

Remembering Shays' Rebellion

written by Taylor Clark | August 9, 2024



Unidentified Artist, Daniel Shays and Job Shattuck, 1787.

This August marks the two hundred thirty eighth anniversary of Shays' Rebellion – an uprising of small-holding farmers and Revolutionary War veterans that shook the foundations of the young American Republic in the years following its independence.

Yet despite the transformative role that Shays' Rebellion and the movement it represents played in early American politics, few Americans today have any knowledge of the revolt past the twenty minute treatment the topic gets in most high school history classes. In these tellings, Shays' revolt is regarded as a seemingly isolated incident. An unfortunate accident, that resulted from the poor policies of overly democratic, irresponsible state governments, and greedy farmers trying to get out of paying their debts. The rebellion revealed the "weakness" of the Articles of Confederation, thus demonstrating the need for the Constitution, and the strong central government that it created shortly after.

This half-truth is a severe distortion of historical reality. Far from an isolated incident, "Shays' Rebellion" was accompanied by armed agrarian uprisings in more than half the states in the Union. Nor was the struggle purely limited to farmers' debts, it was actually significantly wider. What began as a struggle between farmers and creditors over debt and tax relief quickly became a battle over the meaning and legacy of the American Revolution. On one side were the popular forces represented by Daniel Shays: debtors, farmers, and taxpayers who sought to defend the democratic spirit of the Revolution they had just fought in. Against them stood American elites, best represented at this time by James Madison and Alexander Hamilton. These elites sought to restrain what they called the "excess of democracy" unleashed by the Revolution, so as to defend the interests of America's infant capitalist class.

A CRISIS BREWS

The life of Daniel Shays was pretty typical of smallholding American farmers during the period. Shays was a veteran, he saw action at many of the war's early major engagements: he fought at Lexington, Bunker Hill, Ticonderoga, and Saratoga. At one point, he served under the Marquis de Lafayette, who gifted Shays an ornamental sword for his service on the battlefield.

That sword was probably the lion's share of Shay's payment for his five years of military service during the Revolutionary War. In his essential study of the post-revolutionary period, *Unruly*

Americans, Woody Holton writes of how “every soldier in the Continental Army had received bonds to make up for the months when Congress... had fobbed him off with paper money that was worth only a fraction of the amount printed on its face.” (Holton p.33)

These bonds were essentially IOUs – backed only by a promise from the government to be redeemed after the war for their full value. They were used to placate not only the Continental Army, whose soldiers would often go months at a time without pay, but also farmers, merchants, and pretty much anyone else with supplies necessary for the war effort. But these bonds didn’t stay in the hands of soldiers and farmers for long. They quickly became monopolized by a new class of American elites – wealthy capitalists.

The economic crisis that followed the American Revolution was practically apocalyptic for freeholding American farmers, the largest single grouping of working Americans during the period. Gordon Wood estimates that nineteen out of twenty Americans worked in the countryside during this period. (Wood, p.59) If we account for the thirty-five percent of Americans that Herbert Aptheker asserts were slaves or indentured servants (Aptheker, p.11) and the roughly ten percent of Americans that Wood estimates would have made up the colonial aristocracy, (Wood, p. 25), then we come to the conservative estimate that about fifty percent of Americans would have lived and worked on small family farms on the eve of the Revolution. The large majority of these families owned their own land outright, though Wood acknowledges that there were significant minorities of tenant farmers in some areas. (citation needed) All of this to say that colonial America was still, in many ways, pre-capitalist. The “means of production” had not yet been monopolized by a tiny class of investors, and property ownership (in the form of land) was wider than any other part of the world at the time. As much as half of the population had not yet been dispossessed, and the class of wage-laborers that capitalism relies upon largely did not exist. Wood writes of how “the distribution of wealth in eighteenth-century colonial society was far more equal than it would become in the nineteenth century” – a transformation that would take place in part due to the political struggle that immediately followed the Revolution.

That political struggle was an offshoot of the economic crisis we’ve alluded to, which Woody Holton asserts may have been as severe as the Great Depression. (Holton, p.26) The root of this crisis lay in the fact that hundreds of thousands of men had abandoned their family farms for service in the Continental Army over the course of the war, going months or years at a time without substantive wages, or tending to their crops. The transatlantic trade that the colonies relied upon was also in disarray. Woody Holton reminds us that even after peace was concluded, British officials “had no intention of allowing American merchants to recover what had been one of their greatest sources of income before the war: the trade with the British sugar islands in the Caribbean.” (Holton, p.28) Farmers and merchants had lost an essential market for offloading their agricultural surplus in exchange for hard specie (gold and silver coins).

