, and by the most exact calculations I could make, that forty pounds per annum for each boarder is very inadequate to my expences, and that I suffer a considerable daily loss. I flatter myself that my generous employers do not expect that my family and self should undergo the fatigue of my employment and sink money by it.

I beg leave to lay before the public the former and the present price of a few articles only, and I make no doubt but the least reflection will convince all my employers that sixty pounds for each boarder is not yet equal to my customary price of twenty-six pounds per annum.

Sugar from fifty-eight shillings to forty-five pounds per hundred. Butchers meat from threepence half-penny to one shilling and threepence per pound. Coffee from eleven pence to eight shillings per pound. Salt from two shillings and sixpence to fifteen dollars per bushel. Butter from tenpence to four shillings per pound. Cheese from sixpence to three shillings per pound. Russia sheeting from two shillings and four pence to at least fifteen shillings per yard. Wood from twelve shillings to thirty shillings per cord.

I could enumerate many other articles of consumption which bear at least an equal proportion to the above. It must be considered too that my family and self must wear clothes, the price of which, I believe, is not necessary to mention.

I shall think myself very happy in the continuance of the favors of my friends at sixty pounds per annum, and assure them of the assiduous and tender attention of their

Very respectful friend,
THOMAS POWELL