

The Elusive Republic: Political Economy in Jeffersonian America

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I. Introduction:

A. McCoy's book deals with the idea of "political economy" between the American Revolution and the War of 1812.

B. "[P]olitical economy' could refer specifically to the economic policy of a state. But in an even broader, more general sense, the concept also signified the necessary existence of a close relationship between government, or the polity, and the social and economic order"(McCoy, 6).

C. "Eighteenth-century thinkers also generally considered political economy under the broader rubric of moral philosophy"(6).

D. "Above all, the Revolutionaries were acutely aware of the moral dimension of economic life, for they seemed obsessed with the idea that a republican polity required popular virtue for its stability and success. Simply stated, they assumed that a healthy republican government demanded an economic and social order that would encourage the shaping of a virtuous citizenry"(7).

E. Once the Revolutionaries succeeded in establishing independence from the British Empire, they had to do much more than merely define and put into practice the proper constitutional principles of republican government. They had to define, and then attempt to secure, a form of economy and society that would be capable of sustaining the virtuous character of a republican citizenry.(7)

F. McCoy believes that there was an eighteenth century intellectual universe with its own conceptual framework and vocabulary that makes it "irretrievably different from our modern world of political and economic assumptions"(7).

G. The present study is designed to extend and deepen our understanding of republicanism by carrying it beyond the relatively narrow realm of political and constitutional thought that has dominated the attention of historians into the broader domain of political economy.(8)

H. MAIN POINT: "My emphasis throughout this study will be on the ideological origins and the impact upon public policy of a Jeffersonian conception of republican political economy. By 'Jeffersonian' I refer to a specific configuration of assumptions, fears, beliefs, and values that shaped a vision of expansion across space--the American continent--as a necessary alternative to the development through time that was generally thought to bring with it both political corruption and social decay"(9-10).

I. "Since the Jeffersonian vision grew out of an attempt to reconcile classical republicanism with more modern social realities and American conditions, it was not without its tensions, ambiguities, and even contradictions. It was never, in other words, a rigidly and unequivocally defined system of thought to which even Jefferson or Madison uniformly adhered. But it did represent a general vision of a republican America that motivated these two men in particular and also claimed the emotional allegiance of many Americans, particularly those who came to consider themselves Jeffersonian Republicans. For such republicans, the Jeffersonian vision embodied the broader meaning of the American Revolution in the realm of political economy"(10).

J. "Whatever the partisan persuasion of most American statesmen, they generally thought in terms of constructing a national political economy that was compatible with a republican system of government. The crux of the matter, however, was to define republicanism in concrete and relevant terms, to determine the social and economic conditions necessary for its existence, and to identify the institutions and public policies that would best secure it. The period spanning the American Revolution and the War of 1812 was marked by an intense, and at times agonizing effort to define the proper terms of a republican political economy"(10-11).

II. Chapter One: Social Progress and Decay

Establishing the Language Games in which the Revolutionaries Lived

A. At first McCoy looks at Jefferson's view of agrarian lifestyle vs. that of manufactures. He writes "Like most enlightened thinkers of his age, Jefferson conceived of natural laws of social and political development [through time] that applied to America as much as to Europe. Vast resources of land might forestall the unfavorable consequences of this 'natural progress' of the arts [by which he means the evolution from land work to manufacturing, which would make men dependent on others and breed "subservience and venality"], but he never doubted that eventually America would be swept up in an inexorable logic of social change. Jefferson's plea in the *Notes on Virginia*, a plea that he would make throughout his public life, was that his countrymen not abuse or disregard the natural advantages [large amounts of land] that could postpone, but never prevent, a familiar and politically dangerous course of social development"(15).

B. Chapter I part I: The Four Stages of Social Progress and Luxury

1. A commercial revolution had been going on in Europe since the fifteenth century. International trade, division of labor, public debts funded at the national level, corporations, and money markets developed. The 18th century intellectuals were assessing the impact of this commercial revolution that was transforming life. These changes stimulated curiosity about the historical development of societies - why and how did they develop through time, and how did change affect men's morals?
2. Part one is on the debates on the "civilizing versus the corrupting tendencies of commercial development, the definition and character of 'luxury,' and above all, the question of whether some kind of fundamental decay was curiously inherent in social progress"(17).
3. 18th century perceptions of social development were shaped by a common conceptual approach. People wanted to find the natural and normal course in human social development. "Social change could be understood in terms of a common process that eventually affected every society." McCoy argues that "By the second half of the century, especially among French and Scottish writers, the theory had taken firm shape and delineated four distinct and successive stages of social development, each based on a different mode of subsistence. . . . In simplest terms, the four stages were described as hunting, pasturage, agriculture, and commerce"(19). For elaboration on the four stages see page 19-20.
 - a. In the first stage hunting (and fishing) dominates, there is no social organization of production. Contemporary literature on the aboriginal inhabitants of America portrayed them as the perfect representatives of this first stage.
 - b. At the second stage, these primitive hunters were superseded by tribes of nomadic herdsmen or shepherds.
 - c. The third, the agricultural stage, is peopled by more settled husbandmen, who practice subsistence farming but do not produce goods outside the family home.
 - d. In the fourth, production for commercial trade begins and flourishes. There is an advanced division of labor and luxury and refined manners exists.
 - e. The fourth stage was one of social sophistication, or an advanced division of labor in the production process, and the polish or luxury of a people of greatly refined manners and habits.

