

Paper Money

By Thomas Paine

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Paper Money, Paper Money, and Paper Money! is now, in several of the states, both the bubble and the inequity of the day. That there are some bad people concerned in schemes of this kind cannot be doubted, but the far greater part are misled. People are got so bewildered upon the subject that they put and mistake one thing for another. They say Paper Money has improved the country — Paper Money carried on the war, and Paper Money did a great many other fine things.

Not one syllable of this is truth; it is all error from beginning to end. It was CREDIT which did these things, and that credit has failed, by non-performance, and by the country being involved in debt and the levity and instability of government measures.

We have so far mistaken the matter that we have even mistaken the name. The name is not Paper Money, but Bills of Credit: But it seems as if we are ashamed to use the name, knowing how much we have abused the thing. All emissions of paper for government purposes is not making of money, but making use of credit to run into debt by. It is anticipating or forestalling the revenue of future years, and throwing the burden of redemption on future assemblies. It is like a man mortgaging his estate and leaving his successors to pay it off. But this is not the worst of it, it leaves us at last in the lurch by banishing the hard money, diminishing the value of the revenue, and filling up its place with paper, that may be like something to-day and to-morrow nothing.

So far as regards Pennsylvania, she cannot emit bills of credit, because the assembly which makes such an emission cannot bind future assemblies either to redeem them or receive them in taxes. The precedent of revoking the charter of the bank, established by a former assembly, is a precedent for any assembly to undo what another has done. It circumscribes the power of any assembly to the year in which it sits; that is, it cannot engage for the performance of any thing beyond that time. And as an assembly cannot issue bills of credit and redeem them within the year, and as it cannot by that precedent bind a future assembly so to do, it therefore cannot with the necessary security do it at all; because people will not put confidence in the paper promises or paper emissions of those who can neither perform the engagement within the time their own power exist nor

compel the performance after that time is past. The politicians of the project for revoking the bank charter (and it was besides most wantonly done), to use a trite saying, aimed at the pidgeon and shot the crow — they fired at the bank and hit their own paper.

As to making those bills what are called legal tenders, we have no such thing in this state, which is one reason they have not depreciated more: But as it is a matter which engrosses the attention of some other states, I shall offer a few remarks on it.

The abuse of any power always operates to call the right of that power in question. To judge of the right or power of any assembly in America to make those bills a legal tender, we must have recourse to the principles on which civil government is founded; for if such an act is not compatible with those principles, the assembly which assumes such a power, assumes a power unknown in civil government, and commits treason against its principles.

The fundamental principles of civil government are security of our rights and persons as freemen, and security of property. A tender law, therefore, cannot stand on the principles of civil government, because it operates to take away a man's share of civil and natural freedom, and to render property insecure.

If a man had a hundred silver dollars in his possession, as his own property, it would be a strange law that should oblige him to deliver them up to any one who could discover that he possessed them, and take a hundred paper dollars in exchange. Now the case, in effect, is exactly the same; if he has lent a hundred hard dollars to his friend, and is compelled to take a hundred paper ones for them. The exchange is against his consent, and to his injury, and the principles of civil government provides for the protection, and not for the violation of his rights and property. The state, therefore, that is under the operation of such an act, is not in a state of civil government, and consequently the people cannot be bound to obey a law which abets and encourages treason against the first principles on which civil government is founded.

The principles of civil government extend in their operation to compel the exact performance of engagements entered into between man and man. The only kind of legal tenders that can exist in a country under a civil government is the particular thing expressed and specified in those engagements or contracts. That particular thing constitutes the legal tender. If a man engages to sell and deliver a quantity of wheat, he is not to deliver rye, any more than he who contracts to pay in hard money is at

liberty to pay in paper or in any thing else. Those contracts or bargains have expressed the legal tender on both sides, and no assumed or presumptuous authority of ant assembly can dissolve or alter them.

Another branch of this principle of civil government is, that it disowns the practice of retrospective laws. An assembly or legislature cannot punish a man by any new law made after the crime is committed; he can only be punished by the law which existed at the time he committed the crime. This principle of civil government extends to property as well as to life; for a law made after the time that any bargain or contract was entered into between individuals can no more become the law for deciding that contract, than, in the other case, it can become the law for punishing the crime; both of those cases must be referred to the laws existing at the time of the crime was done or the bargain made. Each party then knew the relative situation they stood in with each other, and on that law and on that knowledge they acted, and by no other can they be adjudged — Therefore all tender laws which apply to the alteration of past contracts, by making them dischargable on either side, different to what was the law at the time they were made, is of the same nature as that law which inflicts a punishment different to what was the law at the time the crime was committed: For in all cases of civil government the law must be before the act.

But there was no illegality in tender laws, they are naturally defective on another consideration. They cannot bind all and every interest in the state, because they cannot bind the state itself. They are, therefore, compulsive where they ought to be free; that is, between man and man, and are naturally free where, if at all, they ought to be compulsive: for in all cases where the state reserves to itself the right of freeing itself, it cannot bind the individual, because the right of the one stands on as good ground as that of the other.

Common Sense

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