The result was a sort of ‘stagflation’ on steroids, farmers’ incomes flatlined while their cost of living skyrocketed. Despite having “fobbed off” farmers and soldiers with nearly useless paper money for years, in peacetime the federal and state governments decreed that most taxes and debts had to be settled with gold and silver – not paper currency. To meet their obligations, farmers would have to sell off their property for whatever specie they could get their hands on. Holton writes that “as the [hard] money supply tightened in the 1780s, livestock prices fell by roughly half, while land lost at least two-thirds of its value... a farmer who bought a horse on credit could raise sufficient funds to pay for it only by selling that animal and two others.” (Holton, p.31) Daniel Shays, himself an impoverished farmer, was reduced to the point of selling Lafayette’s sword for “a few measly dollars.” A contemporary tavern-keeper remarked that “the debtors in general now pay as much as three pounds for every one pound they owe.” (*ibid*)

So, it's not surprising that most farmers and veterans sold the bonds they received for military service at the first opportunity. The dubious promise that those bonds would be redeemed in the future meant nothing to farmers desperate to survive in the present. Just two years after the war, the market price of federal bonds fell to one eighth of the 'face value' they were meant to be redeemed at. (Holton, p. 38) While this spelled disaster for farmers and debtors, investors and speculators smelled opportunity.

THE BIRTH OF CAPITAL

What made the American Revolution so transformative was not only that it radically democratized the state, it also helped transform the nature of the American ruling class. One of the more fundamental of these transformations was that it opened up new avenues for the rich to make money - in Marxist terms, the ruling class was discovering new ways of appropriating society's surplus value.

Capitalism, as we think of it today, did not exist in colonial America. As we have already seen, the colonial aristocracy that dominated the thirteen colonies did not have an exclusive monopoly on the means of production, nor did they command armies of landless wage-laborers. Prior to the Revolution, "capitalist" forms of accumulation were largely frowned upon in polite society. In the words of John Locke, "trade" was "wholly inconsistent with a gentleman's calling." (Wood, p.37) In the colonies, just as in Europe, it was imperative that aristocratic elites were seen as "gentlemen who happened to engage in some commercial enterprises," not as business men. (Wood, p.36) In *The Radicalism of the American Revolution*, Gordon Wood surveys a series of men who in fact made substantial sacrifices in their commercial enterprises in their effort to appear as "gentry," such as Ben Franklin who famously "retired" at age 42 by selling his printing business, buying a landed estate, and going into politics.

But there wasn't just social stigma standing in the way of capital, there were real legal and material barriers as well. In his book *The American Revolution*, Herbert Aptheker illustrates how British imperial policy, combined with fragments of feudal society that crossed over the Atlantic, posed serious obstacles to the advancement of capitalist society in colonial America. British law forbade not just the production of steel in the colonies, but also the building of slitting mills, trade in woolen products, or even the exportation of hats. (Aptheker, p.34) Whatever the colonies *did* manage to export had to be routed through England first, to pay British tariffs, before going on to the European continent. Feudal remnants in inheritance law like primogeniture and entail prevented the effective commodification of land, and fortified the power of the still largely hereditary aristocracy. (Aptheker, p.261) While true titles of nobility were non-existent in the colonies, the landed aristocracy was still politically supreme, even in the North. Aptheker thus concludes that one important aspect of the Revolution's legacy was "significant progress in removing or weakening obstacles to capitalist development" through the destruction of policies designed to restrain it. (Aptheker, p.259)

The elimination of these obstacles, and the vulnerability of middling Americans in crisis, opened the floodgates for capital's offensive during the "critical period" following independence. Wealthy speculators swooped in like vultures, buying up bonds and public securities for dimes on the dollar. John Adams was so disgusted with the frenzy, he made the odious claim that "Jews and Judaizing Christians are now scheming to buy up all our Continental Notes at two or three shillings in a pound, in order to oblige us to pay them at twenty shillings a pound" - this, despite him and his wife themselves privately participating in the hysteria. (Holton, p.39)

Ownership over these bonds was quickly consolidated into tiny slivers of American elites. In 1789, a Pennsylvanian newspaper reported that of the £111,000 it paid bondholders annually, £70,000 went to just twelve investors. In 1786, a Rhode Island legislative committee found that nearly half the

state's bonds were owned by sixteen people. By 1790, the bonds that still accounted for the majority of government expenditure in the states, and the plurality of federal expenditure, were owned by just two percent of Americans. (Holton, pp.21-45)