4. According to most writers, the basic stimulus to this changing pattern in society was population growth, which promoted a search first for supplementary sources of food and eventually for additional sources of employment that could support increased numbers of people.

5. Men's manners, habits, customs, and morals changed as the form of social and economic organization did. In the commercial stage labor was divided and a farmer or manufacturer did only his job, thus self-sufficiency was largely lost. Moreover, people were no longer satisfied with what they could produce, but wanted "luxury items."(21).

6. "The troublesome term 'luxury' was usually the focus of any consideration of the moral qualities of modern commercial society"(21).

7. Luxury during the Middle Ages had been one of the seven deadly sins. By the eighteenth century there was a great debate as to the position luxury really held in social theory. Some called luxury, what others called convenience or rational improvement. [Look at J.G.A. Pocock, "Civic Humanism and Its Role in Anglo-American Thought," in *Politics, Language, and Time: Essays in Political Thought and History* (New York, 1971), 80-103].

8. In his *Essay on the History of Civil Society* (1767), Adam Ferguson wrote that there was general agreement on what luxury was: something "which is rather intended to please the fancy, than to obviate real wants, and which is rather ornamental than useful"(22). However, there is no agreement on the application of the word to moral ends. Sometimes it is negative, sometimes it is seen as a necessary of modernity and polished ages.

9. "[T]raditional moralist continued to denounce luxury and modern commercial society in familiar terms. They asserted that luxury reflected as well as encouraged an unprincipled pursuit of private gain and an enervating indulgence of sordid and debauching human appetites. As society became commercialized, it was changed, men became increasingly selfish, greedy, and hedonistic, concerned more with their own personal wealth and comfort than with the welfare of society as a whole"(23).

10. It was common for Sparta to be held in distinct opposition to modern corruption and want.

11. Jean Jacques Rousseau was "undoubtedly the most sensitive, perceptive, and challenging eighteenth-century critic of luxury and the new social order, for he delved deepest into what he understood to be the emotional and psychological malaise of contemporary civilization"(24). His *Discours sur les sciences et les arts* (1749-50) and *Discours sur les fondemens de l'inegalite parmi les hommes* (1753-54) provided "a vigorous and categorical dissent against the new idea that the commercialization of human life was both natural and fundamentally salutary"(24). For him this "divorced the human soul from its natural qualities of simplicity, goodness, and compassion"(24). "Trapped in a new world of acquisitiveness and vanity, men had lost contact with their true selves and were now obsessed with luxury in a way that brought to a head the sickness of a materialistic civilization"(24).

12. Voltaire, Jean-Francois Melon, and Bernard Mandeville represent the other side of the luxury debate. Mandeville, in his *The Fable of the Bees* (1714) wrote a social allegory that appeared to "defend as natural, necessary, and socially beneficial the commerce, luxury, and unfettered pursuit of individual gain that were part of the new economic order. Since men inevitably and quite naturally pursued their private pleasure, Mandeville suggested, it was foolish to expect them to behave 'virtuously' in the tradition sense of that term"(25). Moreover, society to be great must be wealthy and refined. "Mandeville's message in the *Fable* was that every powerful and prosperous modern society was, by necessity, built squarely upon the worldly foundations of 'corruption'; namely materialism, money grubbing, and pleasure seeking. He thus advanced the revolutionary idea that the private pursuit of sensual gratification, far from being reprehensibly enervating and selfish, was instead a positive force that unleashed the latent production power of

society"(26). Here then, Mandeville not only defends "innocent luxury" but "vicious luxury" to promote society.

13. "Mandeville was groping in the *Fable* toward a new, utilitarian concept of virtue, by which any action that contributed to the welfare of society in the long run, even if it were the immediate consequence of traditional vices like greed, ambition, or avarice, could be considered virtuous in a more modern, realistic sense"(26).

14. Melon's *Essai politique sur le commerce* (1734)

15. Voltaire's *Defence de Mondain* (1737) ridiculed reactionary moralist for blindly celebrating the rusticity and poverty of ancient republics. In his didactic pro-luxury poems, Voltaire presented a sparkling vision of a bright new world of sensual experience, where civilized men of polished manners were free to enjoy the refined pleasures that came with social progress"(27).

16. David Hume, tried to mediate between the two. Saw that all the arts, liberal and mechanical benefited from commerce, which would give them impetus to action. Thought that looking back on primitive life as virtuous was incorrect, it was much more brutal and terrible. For Hume Sparta "demonstrated that men could not be governed by disinterested passion for the public good without an unacceptably tyrannical enforcement of perfect equality and austerity"(29).

17. On the other hand, Hume also believed that luxury could be excessive and cause problems.

18. However, in the end, Hume felt it was natural, realistic, and just to motivate men by their passions, avarice, industry, art, and luxury. He felt that personal gain must be the root of all society.(29)

19. "Hume's relatively moderate defense of luxury expressed a point of view that would attract considerable support in America as well as in Europe. Virtually all eighteenth-century thinkers agreed on one point: once men moved beyond the most primitive stage of social development represented by the natives of the New World, they came under the influence of "artificial needs" quite different from the simple subsistence needs that men shared with other forms of animal life"(30).

