

THE DREAMER AND THE REALIST:
A FRESH LOOK AT THE HAMILTON-JEFFERSON LEGACY
by
A. R. RIGGS AND TOM VELK

For over two decades now one of the great battles of American historiography has raged. The combat zone has shifted from the Revolution to the 1780's, and today to the Federalist era, but themes and participants are familiar. Dug in to defend a position advanced by Bernard Bailyn in 1965,¹ the "civic humanists," or "neo-whigs" or "revisionists" deemphasize John Locke's state of nature, doctrine of consent and theory of natural rights and property. Anglo-American political ideas of the eighteenth century, they say, derive almost exclusively from English tradition based upon a universal loyalty to mixed government, separation of powers, virtue and a balanced constitution. The civic humanist, or republican, or country tradition, say Bailyn, J.G.A. Pocock, Gordon Wood, Lance Banning, and other revisionists,² illuminates the American Revolution-- and by projection the Confederation Period and the Federalist Era as well.

Assaulting the revisionists is an army of temporary allies who range from left to right in political ideology. Neo-progressive soldiers of Merrill Jensen, New Left insurrectionists, who began writing in the sixties, and latter-day followers of Louis Hartz's *Liberal Tradition in America*, among others, have objected to a seductive paradigm that threatens, in the words of Richard K. Matthews, to replace Lockean liberalism with English republicanism as the new consensus orthodoxy in American history.³ So outraged are the "conflict historians" at the neglect of economic issues that some have adopted the actual metaphors of combat, an article by Jesse Lemisch appearing in 1977, for example, entitled "Bailyn Besieged in his Bunker."⁴ A valiant attempt at detente between Lance Banning for the revisionists and Joyce Appleby, representing the Lockean liberal tradition (in the January 1986 *William and Mary Quarterly*),⁵ has helped to clarify issues but can do little to pacify those who would assail Pocock at his palisade or Bailyn in his bunker.

The great ideological controversy has come to focus recently on the 1790's, and it would be comforting to report that the central issue is

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the Federal Constitution. Instead, it is the philosophical underpinning of the Hamilton-Jefferson conflict, with revisionists concentrating on court-country battles in England, the Lockean liberals emphasizing the pro-commercial side of Jefferson and the conflict school discovering obvious class divisions and highlighting economic controversy over government policy.⁶

In our discussion we intend to use valuable insights garnered from the revisionist school, but we think it important to simplify their paradigm. We will be concerned with two leaders, Jefferson and Hamilton, both seeking after 1789 to chart the course of American history for decades to come, both using the Federal Constitution as their guide. We will develop arguments suggested by the late Clinton Rossiter in his book *Alexander Hamilton and The Constitution* (1964), and by Jacob E. Cooke in his 1982 biography of the Treasury Secretary. Noting that Hamilton should be known as "The American Hume," Rossiter said his debt to Hume "may have been larger than Hamilton realized even in his more humble moments."⁷ Cooke, a former editor with Harold C. Syrett of the *Hamilton Papers* and a distinguished authority as well on Hamilton's fiscal program, says in his 1982 biography:

...Jefferson was in fact a steadfast supporter of the status quo...For his part, Hamilton, who is often seen as America's archetypical conservative, aristocrat reactionary, or the like was in

actuality a "portrait in paradox."... The proclaimed foe of radicalism, Hamilton designed a fiscal program that, in George Dangerfield's phrase, "must be considered the most radical of events." 8

Reversing familiar images, then, we will insist that Hamilton was the utopian, the dreamer, and Thomas Jefferson the realist. Reversing also the usual order, we will concentrate mainly on what Hamilton thought and what Jefferson did.

