

## Office of the Vermont Secretary of State Vermont State Archives

### Statewide Referendum 1787: Fiscal Policy

**Background:** The end of the Revolution brought peace, but not prosperity. Lack of specie, land speculation, and war related delays in establishing productive farms left debtors in difficult straits as their notes came due. Many settlers were threatened with the loss of their farms to creditors.

**Issue:** A rematch of the 1785 split, old revolutionary leaders sought to protect the settlers by extending the periods of contracted debt, enacting "tender acts" allowing payment of debts in livestock, grain and other goods, and creating a state bank to increase circulating currency by issuing paper money. Again Nathaniel Chipman led opponents who argued that such measures violated the sanctity of contracts and undermined creditors. Threats of eviction led debtor mobs to attempt closing the county courts to halt evictions (see [The Rutland Court Riots](#) of 1786).



**Referendum:** Recognizing that popular support was against them, Chipman's allies proposed delaying action until an advisory referendum could be held and "the passions of the people should have a time to cool." By capturing "the democratic side of the question," Chipman stymied efforts to quickly enact the revolutionaries' fiscal policies and the referendum measure passed October 31, 1786 (see Daniel Chipman's *Life of Nathaniel Chipman*)

Four questions were put to the voters at a town meeting to be held on the first Tuesday of January, 1787: Shall there be established a bank for the issue of paper money on loan to the people? Is it expedient to pass a general tender act? Shall the present act making articles a tender on the execution be continued? Shall the act for the fulfillment of contracts in kind

after the specified time of payment is elapsed, passed in October 1786, be continued?

The first three measures were defeated by, respectively, votes of 456 to 2197, 128 to 781, and 419 to 591. The fourth measure passed 835 to 229 (see [Vermont State Papers, Vol. III](#), pp.284-285)

**Result:** An act to compel fulfillment of contracts according to the intent of the parties was passed March 9, 1787, thus continuing the October 31, 1786 act. The general tender acts were repealed on March 10, 1787. A state bank was created in 1806.