20. "The controversial issue was whether these ["needs"] stimulated progress or degeneration. 'Men in society continually compare themselves to one another,' Charles-Francois de Saint-Lambert noted in his article on luxury in the Encyclopedia, as they endeavor 'unceasingly to establish the idea of their superiority, first in their own minds, then in the minds of others.' To Rousseau and other traditionalists, this compulsive desire for distinction imposed an impossible psychological burden on the individual that could end only in frustration, unhappiness, and alienation. To Saint-Lambert, however, as to Hume, it indirectly encouraged the industrious production of useful wealth that fostered a richer, more refined civilization"(31).

C. Chapter I Part II: Commerce, Luxury, and the Division of Labor

1. Almost all eighteenth century writers conceded the potential dangers of commerce and resulting luxury.

2. Even those observers who celebrated the benefits of commerce often continued to worry about its concomitant capacity to have a deleterious influence on the strength and character of a society. More often than not, ambivalence characterized the writings of defenders of commerce who rejected Rousseau's extreme position but were not entirely comfortable in doing so.

3. John Brown, an English belletrist and preacher, noted that the impact of commerce on human society proceeded through several successive stages. In the first, commerce supplied mutual necessities, prevented mutual wants, extended mutual knowledge, eradicated mutual prejudice,

and spread mutual humanity. In its middle and more advanced stage, it provided conveniences, increased population, coined money, gave birth to the arts and science, created equal laws, and diffused general plenty and happiness. But in its third and highest stage, Brown warned, commerce seemed to change its nature and effects; it brought in superfluity and vast wealth, promoting avarice, gross luxury, and effeminacy among the higher ranks of men.(33)

4. "Brown was saved from a fatalistic despair about England's future only by the cautious hope that the social cycle he described might not be inevitable. Perhaps it was possible, in other words, to retain the necessary benefits of commerce while preventing or staving off its harmful and destructive tendencies"(33).

5. Brown then was disputing the long-standing biological analogy of polity to human body. In this analogy, the political society was likened to a biological organism that was born, matured, decayed, and died. This metaphor suggested a cyclical view of history, in which every society inevitably decayed and died.

6. Brown was not alone in his attempt to discourage this old metaphor, but it remained dominant.

7. Although the Enlightenment is usually linked to the rise of confidence in the potential for human progress, it was also a time of nagging skepticism. The idea that brought optimism together with decay was the "law of compensation," which sees progress as circumscribed and impermanent, always bringing with it evils as well as blessings.

8. The Scottish Enlightenment thinkers - Hume, Adam, Lord Kames, Adam Ferguson - expressed ambivalence about the commercialization of society. They saw advances in the early stages of commercialization like Brown, but in the end this state is never permanent: great opulence opens a wide door to indolence, sensuality, corruption, prostitution, perdition.

9. The progress of the division of labor, with its specialization and increased productivity, was the earmark of modern commercial society, but this progress invariably had disturbing consequences as well. As Rousseau had suggested, it tended to produce glaring inequalities of wealth status, and power, whereby a mass of poverty-stricken laborers became dangerously dependent on a privileged class of property-owning employers.

10. Although Adam Smith emphatically approved of an advanced division of labor as the basis of continuing economic growth and social progress, he was also concerned with its concomitant tendency to relegate the laboring classes to a brutish existence that crippled their minds and bodies. . . . Because of their debased condition, these new "savages" were poor candidates for good citizens and soldiers.

12. To the Scots, in short, the advance of society was never the unmixed blessing that Mandeville had celebrated. They never doubted that social and economic development had serious, apparently unavoidable pitfalls. They were willing to pay this price for progress, but they could also never bury completely their uneasy misgivings. As society advanced naturally toward the higher stages of development, the civilizing effects of commerce were ironically threatened by a fundamental deterioration of the human condition best exemplified in the degradation of a new class of modern savages. Beyond a certain point, the civilizing process seemed to turn to one of corruption; the commercialization of society promised to humanize men but, as the law of compensation took its toll, also to debase them. The gloomier side of the Scots' assessment of social progress was to become particularly relevant to the fears and concerns of American republicans, because the brutish creatures Smith described, the so-called "labouring poor," were incompatible with the dramatically new form of government and society that the Revolutionaries aspired to build.

D. Chapter I Part III: The Role of Government in the New Economy

1. This was an age of *political* economy. Government was to be involved in the economic workings of society. Adam Smith's objections were not to all government involvement in economics, but to "mercantilism," which compounded the problems experienced by nations of modern Europe as they underwent the process of commercialization.
2. Primarily, this section deals with Adam Smith's belief that there should be little government influence in the economy or that it should be exercised in the natural way - that is that agriculture, manufacturing, and then commerce should be aided.
3. The economic system in England arising out of the Glorious Revolution of 1688, led to country opposition to the favoritism offered manufacturing and commerce over agriculture. This was a violation of the natural way.
4. A system of fashion and luxury, enforced by political means, thus took precedence over more fundamental subsistence needs, and the human costs were staggering. Large numbers of people were steadily drawn away from the countryside, off the land, into less productive occupations in crowded urban areas. The ultimate result of this rural depopulation was the widespread poverty, moral decadence, and shameful squandering of resources - both natural and human - that characterized a stagnant socioeconomic order where depressed laboring classes were systematically manipulated to support the extravagantly corrupt life-style of a political privileged minority.