Since these bonds were redeemed at their face value, instead of the market value actually paid for them, investors reaped astronomical profits. Federal bonds sold at an eighth of their face value would yield an eightfold profit for their new owners *before interest*. Virginia's military certificates paid an annual interest of six percent on their face value, but since they traded at one fifth of that value, speculators would earn as much as thirty percent interest annually. Massachusetts' "Consolidated Note" securities, a favorite of Abigail Adams, also paid six percent interest on its face value, but were sold for one third that price - meaning investors like the Adams family were given eighteen percent interest annually. (*ibid*)

Servicing these debts required state and federal governments to jack up tax rates to a catastrophic extent. Holton reports that "after the war, taxes in most states remained three or four times higher than colonial levels." One hundred thirty years before the implementation of income taxes, these taxes were remarkably regressive - flat "poll" taxes paid per person, taxes on property and land ownership (which, remember, was widely distributed at the time). (Holton, p.213) Holton reminds us that "the single heaviest government expense, at both state and federal levels, was the war debt." (Holton, pp.31-32) As much as "two-thirds of direct tax revenue was earmarked for public creditors" in nearly every state. (*ibid*) At the federal level, the 1785 tax requisition set aside 40 percent of its real value for domestic creditors, even more than the French and Dutch creditors, whose funds and militaries were necessary to win the Revolutionary War. (Holton, p.66)

One can only imagine the feelings of farmers who, after making the colossal sacrifice of abandoning their families and farms to be paid little to nothing for service in the Continental Army, were now having their lands and property confiscated to pay off bonds that were originally meant for them. Considering the heavy, regressive nature of these taxes, and the hyper consolidated ownership of the bonds they were meant to pay, this represented a cataclysmic redistribution of wealth *upward* to the elite during this period. It was a terrible injustice.

AN "EXCESS" OF DEMOCRACY?

In response to what was seen as a fundamental threat to the Republic, popular unrest swept the nation. Farmers and debtors across the country understood that "high taxes and tight money eroded" what they considered "one of the foundation stones of American popular government: the roughly equal distribution of property." (Holton, p.108) They were engaged in a struggle over the fate of the American Revolution, and they knew it.

Speculators and investors knew this as well, and "were acutely aware that the value of their investments hinged on the willingness of the state legislatures to impose taxes." (Holton, p.40) What we today call the "critical period" was in fact a time of open class warfare - in which farmers and investors jostled for control of the thirteen distinct state legislatures that ultimately controlled the nation's finances.

Farmers and taxpayers effectively employed a two-pronged strategy in that struggle: where possible, they organized electorally to seize control of state legislatures and install pro-taxpayer and pro-debtor policies, while the threat of violence was typically only resorted to where necessary. The most successful example of this was Rhode Island, where farmers and debtors organized a convention and *a slate of candidates* for statewide office under the motto "To Relieve the Distressed." (Holton, p.130) In the election that followed, "Voters turned out in record numbers, and most of the men appearing on the country-proxe (proxe meaning slate) were elected." The farmers' newly found

legislative majority wasted no time in “ordering the emission of £100,000 worth of paper money” that was legal tender, and could be used in place of gold and silver to pay off overdue taxes and debts. While Rhode Island was the only state where farmers successfully elected an independent slate to office, farmers did find success elsewhere as well. The state legislatures in Connecticut and New Jersey were so alarmed by the agrarian insurgency, both electorally and on the battlefield, that they simply refused to comply with Congress’ request for tax increases to pay off speculators.

Where electoral measures failed – often due to undemocratic state constitutions, or the many logistical obstacles in the way of farmers organizing for their candidates – voters took up arms against state governments that, in their view, were not democratic enough. Many of these farmers believed that their insurrections would actually make state governments *more* democratic. In the case of Massachusetts, Holton asserts that farmers knew the publicity around Shays’ Rebellion “might convince citizens throughout the state that a serious movement to redress grievances was afoot. If that happened, farmers would turn out to vote in record numbers.” (Holton, p.160) The voters did turn out, and in the 1787 elections the Massachusetts state governor and two-thirds of the state assembly lost their seats – just months after they had crushed the farmers’ uprising in the countryside.