I. HAMILTON: THE DREAMER AS UTOPIAN

Alexander Hamilton has long been known to have derived much of his political theory from the eighteenth century Scottish philosopher,

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David Hume,⁹ but the extent of Hamilton's debt to the teacher of Adam Smith has been little appreciated. For example, Hume's argument concerning conflicting interests in an extensive republic, borrowed in 1787 by James Madison for his famous Federalist #10, was a matter of conviction with Hamilton, who quoted Hume's essays in a newspaper article already in 1775, and secured the philosopher's works from Timothy Pickering in 1781.¹⁰ Like Hume, Hamilton rejected the classical republican idea of disinterested virtue in all those who would presume to govern. At the Constitutional Convention in 1787 he pointed to the passions, "ambition and interest," as the springs of action in mankind, and said that according to Hume it would "ever be the duty of a wise government to avail itself of those passions in order to make them subservient to the public good--for these ever induce us to action."¹¹

Hume and Hamilton both knew a virtuous state is not necessarily built out of individuals whose behavior is itself virtuous, but Jefferson, who apparently never read Hume's Idea of a Perfect Commonwealth, was outraged at Hamilton's remarks in 1791 to John Adams about the possible salutary effects of corruption as a balancing force in government.¹² Government, in Hamilton's view, existed to goad the people into action. And here lies the key to the conflict between our dreamer-utopian and our Jefferson-realist: energetic government. "The goodness of a government consists in a vigorous execution," said Hamilton in 1787, while Jefferson wrote the same year from Paris, "I own I am not a friend to very energetic government. It is always oppressive..."¹³

Jefferson thought of Hamilton's mentor as a Tory apologist for forceful government,¹⁴ but David Hume stands philosophically between the two. The Virginian wished above all else to preserve America as it already existed. Jefferson was a cautious sceptic, so worried and doubtful about the elaborate and far-reaching projections of Colonel Hamilton, and those like him, that he mistook Hume's very limited support for the actual and potential accomplishments of the judicious magistrate for a more general, less considered enthusiasm for the power and glory of the crown together with its courtly prerogatives.

If Jefferson found Hume's ideas repugnant, neither did Hamilton accept all of them. Outlining a course of action for the United States in the 1790's regarding public credit, banking and manufacturing, the Secretary of the Treasury was selective in his reading and use of Hume, and he rarely followed Hume's example of moderation. Unlike the philosopher, Hamilton

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believed that utopia was obtainable.¹⁵ Hume tempered his hopes for directed change with a cool regard for, and realistic expectation of unintended reversals, purposeful resistance and unconscious inertia. He argued that complexity and subtlety of argument are particularly needed

in political and philosophical discussion. But the major issues treated by both the philosopher and his enthusiastic pupil were often similar.

We have identified ten principles of political economy that Hume argued in various essays. They are 1) A nation's strength lies in its productivity; 2) trade benefits everyone, state and people, rich and poor; 3) luxury, economic growth and refinement in the arts are compatible and complementary; 4) the flow of money from nation to nation is the instrument of economic evolution and progress; 5) the rate of interest is an indicator which, read by an experienced eye, tells of the health and growth of the economy; 6) free trade is to be desired; 7) a country cannot become rich by beggaring its neighbors; 8) a government should not tax the rewards of effort lest it destroy the incentive to growth; 9) the public debt in the hands of judicious magistrates can have beneficial effects, but can also be dangerous; and finally, 10) no utopia existed in any past golden age. 16

Hume never gave much credence to utopian thinkers. "All plans of government which suppose great reformation in the manners of mankind are plainly imaginary," he said.¹⁷ Yet he did write an essay (popular and successful enough to have formed the core of Madison's Federalist #10), in which he outlined a Perfect Commonwealth. Hume's design was "the most perfect of its kind, [so] that we may be able to bring any real constitution or form of government as near it as possible" --but bring it there only by "such gentle alterations and innovations as may not give great disturbance to society." 18

Hamilton's economic policy reports to Congress in the 1790's enable us to compare his "alterations and innovations" with those that Hume had prepared earlier in the form of popular essays. In writing his essay *Of Public Credit*, (1752) Hume was balanced and thoughtful, listing both advantages and disadvantages to public borrowing.¹⁹ Hamilton's *Report Relative to Public Credit*(1790) was not such a majestic disquisition of the pros and cons of the public credit--particularly not the cons--partly because the Congressional resolution under which he was operating stated that the House of Representatives considered the adequate provision of the national credit a matter of high importance to the national honor and prosperity.