E. Conclusion

When the Revolutionaries in America forged a commitment to republicanism, in sum, there were confronted almost immediately with several fundamental and interrelated questions, all of which were rooted in this broader universe of eighteenth-century perceptions and concerns. At which stage or stages of social development was republicanism viable? Did American society correspond to such a stage? If so, for how long could the country remain at a republican stage of social development? And finally, what was the proper role of government in consolidating a republican order in America? Together, these questions established a basic context for public debate in political economy that would prevail during the half century from the Revolution to the War of 1812. This context first began to take form in the 1760s and 1770s with the burgeoning revolt against English "corruption." From one perspective the mother country represented to the Revolutionaries the perfect example of an old, highly developed society that demonstrated all to well the insidious tendencies of the Scots' "law of compensation." For as Adam Smith observed, and as most Americans came to agree, it was cruelly ironic that in England, the most civilized country of all, the "people who clothe the whole world are in rags themselves"(46-47).

III. Chapter II: The Republican Revolution

A. Introduction

1. In the eyes of the American Revolutionaries, England had degenerated by the 1770s into a state of irredeemable corruption. When the British radical Richard Price described his own country in 1776 as "enervated by luxury; encumbered with debts; and hanging by a thread," he voiced the consensus of the insurgents across the Atlantic.' The Revolutionaries had little doubt, moreover, that England's contagion would engulf the colonies if the imperial connection was not severed. On this level, the Revolution became a struggle to establish a society that would escape the decay and corruption that had overtaken so much of the Old World. The task of securing such a republic in late eighteenth-century America posed a formidable challenge, however, in no small part because the ideology of "republicanism" that guided the Revolution was so fragile, torn by serious tensions and ambiguities. In one very fundamental sense, it was an ideology in flux,

caught precariously between traditional concerns anchored in classical antiquity and the new and unstable conditions of an expansive commercial society.

2. The Revolutionaries shouldered a burden that was common to the intellectual life of their age—the burden of bridging the widening gap between traditional and modern ways of thought in the context of extensive, often unsettling, social and economic change. They enthusiastically embraced the republican spirit of classical antiquity that expressed "virtue" in terms of a primitive economy, but they also seemed to realize that this spirit had to be accommodated to their own dynamic world of commercial complexity. They vigorously denied that classical ideals should be surrendered completely to the demands of this new world, as Bernard Mandeville and his sympathizers suggested, but they also understood that these ideals could not always be implemented or even interpreted literally. Although Americans might be committed in spirit to the simple values of a pre-commercial "Christian Sparta," their economy and society bore little resemblance to that ancient model. Because the Revolutionaries ultimately wished to be a more productive, civilized people than the primitive Spartans whose virtues they so much admired, a republican political economy in America would somehow have to straddle antiquity and modernity.

3. The revolt against England went far beyond a repudiation of monarchical government; it entailed a passionate rejection of the British form of political economy. Historians of American "republicanism" have paid too little attention to the Revolutionaries' perception of British mercantilism as an economic system that reflected the tragedies of national corruption and "old age." Similarly, insufficient attention has been directed to the forging of an alternative conception of republican political economy. Perhaps more than any other colonial American, Benjamin Franklin thoughtfully analyzed and articulated this dimension of the Revolution. He developed his view of mercantilist England within a familiar eighteenth-century framework of assumptions about social development, and his contrasting vision of an independent, republican America deserves careful scrutiny. It was a broad vision that would have a great and lasting appeal for his countrymen. and a significant influence on American public policy for decades to come.

B. Chapter II Part I: Ben Franklin

1. As a political economist, Franklin is probably best remembered for his analysis of population growth in North America. Franklin argued that population increased in proportion to the number of marriages, which in turn depended on the ease and convenience of supporting a family. Crucial factors in this regard were the available supply of land and the density of the population (50).

2. Franklin's demographic analysis built on several ideas common to eighteenth-century political economy. His focal concern with population density reflected the prevalent belief that an increase in the number of inhabitants propelled a society through its customary stages of development, and he went on to explore the corollary that a people's employments depended upon a country's population density.

3. As long as land was abundant and available for settlement, a society would not advance beyond the relatively youthful stage of agriculture, when the overwhelming majority of men were independent and comfortable farmers.

4. As a society aged, however, and population began to press on the supply of land, many individuals were forced to seek other modes of subsistence, usually in manufacturing. Generally, these men were not independent or self-employed; they were dependent wage-laborers who worked for "a master."

5. As Franklin wrote in 1760, "Manufactures are founded in poverty," for "it is the multitude of poor without land in a country, and who must work for others at low wages or starve, that enables undertakers to carry on a manufacture."

6. He added that "no man who can have a piece of land of his own, sufficient by his labour to subsist his family in plenty, is poor enough to be a manufacturer and work for a master."

