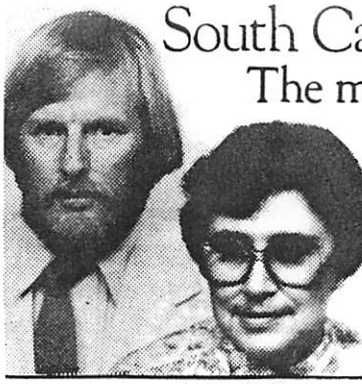

South Carolina's Story
The making of a state

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From the beginning of South Carolina history, there has been the necessity of issuing and regulating money and levying taxes. A comparison of then and now provides some interesting parallels.

The first settlers arrived in 1670 with a few English coins jingling in their pockets. They soon realized that the coins were insufficient for transactions among themselves, not to speak of the need to purchase goods entering in trade.

With inadequate coin for the payment of debts, the Assembly passed an act in 1687 that provided that all debts might be paid in "corn, peas, pork, beef, tobacco and tar ..." unless the contract called for gold or silver.

Gradually there filtered into the colony an odd assortment of gold and silver coins from Mexico, Peru, Spain and Portugal. The Legislature then had the task of fixing the exchange rate between foreign coins and English pounds and shillings. The matter became quite complicated, especially when neighboring colonies began competing with more favorable rates in order to attract the needed gold and silver. The solution was to issue paper currency for domestic use and only use gold and silver coin in making foreign payments.

Beginning in 1703, the colony had its first experience in coping with inflation. A costly military expedition against the Spanish at St. Augustine was financed by issuing bills of credit bearing an attractive 12 percent interest. Instead of redeeming the bills, as the law required, the Assembly extended the bills for the purpose of fortifying Charleston Harbor.

There were new threats to the security of the colony as the Spanish enemies were replaced by the Tuscaroras and Yemassees. Numerous Indian squabbles called for increased patrols on the frontier. Pirates infested the coastal waters and it cost the colony to pursue them.

The paper money rapidly depreciated. Complaints against the monetary system were key to the downfall of the proprietors.

From 1721 until the Revolution, South Carolina had the political problem of having the lower house composed of planters who were, as a class, perpetually in debt. The Council, equivalent to today's Senate, was composed chiefly of Charleston merchants who represented the creditor class. The conservative Council allied itself with the king.

Revenues of the province came from taxation, direct and indirect, and from quit rents (a gift tax on land), fees, fines and licenses.

In 1740, for instance, there was a 3 percent import duty on all slaves, liquors, sugar, molasses, flour and all dry goods. All deerskins exported had a duty of 3 pence per skin.

About 30 percent of the revenues went toward the defense of the colony. An equal amount was set aside to pay for the support of the Anglican ministers. The proprietors originated the bill to support the Anglican Church as a state church, a condition that remained until the Revolution.

Only taxpayers could vote and representatives elected to the Assembly had to possess at least 500 acres and 10 slaves, or own property worth at least 1,000 pounds. It is easy to see that the backcountrymen might be able to vote but would rarely be able to elect a representative. The demands for upcountry representation were largely demands to reform the property requirements for office.

As a result of the expenses of the French and Indian Wars, the Assembly, in 1758, imposed the first income taxes. A tax was levied on money put out to interest, annuities, the profits of country storekeepers and the incomes of physicians and surgeons. Soon, there were added taxes on town lots, wharves and all trades and professions except the clergy.

Consistently, throughout the colonial period, the clergy and salt were the exceptions to taxation.

Liquor taxes were the chief support of the salaries of ministers, church clekrs, sextons and the staff of the free school of Charleston.

Import duties, in general, supported the church buildings, fortifications and the building of a Statehouse.

Except in wartime, it is interesting that the colonial treasury was able to report a yearly surplus.