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Hamilton read the words of his mandate from Congress as directing him to discover rules for the provision of an optimal quantity of funded credit, a kind of treasury bill that could circulate as money. He spoke of "exigencies" --national danger and foreign war --which give rise to the need for adequate public credit.²⁰ He followed closely the timing, demeanor and pace of Hume. Hamilton agreed that trade is extended by public credit, because there is more capital to carry it on. "Agriculture and manufactures are also promoted by it", and a further multiplication of economic activity, following from a stable, adequately funded public debt would ensue. Foreign trade expands, giving rise to further stimulus to the "activity and extension" of national economic activity. He went on to claim that a reduction in interest would result, the rate driven down by an increase in "the quantity of money and....the quickness of circulation".²¹ Hume had made these same arguments, in the same order, but then went on to qualify them extensively. Hamilton's qualifications were muted.

For his Report, Hamilton prepared a successful argument, its conscious, purposeful design making it one of the first "miracle" schemes of the kind that much later ended inflationary eras in post-World War II West Germany and Japan. He deflated the American bond market. At a single stroke he restored face value and specie parity to securities that had lost almost all their purchasing power, securities whose market value had fallen to a small fraction of their issue price, securities whose over-issue had helped create a classically destructive war-related inflation. Those securities no longer offered any security to their owners. Their issuers, (various government and quasi-government entities, including army purchasing agents, state

governments, and the Continental Congress) had failed to offer even so much in the way of financial security to the debt's owners as would be provided by regular interest payments.

But Hamilton's plan for funding and assumption was in part a smoke screen. In fact, his re-financing scheme did monetize part of the American Revolutionary War debt, keeping that part in more or less permanent circulation and thus reducing the odds of that part being presented for parity repayment or final settlement. He also indirectly, but intentionally, repudiated another part of the debt by unilaterally reducing the promised rate of interest and delaying its payment. He claimed it would not be judicious to fund the whole debt at the rate it nominally bore, for such a promise would, he thought,

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require the extension of taxation to a degree, and to objects, which the true interest of the public creditors forbids. It is therefore to be hoped, and even to be expected, that they will cheerfully (sic) concur in modifications of their claims It is ...of the greatest consequence, that the debt should, be remoulded into such a shape, as will bring the expenditure of the nation to a level with its income.²²

Shortly after the last remark, regarding the debt, Hamilton showed how his unilateral changes in the interest payment schedule would cut annual interest costs (or more accurately annual interest obligations...the nominal rates were not being paid fully) almost in half.²³ Vigorous growth would follow, including the restoration of financial stability and the creation of a balanced, limited central government. In short, Hamilton had created a second constitution for the United States of America, this one economic. He claimed his financial reforms would create confidence, promote American respectability, answer calls for economic justice, restore depreciated land values, furnish new resources to farming and commerce, cement the union, add to national security and establish voluntary public order founded on a liberal policy.

As we consider the totality of his economic reports, we see that Hamilton was really talking about several closely related issues already addressed by Hume: control over the quantity of public credit, the best regulatory scheme for the creation and maintenance of the quantity of money, the connection between money, debt, taxes, prices and confidence, and the best means by which the potential wealth of the new nation might be activated by means of a well-regulated government budget. In the early part of his report, Hamilton simply proposed reorganizing the contractual structure of the circulating debt. Funding meant the retirement of debt obligations having irregular, unknown or uncertain due dates with bills and bonds having a clear formal structure. They would specify a fixed principle repayment date, a fixed interest payment schedule, and a clear contractual obligation on the part of the government to dedicate and sequester funds sufficient to meet these well-defined obligations.²⁴

In the latter part of the Report Relative to Public Credit, Hamilton's debt reformation plan was more general, and was not so very different from the modern ones proposed to limit deficit finance. His solution to the temptation that governments have to spend and spend was to force upon government a linked obligation to tax and tax. Hamilton's

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solution to the problems Hume had addressed, reckless government spending, motivated by a desire to buy votes and quiet the mob, was to tie each spending item, and each existing evidence of past debt, to some particular tax source.²⁵ That is the policy significance of his long disquisition --seemingly more appropriate to bureaucratic implementation--into particular debt and interest settlement revenue needs, and their immediately related tax revenue sources.