7. Franklin thus expressed the common eighteenth-century notion that progress, or the advance of society to more complex stages of development through population growth, entailed an alarming increase in poverty, inequality, dependence, and misery. "It is a striking observation of a very able pen," he noted, perhaps referring to his own essay on population, "that the natural livelihood of the thin inhabitants of a forest country, is hunting; that of a greater number, pasturage; that of a middling population, agriculture; and that of the greatest, manufactures; which last must subsist the bulk of the people in a full country, or they must be subsisted by charity, or perish.'

8. The central physiocratic axioms - that agriculture was the only true source of wealth and that political interference with this natural order of economic life was pernicious - Franklin accepted almost without reservation.

9. Franklin was especially struck by the devastating results of a mercantilist propensity to measure the wealth of nations in terms of a favorable balance of trade. According to Franklin and the physiocrats, this cast of mind produced a misguided obsession with cultivating manufactures for export to foreign markets. The political system that artificially favored commerce and manufactures put a particularly high premium on this production for export, because it was erroneously thought that national wealth and greatness came from the sale of a country's most polished manufactures, or its luxuries, abroad.

10. When Quesnay and his cohorts attempted to undermine the theoretical basis of the system of political economy that the hated Colbert had imposed on France, they insisted, on the contrary, that a natural export trade in agriculture was far more productive and valuable to a country than this forced trade in manufactures.

11. In this regard, Franklin was particularly concerned in his examination of the English case with the organization of its laboring classes according to the familiar mercantilist idea that national prosperity arose from exporting the cheap labor of working men, most often in the form of refined manufactures, to foreign countries.

12. As Franklin described it, Britain's political economy was indeed marked by this emphasis on production for export and by the definition of the public good that such an emphasis entailed. Mercantilist spokesmen in Europe had long argued that an economy of this sort could be sustained only by a dense population with a large pool of "pauper" laborers who worked for extremely low wages. These wages had to remain low, it was generally believed, in order to keep down the costs of production, thereby permitting the manufacture of cheap products that could compete successfully in world markets. By these standards, a high density of population was a tremendous advantage to a country, because it forced numerous destitute and landless men, as Franklin suggested in his population essay, to compete with each other for employment and to accept the necessary low wages. Thus, the greater the population the better, for a large population offered the optimum basis for a successful export trade in manufactures.

13. Franklin argued that this system was corrupt. "There seems to be but three Ways for a Nation to acquire Wealth. The first is by War as the Romans did in plundering their conquered Neighbors. This is Robbery. The second by Commerce, which is generally Cheating. The third by Agriculture the only honest way; wherein Man receives a real Increase of the Seed thrown into the Ground, in a kind of continual Miracle wrought by the Hand of Good in his Favour, as a Reward for his innocent Life and virtuous Industry"(56). Here, McCoy says, Franklin meant mercantilist commerce, not regular commerce, like selling agricultural products.

14. Franklin viewed the British as economically, socially, and politically corrupt. The three went together.

15. "Along with the rest of the Revolutionaries, Franklin was greatly concerned with the ministerial corruption of Parliament and its perversion England's precious balanced constitution. His understanding of the broader threat that this political corruption posed to the colonies was appropriately much informed by the opposition persuasion of the so called "commonwealthmen" and "country" thinkers in England. A central element of the republican ideology derived from this tradition was its emphasis on the sensitive interdependence of government and society, and Franklin's view of England reflected the common belief that political corruption and constitutional decay festered most readily in societies where individuals had lost their economic independence and moral integrity"(59-60).

16. By contrast, the republican view of America portrayed a world in which:

- a. The evils of a densely populated society, particularly the impetus created toward establishing an economy based on manufacturing for export, could be forestalled in America as long as citizens were able to expand across space rather than develop through time.
- b. As long as America maintained its agricultural character, its republican government would not be tempted to subvert this flourishing natural order by imposing a corrupt social system through devious political means.
- c. Stressed household over commercial manufacturing. It was only the "Great Establishments of Manufactures" that had no place in republican America - establishments that employed poverty-stricken, landless laborers, and especially those that were dependent on government subsidy and promotion.

17. Franklin's republican vision: a society of independent, moderately prosperous, relatively self-sufficient producers who would succeed in staving off the dangers of an overly advanced, commercialized existence.(66)

C. Chapter II Part II

1. "In its purest form, classical republicanism stipulated that republics had to be rather rude, simple, pre-commercial societies free from any taint of luxury and corruption. The essence of corruption was the encroachment of power on liberty, an insidious process most likely to occur in advanced, stratified societies where great wealth and inequality promoted avaricious behavior and dangerous dependencies among men"(67).

2. "American republicans valued property in land primarily because it provided personal independence"(68).

3. The Revolutionaries believed that every man had a natural right to this form of property, in the sense that he was entitled to autonomous control of the resources that were absolutely necessary for his subsistence. The personal independence that resulted from the ownership of land permitted a citizen to participate responsibly in the political process, for it allowed him to pursue spontaneously the common or public good, rather than the narrow interest of the man - or the government - on whom he depended for support"(68).

4. "The classical republican heritage embraced by the Revolutionaries stressed the close relationship between public virtue - the austere and unselfish devotion to the common good that was on the lips of every patriot in 1776 - and private virtue, which was exemplified by the character traits of frugality, temperance, and rigorous self-control"(69).