Outside Massachusetts, farmers were taking up arms across the union. In Pennsylvania and New Hampshire, armed crowds numbering in the hundreds surrounded state legislatures to demand relief. The revolt of Pennsylvanian veterans in 1783 actually caused Congress to flee Philadelphia, before it was crushed by George Washington. Armed bands of debtors and taxpayers attacked, destroyed, or forcibly closed down county courts in half the states during the 1780s – which was done to both prevent creditors from seizing the property of delinquent debtors, but also to force state legislatures into granting tax relief. Farmers everywhere organized themselves into protective associations meant to guard against debt and tax collectors. Woody Holton found that “in Berks County, Pennsylvania, in 1780, more than seventy-five men signed an association agreeing to defend one another’s property from the sheriff” while in Virginia, there were 155 cases in just three counties where farmers prevented sheriffs and their deputies from seizing the property of debtors “by force of arms.” In their profit-making frenzy, wealthy speculators inadvertently triggered a mass popular uprising that challenged them for control of the young nation’s political institutions. (Holton, pp.145-61)

It was this popular uprising that led Alexander Hamilton to charge the American Revolution with unleashing “an excess of democracy.” In the minds of men like Hamilton and James Madison, it was the responsibility of governments to “protect the minority of the opulent against the majority,” The fact that state governments during the “critical period” not only struggled to contain the nationwide agrarian uprising, but in fact made many concessions to farmers and debtors, was unacceptable. Correcting this error was among the primary motivations of the “founding fathers” at the constitutional convention.

TWO REVOLUTIONS

In 1919, historian Carl Becker famously described the contradictory nature of the American Revolution as the collision of two long fought battles: the struggle for independence and home-rule, and the struggle over who would rule at home. While the Revolutionary War settled the first question, the “critical period” that followed it firmly settled the latter (Becker, p.22).

As we have seen, the economic crisis that followed independence opened the floodgates of class warfare. Farmers abandoned their families in the hundreds of thousands to fight in the Continental Army and did so at the cost of abandoning their farms and for little to nothing in return for wages. They returned home to an economy in free fall. The shortage of gold and silver in the countryside

meant countless farmers had to sell their property for far less than its worth to settle their debts. At the same time, state governments began levying astronomical tax increases to pay off the war debt – debt that was originally owned largely by veterans and farmers, few of whom held onto their bonds during the economic downturn. In response, thousands of farmers across the nation took to the ballot box and the battlefield to “Relieve the Distressed” and save the democratic spirit of the American Revolution.

This prompted fifty-five of America’s wealthiest men to meet in Philadelphia to devise a plan to protect the “opulent minority” from the “excess of democracy” the American people had so wholeheartedly embraced. These men, whom we now call the “Founding Fathers,” devised a cleverly negotiated peace treaty that would “insure domestic tranquility” and would bring an end to the open class warfare that marked the “critical period.” They discovered that by granting significant tax relief, and addressing some of the nation’s economic woes, they could convince Americans to accept a significantly less democratic political order – one that more effectively secured the rule of capital.

The new federal constitution they created also granted the national government the ability to both implement taxes directly, and to regulate trade – powers that proved to be both useful and necessary. For example, this empowered Congress to implement a nationwide tariff that simultaneously protected local manufacturing and transferred much of the tax burden from impoverished farmers to foreign merchants. The tariff, in combination with new excise taxes on products like whiskey (which continued to be an issue for farmers in the West), meant the federal government could provide substantial relief to taxpayers while still placating bond holders.

But this relief came with strings attached. The House of Representatives was the only part of the new federal government that was elected by the people directly, despite that government’s enormously increased power. Senators were instead chosen by state legislatures up until 1913. The President to this day is chosen by the electoral college, while the Supreme Court still bears virtually no accountability to the electorate at all. Further, the average congressman “would represent about ten times as many voters as the typical state assemblyman.” (Holton, p.200) This was intentional on the part of James Madison, who would later write that large electoral districts were “favorable to the election of persons” with a “probable attachment to the rights of property.”

But there were limits on how far the “Founding Fathers” could go. Madison initially wanted to give the Senate *full veto power* over all legislation that came out of the state governments, to prevent any future attempts at debt or tax relief. Meanwhile, Alexander Hamilton wanted the President and Senators to serve lifelong terms and Gouverneur Morris, author of the preamble of the constitution, had previously and explicitly called for a return to absolute monarchy. The fact that the founders didn’t go farther in curbing democracy was because they knew they would lose, the American people wouldn’t accept it. Even with the promise of massive tax relief, Holton reminds us as much as half of American citizens opposed the Constitution when they first saw it. It took a concerted, and at times deceptive ratification campaign – plus the list of concessions to farmers and opponents of the Constitution known as the Bill of Rights – for the document to be successfully ratified (Holton, p.251).

Ultimately, the Constitution represented two different, contradictory aspects of the American Revolution. It was an attempt to reconcile the popular drive of the American people for democracy, with the nascent drive of capital for profit. Neither side defeated the other entirely. Farmers and democrats had to suffer not only severe limitations on the democracy they had fought for but were also forced to pay for a massive accumulation of wealth by the richest Americans while looking down the barrel of a gun. The elites, on the other hand, were forced to accept the principle of popular sovereignty and government derived of, by and for the people – something many of them would have happily done without.

Works Cited

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