In Hamilton's view a stable government securities market, a liquid money market and a responsible system of dedicated taxes would combine to stimulate domestic and foreign trade. Hamilton tells us each merchant would trade for smaller unit profits, between times keeping his capital, now in money form rather than landed form, invested in the liquid securities market, until his commercial transactions would require its use. Agriculture and manufactures would be promoted, because more capital could be employed in both, and because traders, having enterprises in foreign trade, give activity and extension to both farmers and manufacturers. All this activity is confirmed and extended because the rate of interest falls, partly as a result of increased public credit, and partly as a result of increased riches, extended trading, augmented wealth, and reduced unit rates of profit.²⁶

The argument is virtually identical to Hume's, except that Hamilton places considerably more emphasis upon the role of additional money in reducing interest rates. At this point in his treatise, Hamilton switches from talking about the quantity of public credit to the quality of that credit. His reason may be the Humean warnings about the propensity for an excess of public borrowing to raise the rate of interest, and destroy private confidence in financial contracts. Hamilton's argument that a well-funded and contractually secure public debt will reduce the interest rate is compatible with Hume's ideas about the lowness of the interest rate following from "an increase of industry and commerce, not of gold and silver."²⁷ Indeed, Hamilton reinforced the point by saying an unfunded debt, by removing confidence, would raise the interest rate.

In his argument for rigorous adherence to the letter of the bond market's rules of ownership and transfer, Hamilton said justice demanded that property rights, in the form of absolutely secure promises in the money market, be strictly observed, so that the practical utility of enhanced economic growth would be realized.²⁸ This utilitarian view of property rights can also be found in Hume. Hamilton had a modern view of

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expected value. In discussing the market value of funded bonds, he said "The price...would be in a compound ratio to the immediate profit it afforded, [to the holder] and to the chance of the continuance of his profit."²⁹

In supporting a Bank of the United States, discussed in his Second Report on Public Credit (1790), Hamilton used Hume's arguments to present his case. He pointed out that the real riches of the nation were its men, manufactures, mines and farms. He said as long as these were all at work, and fully engaged with one another, the quantity of money would have a high potential level, a level that likely would eventually be supplied to the new nation by the natural process of international trade. In fact, Hamilton gave an excellent summary of Hume's most famous economic concept, that of the specie flow mechanism:³⁰ It is the process by which specie--the international stock of gold and silver--flows toward whatever place has the most active level of trade. The money remains always in motion as long as any potentially profitable differences in price exists for any tradeable commodity. The process re-distributes money all over the world, making the trading nations one vast market, with one identical set of relative prices and one stock of money, all common to the trading partners. ³¹ Hamilton noted:

A nation, that has no mines of its own, must derive the precious metals from others; generally speaking, in exchange for the product of its labor and industry., The quantity, it will possess, will therefore, in the ordinary course of things be regulated by the favourable, or unfavourable balance of its trade; that is, the the proportion between its abilities to supply foreigners, and its want of them; between the amount of its exportations and that of its importations. Hence the state of its agriculture and manufactures, the quantity and quality of its labour and industry, must in the main, influence and determine the increase or decrease of its gold and silver ³²

Hamilton's presentation of the specie flow mechanism was so close to Hume's that it left little doubt of the Scot's influence, but the specie flow mechanism process could take some time to work itself out for the United States. In the meantime trade could languish, and the other benefits of the bank would be lost. In jeopardy then would be the bank's potential service to the state in concentrating capital, providing a secure source of funds to both government and citizens in emergencies, providing a safe depository for federal funds, and giving financial and technical aid

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to the collection of taxes and payment of interest on the debt. Also at risk would be the function of the bank in providing a uniform circulating medium, one which could be deemed legal tender for settlement of debts to and from the nation. The bank's services were important also, said Hamilton, in helping the treasury conduct foreign trade, and aiding to settle foreign debts, controlling and restraining unsound private banking practices and multiplying the financial capacity of the nation's stock of gold and silver. 33