5. "But there was also an uneasy suspicion among the Revolutionaries that even predominantly agricultural America was already a relatively advanced commercial society, that Americans were to a great extent an ambitious commercial society with refined tastes and manners, and that under such conditions inflated expectations of classical public virtue might be unrealistic"(70).

6. "If America was to be a republic, it appeared that commerce and its consequences would have to be integrated into a more relevant and realistic conception of republicanism"(72).

IV. Chapter III: Commerce and the Independent Republic

A. Introduction

1. "The commercial vision even appeared to turn the traditional Spartan formula on its head with the suggestion that foreign commerce was no longer to be considered antithetical to republicanism. As the necessary spur to industry, productivity, and virtue, commerce was instead the lifeblood of a republican system"(77).

B. Chapter III Part I: Commercial Free Trade Necessary for Agricultural Republic

1. "In America . . . the purely classical conception of virtue - as consistently intense, disinterested self-abnegation on the part of austere Spartans - gradually merged into a more modern meaning that put a premium on the productive industry of the active citizen"(77).

2. Under the rubric of virtue, Revolutionary Americans always subsumed the vital character traits of diligence, industry, and frugality. More often than not, they placed their greatest emphasis on industry. Above all, a healthy republican citizen had to be active and industrious - what had to be avoided at all costs were idleness and the lethargic depravity it invariably bred.

3. McCoy then analyzes Hume's argument that purely agricultural societies would be weak because their people would not be driven to be industrious because there would be no need to produce more than what was required for subsistence. Hume argued that therefore these societies should seek to diversify the economy, divide labor tasks, and push ahead.

4. "Adopting this familiar European remedy implied that America would be pushed ahead into a new, more complex, and politically dangerous stage of social development. For most Americas, a much better expedient was the opening of abundant foreign markets for the burgeoning surpluses that their farmers were peculiarly equipped to produce. In this way, it was hoped, the United States might secure the basis for a properly industrious and moral people but still remain the predominantly agricultural society that best supported republicanism"(83).

C. Chapter III Part II: Free Trade Arguments During The Revolution

1. The Revolutionaries' fundamental concern with sustaining their republican character was only part of their commitment to foreign commerce; they also believed that the expansion of American trade would have a missionary impact on the rest of the world.

2. Free trade arguments (86-90)

3. It was in the spirit of optimistic expectation that American ports were thrown open to world trade in April 1776, and the subsequent plan of treaties adopted by the Continental Congress in September. Through the negotiation of new liberal trade agreements with the nations of the world, Americans could hope that their revolution would bring with it an end to mercantilism and the advent of a new era in international commerce and peace.(90)

D. Chapter III Part III: Free Trade Fails and a Debate between Classic and Modern Republicans in America

1. The Revolution unequivocally failed to produce a new world of free trade. American efforts to negotiate the system of treaties envisioned in the plan of 1776 met with very limited success(91).
2. Following the failure of Free Trade, McCoy says there was a revival of classical republicanism, whose opponents fought with modern republicans (pages 95-100).

E. Chapter III Part IV: Insular Republicanism Causes the Call for a Stronger Government to Deal with Foreign Powers

1. The renewal of this debate over the relationship between commerce, luxury, and the American commitment to republicanism closely paralleled a simultaneous debate over the proper structure of the American economy. The nagging despair of anguished Spartans (classical republicans), who asserted that foreign commerce did more to undermine than to support a republican order, suggested a vision of America's political economy different from the one based on free trade. (100)
2. This alternative vision caught the spirit of the English observer Richard Price's contention that the American states were "spread over a great continent, and make a world within themselves." Since Americans were capable of producing everything they needed at home, Price remarked in 1783, they had no need of foreign markets (100-101).
3. As frustration mounted during the 1780s, expressions of this anti-commercial sentiment became extreme and insistent enough to imply that the United States, in order to establish its republican character, would have to isolate itself completely from European corruption by renouncing all foreign commerce(101).
4. Isolationism was attacked by many. Republicans reminded fellow republicans that "any nation precluded from invigorating foreign commerce, including America, would inevitably be 'sunk in ignorance, effeminacy, and vice.'"(103)
5. "Nevertheless, defenders of commerce could not deny that something was seriously wrong with America in the 1780s. Nor could they deny that some kind of readjustment of the nation's political economy was in order"(103). Some argued that what was needed was a "stronger national government in America that would be capable of pressuring foreign governments into giving up their mercantilist ways and lowering barriers to the republics commerce.(103)
6. Other observers reacted to the crisis of the 1780s by stressing the need to reorient the traditional American emphasis on agriculture by developing manufacturers on a more extensive scale(104).

V. Chapter Four: An Uneasy Adolescence: Manufacturing and the Crisis of the Eighties

- A. The argument in this chapter is that most Americans saw manufacturing resulting from the surplus population that could not find work in agriculture and that it produced luxuries for the rich.
- B. A move to more manufacturing was supported by some because they saw the American population growing and the number of poor rising in highly populated areas.
- C. More manufacturing would bring work to those who were idle, and since free trade was not working would be a way to make the American republic stronger internally.

VI. Chapter Five: The Constitution: Two Visions

A. Introduction

1. Even those framers who had not lost faith in Franklin's original vision of a youthful republic recognized more clearly than ever that they could hope only to forestall for as long as possible the unavoidable ramifications of social development.

