

Melissa Dewey
Soled
History pd 3
Oct 24, 2003

The Articles of Confederation, which proved to be an ineffective form of government with respect to foreign trade and economic conditions in the United States. The inability of congress to enact or collect taxes without states approval and regulate interstate or foreign trade, led to rebellious citizens and economic depression. The Articles of Confederation decentralized national power resulted in an insufficient form of government in relation to foreign trade and economic conditions in the new nation.

Due to the lack of power granted to congress to enact or collect taxes, without all thirteen states approval, proved the efficiency of the government of the Articles of Confederation to be weak in relation to economic conditions. The first major challenge for the Articles of confederation was the national debt created by the War of Independence. The unattainable war cost of one hundred and sixty million dollars caused congress to borrow money from abroad, but the inability of congress to tax citizens resulted in the incapability of the new nation to pay off French loans, which resulted in more national debt. Another attempt made by congress to suppress national debt was to print Continentals, or a form of paper money. Due to the inability of congress to establish a national currency, many of the states printed their own forms of paper money, which decreased the continental's face value. By 1783 the states contribution to congress was decreasing and in the late 1870s national debt increased by an obscene amount. Without an adequate power of taxation, lack of an executive branch, and the reluctance of citizens to pay taxes the United States fell deep into national debt under the Articles of Confederation.

Another factor emphasizing the ineffective government produced by the Articles of Confederation was the inability of congress to regulate interstate and foreign trade. Other countries, especially Britain, placed high tariffs and trade restrictions on United States goods which resulted in limited trade with Britain. The government had inadequate power to impose a uniformly high tariff and protect merchants from foreign competition under the Articles of Confederation. Half of the United States ships went to Great Britain, or the West Indies both of whom placed high custom fees on the new nations goods after independence, resulting in a British gain of Atlantic trade at the cost of American merchants. Instead, the States placed tariffs on each other's goods, which resulted in a decline of intrastate trade, driving the nation further into debt. The Articles of Confederation lacked proper power to protect the nation from economic depression, caused by the government's inability to regulate interstate and foreign trade.

The Articles of Confederation lack of a centralized national government, produced states with different currencies, and unregulated trade resulted in rebellious citizens. In 1783 Alexander Hamilton and the newly appointed superintendent of finance, Robert Morris's inability to secure adequate funding for the United States due to a government devoid of proper taxation authority, resulted in The Newburgh Conspiracy. Although The Newburgh conspiracy was never carried out, the idea represents the extent of the financial constraints present in the United States. The weakness of the Articles of Confederation in relation to foreign trade and economic conditions in the nation was emphasized through Shays's Rebellion.. Farmers lacked the proper currency to pay off debts to states; the overabundance of state currencies defaced the value of the paper money, and the government lacked the proper power to establish a uniform national

currency. Another issue produced through Shays's rebellion emphasized the need for the government's power to collect taxes, because the weak Articles of Confederation lacked the proper financial support to form a militia to stifle Shays's rebellion. The rebellious citizens symbolize the Articles of Confederation in ability to satisfy the needs of the new nation due to the decentralized national government.

The Articles of Confederation's restriction of the government's power to regulate interstate or foreign trade resulted in uncertainty and higher prices for merchants and consumers, emphasizing the inadequate form of government and inability to support national debt, or economic conditions present in the new nation, and led to rebellious citizens. Economic conditions and foreign trade suffered in America due to the weak government produced by the Articles of Confederation.