But the primary function of the Bank was to help develop the United States--in Hamilton's view, two centuries in industrial growth behind advanced European nations. His Report on Manufactures (1791), designed to bring the country into the modern age, was rejected by Congress but widely read and admired, and it has been considered his most important state paper. 34 As a fitting conclusion to his tour de force on economic development, two years in preparation and a century or more ahead of its time, Hamilton noted:

In countries where there is a great private wealth, much may be effected by voluntary contributions of patriotic individuals, but in a community situated like the United States, the public purse must supply the deficiency of private resource. 35

The report quoted Adam Smith, but did not accept Smith's doctrine of laissez-faire. Hamilton rejected the notion that "To leave industry to itself, is, in almost every case, the soundest as well as the simplest policy." 36 He never said that the economic affairs of the nation should be guided by the invisible hand of self interest and the market. While there is evident an influence of Smith, particularly in his harsh criticism of physiocratic notions about agriculture as the sole source of national wealth, Hamilton seems more often than not to mention Smith's arguments in order to refute them, especially concerning free and unfettered commerce. 37 On the other hand, the more sceptical and moderate arguments of Hume, who not so much feared energetic government as he assumed its inevitable existence (and its allied need for technical advice), show a strong influence in the Report.

The important economic point made by Hamilton in the introductory passages is his rejection of the argument that agriculture is the only really valuable economic activity, and his emphasis upon value-added as the true measure of the worth of any economic enterprise. He says, "It is very conceivable, that the labor of man alone, laid out upon

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a work requiring great skill and art to bring it to perfection, may be more productive, in value, than the labor of nature and man combined." 38 Hamilton not only exhibited here an advanced view of the theory of value-added, but he also pursued, in a thoroughly modern way, the question of the potential relative national gain from the expansion of manufacturing versus agriculture. He gathered quantitative data in the form of replies to Treasury Department questionnaires sent to all parts of the United States. 39 Results were inconclusive, but they were enough to support his argument for the development of manufacturing. The product of manufactories--luxuries to the eighteenth century--were beneficial to the state. They motivated willing labor and created

available capacity for a surplus production alienable by the state in times of emergency, a Humian idea which Hamilton accepted. 40

Hamilton's plan for bounties and subsidies to aid infant industries accompanied cogent reasons against "the proposition that industry, if left to itself, will naturally find its way to the most useful and profitable employment," and that manufactures will serve the community without the aid of government. 41 He pointed to the regular practices of other nations, including export subsidies, protection of technological expertise, bounties, premiums and other aids including public monopolies and private cartels which would make even more unfair the advantages held by long established foreign centers of manufacturing. Then he discussed mankind's natural hesitation and reluctance to enter new pursuits, which, he claimed, could be overcome by government encouragement. 42

Though Hamilton has often been called the spokesman for the capitalist elite of his America, the plan he advanced in his Report contained evidence that the opposite may be true. He not only advocated new immigration of people as a source for national wealth and productivity, but he also applied exactly the same argument for the immigration of capital. 43 It would be "unreasonable jealousy," he said, to look upon new immigrant capital "as an instrument to deprive our citizens of the profit of their own industry." Men with their money should be welcomed, and the new capital, "a precious acquisition," would compete favorably with money generated at home. 44

Would bounties and protective tariffs for new industry have the effect of creating permanent domestic monopolies, which might impose prices well in excess of those charged in international markets? Hamilton

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admitted that monopoly, and its attendant high prices, might be a transitory effect of creating a protected domestic market. But he argued that costs of production would soon fall, as the domestic industry gained facility, and began to operate with efficiency. Furthermore, he tells us that monopoly status enjoyed by the first few entrants into the protected domestic market would not last beyond the time when a multitude of others join in, the whole process having the eventual effect of creating a competitive, world-class domestic industry. 45

II. JEFFERSON: THE REALIST AS REFORMER

What did Jefferson offer in place of Hamilton's soaring scheme for a self-sufficient, modern and unified manufacturing economy? Some have claimed that James Madison, beginning in 1789, held out an alternative vision of America that Jefferson endorsed, 46 but it is hard to accept the description of Madison's proposals in Congress, mainly for trade discrimination against Great Britain, as a "system." Throughout the 1790's, in opposition, Jefferson and Madison had no grandiose plans for the republic other than a lot of talk about the virtues of agriculture, the evils of crowded cities and the necessity for taking a strict constructionists' stance on the Constitution. In a word, they offered a random approach that was issue-oriented, ineffective and sometimes merely obstructionist:

1) In response to Hamilton's Report Relative to a Provision for the Support of Public Credit (1790), Madison suggested that all domestic debts be paid at face value, but repayment should be divided between present and original holders of securities--a form of discrimination damaging to the government's credibility that was finally rejected. 47 Jefferson believed that Funding should be limited to the redemption of debt within the lifetime of the original security holder. 48 Hailing from Virginia, a state that had already paid off its debt, Madison and Jefferson opposed Assumption, and also lost.

2) In 1791 Jefferson tried to prevent the chartering of the Bank of the United States, arguing strict construction against Hamilton's advocacy of the "general welfare" and "necessary and proper" clauses. In counseling Washington, at the President's request, Jefferson said that, "to take a single step beyond the boundaries thus specifically drawn around the powers of Congress, is to take possession of a boundless field of power, no longer susceptible of any definition." 49 Jefferson knew that

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the Constitution could not have been implemented at all without taking many such steps, but he persisted in seeing the bank as a nursery for "gamblers in corruption." 50 In fact, he believed that banking in any form was an evil.

3) Over many years Jefferson and Madison were almost obsessed with the idea of pursuing a policy of trade restriction, or "discrimination." They proposed it as an instrument of coercion against Britain before Jay's Treaty in 1795, against France in 1797, and again against Britain when the Republicans were in power. Thus the tariff was to be viewed as a weapon rather than primarily as a source of revenue, or as a device to improve the real terms of trade. 51

4) On manufacturing, Jefferson wrote in 1788, that "In general, it is impossible that manufactures should succeed in America," because of the scarcity of labor and consequent high wages. 52 Later he advocated "home manufacturing." It took years before he modified his views, saying finally in 1816, "experience has taught me that manufactures are now as necessary to our independence as to our comfort." 53

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III. JEFFERSON: THE REFORMER AS REALIST

As might be expected from positions already taken by Madison and Jefferson in opposition, Jefferson referred to his election as the "Revolution of 1800." He used the term, however, as then understood, to mean a circular return to fixed principles. He aimed to use the Constitution to undo the results of rash leadership and energetic government. In this respect we need to reject, once and for all, the statement by Henry Adams that Jefferson "out-Federalized the Federalists." As Joyce Appleby has recently remarked, Jefferson "is not the heroic loser in a battle against modernity, but the conspicuous winner in a contest over how the government should serve its citizens in the first generation of the nation's territorial expansion." 54

One of the most revealing letters that Jefferson wrote about his election went out to his friend Pierre S. du Pont on January 18, 1802. A chastened, wiser president had here resigned himself to the realities of power and was advancing an alternative to Hamilton's Utopia--a course of piecemeal, bandaid, go-slow reform that two of his understudies, James Madison and James Monroe, would likewise adopt:

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When this government was first established, it was possible to have kept it going on true principles, but the contracted, English, half-lettered ideas of Hamilton, destroyed that hope in the bud. We can pay off his debt in 15 years, but we can never get rid of his financial system. It mortifies me to be strengthening principles which I deem radically vicious, but this vice is entailed on us by a first error. In other parts of our government I hope we shall be able by degrees to introduce sound principles and make them habitual. What is practicable must often control what is pure theory: and the habits of the governed determine, in a great degree, what is practicable.

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With this statement Jefferson admitted he had modified his aspirations in deference to the wishes of the people of the United States, who were themselves unwilling to accept abrupt or unexpected changes in policy. Jefferson as President did not interfere with Hamilton's Bank or his tariff, but he did institute frugality in Government in order to extinguish the national debt. He reduced the army and navy to insignificance, repealed all internal direct and excise taxes as soon as possible, and proposed in 1806 that a tariff for revenue might be useful for internal improvements, and in creating a national university. 56