2. "Civilization and corruption have generally been found to advance with equal steps." Ultimately, the United States would become as corrupt as the most advanced areas of Europe; yet it was undoubtedly within the power of its citizens to place this "sad catastrophe at a distance."

3. Perhaps more than any other prominent American of the 1780s, James Madison thought precisely in these terms. Like most supporters of the new Constitution, this astute young Virginian believed that a reorganization of American government was the necessary prerequisite to the establishment of a republican political economy.

4. Madison later discovered, however, that not all of his Federalist colleagues shared his particular conception of a republican America; some of them, he was appalled to learn, even thought in terms of deliberately promoting what he thought it necessary to forestall.

B. Chapter V Part I

1. Madison's initial post-war vision of a republican America was quite similar to Franklin's, for above all Madison thought in terms of developing across space rather than through time. (121)

2. Westward expansion was central to Madison's outlook, but equally important were his commitments to the principles of commercial liberalism and to the promise of a new, more open international commercial order. (121)

3. The dynamics of the Virginian's vision were straightforward. If Americans could continue to resort to virgin lands while opening adequate foreign markets for their produce, the United States would remain a nation of industrious farmers who marketed their surpluses abroad and purchased the 'finer' manufactures they desired in return. Household industry would be relied upon to supply the coarser manufactures that were necessary to prevent a dangerously unfavorable balance of trade. (121)

4. Need then to expand westward, also need to tie frontier to commercial nexus for foreign trade.(122)

5. As America looked westward in the 1780s, control of the Mississippi River to its mouth became an essential goal of national policy. This led to a crisis, when in 1784, Spain denied Americans the right to navigate the Mississippi and to deposit their goods at New Orleans - not resolved until 1803. So, during the initial decade of independence, control of the Mississippi posed an especially disturbing dilemma for Madison and other American republicans.

6. In a letter to Jefferson in the summer of 1784, Madison argued that American settlement of the backcountry - which only free use of the MR would promote - would benefit Americans by delaying the establishment of manufactures and foreign markets with farm goods and people to purchase finished products.(123)

7. Also, compounding the problem in the west was still the problem of trading with mercantilist countries abroad.

8. By 1786, Madison thought it obvious that the implementation of an effective commercial policy, as well as the resolution of the crisis in the West, required a national government stronger than the Continental Congress(126).

9. Madison feared, as did many other members of the American elite, that the disorder and unrest of the 1780s signified the decay of industry, diligence, frugality, and other republican character traits among the people. The task at hand was to form a national political economy capable of permitting and encouraging Americans to engage industriously in virtue-sustaining occupations. To Madison this task entailed the creation of a central political authority able to reverse the dangerous trends of the decade and to stave off, for as long as possible, the advance of America into a more complicated and dangerous stage of social development. Because social conditions in the United States encouraged such reflection, Madison entered the constitutional convention in the spring of 1787 having already given much thought to poverty and unemployment in densely populated societies.(126)

10. The new Constitution promised to create a government equal to the task of forestalling, if not preventing, these adverse developments. A stronger national government with the power to raise revenue and regulate commerce would ideally be capable of resolving the foreign policy problems that threatened to prematurely age the country. Such a government could pave the way for westward expansion by dealing forcefully with threatening foreign powers like Spain, but even more important, it could fulfill the commercial promise of the Revolution by forcing the dismantling of the restrictive mercantilist systems that obstructed the marketing of American agricultural surpluses.(131)

C. Chapter V Part II

1. Hamilton - influenced by Hume's more modernizing argument.

2. Hamilton came to accept the commercialization of society as not only inevitable but fundamentally salutary as well, and he never doubted that the real disposition of human nature was toward luxury and away from classical virtue.

3. Hamilton's commitment to constitutional revision had been long developed. He envisioned America not as a virtuous agrarian republic, but as a powerful, economically advanced modern state much like Great Britain - a state that would stand squarely on the worldly foundations of "corruption" that Bernard Mandeville had spoken of in *The Fable of the Bees*.(133)

4. Hamilton's vision was not clouded by Madison's republican fears. Hamilton accepted social inequality, propertyless dependence, and virtually unbridled avarice as the necessary and inevitable concomitants of a powerful and prosperous modern society.(134)

5. In one sense, Madison was still caught between the conflicting claims of classical republicanism and modern commercial society, struggling to define and implement a viable synthesis that was relevant to the American experience. Hamilton had stepped confidently and unequivocally into modernity.(134)

6. On a very general but significant level, therefore, Hamilton supported the new Constitution for reasons quite different from Madison's. He did not intend to use the new government as a means of promoting the conditions that would stabilize America at a predominantly agricultural stage of development; he wanted instead to use the new government to push the United States as rapidly as possible into a higher stage of development, for he interpreted this change as progress not

decay. Unlike Madison, in other words, Hamilton had an unabashedly positive sense of development through time (134)

7. Both Madison and Hamilton had abandoned the idea of perpetual youth for the republic; both accepted the inevitability of social complexity and the futility of purely classical vision. Nevertheless, they brought very different attitudes and expectations to bear on their incipient careers as national political leaders.(134)

VII. Chapter Six: The Specter of Walpole: Republicanism at Bay

A. Introduction

1. This chapter is an examination of the rival economic programs of James Madison and Alexander Hamilton.

2. Madison's Plan was based upon three principles: to provide revenue to reestablish the public credit; to encourage the development of American shipping and navigation; and most important, to use a program of discrimination against England to press for reciprocity in Anglo-American trade.

