

## **The Seven Years' War (1754-1763) and the Coming of the American Revolution**

British Debt (1763): c. £123 million

British GDP (1763): c. £ 84 million

## American War Debt

American National Debt (1783): c. \$43 million  
(1790): c. \$77 million

American GDP (1790): c. \$187 million

## Articles of Confederation (1777/1781-1788)

Taxes “shall be defrayed out of a common treasury, which shall be supplied by the several states . . . .” Taxes to “be laid and levied by the authority and direction of the several states . . . .” (Article 8)

Congress granted power to regulate “the alloy and value of coin struck by their own authority, or by that of the respective states . . . .” (Article 9, Paragraph Four)

Congress allowed “to borrow money or emit bills of credit on the credit of the United States . . . .” (Article 9, Paragraph Four)

“All bills of credit emitted, monies borrowed and debts contracted by, or under the authority of Congress . . . shall be deemed and considered as a charge against the United States, for payment and satisfaction whereof the said United States and the public faith are hereby solemnly pledged.” (Article 12)

## The Constitution (1788- )

Article I, Section 8 (Legislative Branch Powers)

“To lay and collect taxes, duties, imposts, and excises, to pay debts . . . .”

“To borrow money on the credit of the United States”

“To coin money, regulate the value thereof, and of foreign coin . . . .”

## Other References to Debt in the Constitution

### Article I, Section 10, Paragraph One

“No State shall . . . coin money; emits bills of credit; make anything but gold and silver coin a tender in payment of debts . . . .”

### Article VI, Paragraph One

“All debts contracted and engagements entered into, before the adoption of this Constitution, shall be as valid against the United States under this Constitution, as under the Confederation.”

### Article V (Amendment Process)

## Fourteenth Amendment (1866)

### Section 4

“The validity of the public debt of the United States, authorized by law, including debts incurred for payment of pensions and bounties for services in suppressing insurrection or rebellion, shall not be questioned. But neither the United States nor any States shall assume or pay any debt or obligation incurred in aid of insurrection or rebellion against the United States, or any claim for the loss or emancipation of any slave; but all such debts, obligations, and claims shall be held illegal and void.”