3. An examination of the assumptions, values, and expectations behind both Madison and Hamilton's plans - focusing on Madison's commercial discrimination policy and Hamilton's Report on Manufactures - will show their fundamental incompatibility.

B. Chapter VI Part I

1. Although commercial restrictions were to be Madison's vehicle for securing an independent republican America, it is important to understand that his intention was not to raise semi-permanent tariff walls that might encourage industrial growth, a balanced internal economy, and an isolated self-sufficiency. His conception of economic independence did not necessarily include extensive domestic manufactures, the development of a great home market, or a diminishing reliance on foreign markets for the absorption of American agricultural surpluses. The retaliatory duties in Madison's discrimination program were a temporary means to an end - the realization of an international economic order in which all such restrictions would be unnecessary because commerce would finally be free to flow in its natural channels.(143)

C. Chapter VI Part II

1. Jay's Treaty (1795) prohibited the idea of discrimination against Great Britain, because it outlawed this type of policy for 10 years

2. Madison had fought for his idea, and had thought many would support him. Indeed, Hamilton had supported the idea in Federalist XI, but had changed his mind by the summer of 1789.

3. Hamilton was more like the "court" while Madison was the "country." Hamilton's way of thinking was the opposite of Madison's. Hamilton did not think Britain's manufacturing was the sign of senility or decay, but on the contrary he saw this as a sign of maturity and strength (147).

4. Hamilton did not believe that discrimination against Britain had a chance of success because he saw her as the powerful and America as the weak and undeveloped country.

5. Report on Manufactures (148). Defense of Manufacturing: If the republic was shaped as Madison saw fit - with cultivators of the land doing their own manufacturing at home - "the quantity of every species of industry would be less and the quality much inferior." Thus, according to Hamilton, a predominantly agricultural nation with only household manufactures

would be a stagnant, primitive society unable to achieve maximum efficiency or productivity in either its agriculture or its manufacturing. In a more complex society with an advanced division of labor and efficient public manufacturing on the other hand, productivity could be much increased and diversified, and men would be more comfortable, refined, and civilized.(149)

6. Hamilton also attacked Madison's reliance on free trade - it simply was not practical since most nations did not practice that idea. He argued that you must control what you can control, the domestic sphere.

D. Chapter VI Part III

1. Madison and others at first tactically and strategically (153) against Hamilton's plan, began after the presentation of the Report on Manufactures in 1791 to argue more ideologically - he was the corrupting Walpole bent on destroying the republican system.(152-154).

2. Madison fears Hamilton's use of the general welfare clause to subsidize manufacturing monopolies.(154-55)

3. Madison re-emphasizes simple republicanism and attacks manufacturing after the publication of the Report on Manufactures (156). McCoy says he may have oversimplified his own views (157)

E. Chapter VI Part IV

1. Madison tries one final time in 1794 to get discrimination in place, but loses with Jay's Treaty

2. Hamilton's victory was not total. In fact there were rapidly changing international conditions (165) that led to a change in American economics. "The European demand for American produce and raw material, instead of diminishing as Hamilton had predicted, mushroomed to unprecedented heights after the outbreak of the wars of the French Revolution in 1792. One historian has suggested that 1793 marked a turning point in the development of the American economy, for it 'brought an end to the era that gave birth to the Constitution and the Federalist program,' an era when inadequate foreign markets had cramped American exports and given rise both to conditions and ideas favoring the introduction of large-scale industry to America. This era ended when a change in international conditions made it most profitable for Americans to export produce, raw materials, and perform shipping services"(165).

3. Hamilton's capital was simply moved from industry to commerce, and the debate over manufacturing cooled. However, the basis for a debate had been laid down for the Jefferson and Madison presidencies.

VIII. Chapter VII: One Great Commercial Republic

1. McCoy discusses the tremendous growth of the U.S. economy in the mid-1790s that depended upon the wars of the French Revolution and exports.

2. He says that many republicans were nervous about the growth, esp. in the carrying trade.

3. The fear that the commercialization of American society was spiraling out of control grew more pronounced by the late 1790s. As the French attacked America's mushrooming foreign trade, John Adams's administration advocated determined action, including rapid naval expansion, to ensure the protection of the country's burgeoning commerce. Opponents of the Federalist took vigorous exception to this proposal for a stronger navy, in large part because they opposed in principle certain aspects of the republic's recent commercial growth. Above all, these Republicans feared that America was developing a dangerously unbalanced political economy, one that was thoroughly at odds with the patten of 'natural' development. Directing their fire at the country's

rapidly expanding carrying trade - the sector of American commerce that involved the transportation of goods neither produced nor consumed in America - they insisted that the protection of this commerce did not justify the expense and danger of a large navy. (174)

4. See 175 on Adam Smith and his agreement with Republican ideas on this point.

5. Real commerce, in "necessaries," would not overextend itself, Republicans said, and would not be attacked.