Outside of the Embargo Act of 1807, which he initiated, the most radical thing that Jefferson did as president was to purchase the vast Louisiana Territory in 1803. Committed as he was to strict construction of the Constitution, Jefferson agonized over the decision and even drew up an amendment to accommodate the purchase. "Our peculiar security," he wrote, "is in the possession of a written Constitution. Let us not make it a blank paper by construction." 57 He never submitted the amendment, however, and later acknowledged that the treaty had been "extra-legal." 58

IV UTOPIA REJECTED

Strict constructionists are never dreamers--and neither was Jefferson, who believed it necessary in 1800 to promote a "revolution" to undo the ravages of energetic government by the Federalists. The dreamer, Alexander Hamilton, died in 1804 at the hand of Aaron Burr. By 1825 Jefferson's legacy had been accepted by most Americans as the dominant strain of thought in a practical, utilitarian republic.

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But the dreamer-utopian left a legacy too. When Hamilton's thinly veiled monarchy was rejected at the Constitutional Convention of 1787, he did a good job of propping up "the frail and worthless fabric" of the winning entry, or, as Jefferson quoted him, "a shilly shally thing of mere milk & water, which could not last, & was only good as a step to something better." 59 The utopian strain of thought, more concerned with ends than with means, contemptuous of go-slow reform, continues to intrigue many Americans, as well as utopians the world over, as it did the communitarians of the nineteenth century. In our century President Theodore Roosevelt, who considered himself a realist, proposed "to use Hamiltonian means to gain Jeffersonian ends." Jeffersonian strict construction has been the enduring tradition favored by most Americans, but over the sweep of time, and with steady buildup of piecemeal reform, it might be said that Jeffersonian means have been applied to gain Hamiltonian ends.

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NOTES

1. Bernard Bailyn, ed., *Pamphlets of the American Revolution, 1750-1776* (Cambridge, Mass., 1965); and *Ideological Origins of the American Revolution* (Cambridge, Mass., 1967).
2. See Bernard Bailyn, *Ideological Origins of the American Revolution*, *Pamphlets of the American Revolution, 1750-1776* and *The Origins of American Politics* (New York, 1970); J.G.A. Pocock, *The Machiavelian Moment: Florentine Political Thought and the Atlantic Republican*

Tradition (Princeton, N.J., 1975); Gordon Wood, *The Creation of the American Republic, 1776-1787* (Chapel Hill, 1969); Lance Banning, *The Jeffersonian Persuasion; Evolution of a Party Ideology* (Ithaca, N.Y., 1978); and John M. Murrin, "The Great Inversion, or Court Versus Country: A Comparison of the Revolution Settlements in England (1688-1721) and America (1776-1816)," in *Three British Revolutions: 1641, 1688, 1776* (Princeton, 1980).

3. Richard C. Matthews, *The Radical Politics of Thomas Jefferson* (Lawrence, Kansas, 1982), P.6.
4. Jesse Lemisch, "Bailyn Desieged in his Bunker," *Radical History Review*, 3 (Winter, 1977), 72-83.
5. Lance Banning, "Jeffersonian Ideology Revisited: Liberal and Classical Ideas in the New American Republic." *William and Mary Quarterly*, 3d. Ser., XLIII (1986), 3-19; and Joyce Appleby, "Republicanism in Old and New Contexts," *Ibid.*, 20-34.
6. See, for example, Murrin, "The Great Inversion"; Banning, *Jeffersonian Persuasion*; Drew R. McCoy, *The Elusive Republic: Political Economy in Jeffersonian America* (Chapel Hill, 1980); Joyce Appleby, *Capitalism and a New Social Order: The Republican Vision of the 1790's* (New York, 1984); Forrest McDonald, *The Presidency of Thomas Jefferson* (Lawrence Kansas, 1976) and *Alexander Hamilton: A Biography* (New York, 1979); and Matthews, *Radical Politics of Thomas Jefferson*.
7. Clinton Rossitor, *Alexander Hamilton and the Constitution* (New York, 1964), pp. 120;182.

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8. Jacob E. Cooke, *Alexander Hamilton* (New York, 1982), pp. 115-116.
9. See John C. Miller, *Alexander Hamilton: Portrait in Paradox* (New York, 1959), 46-51; Gerald Stourzh, *Alexander Hamilton and the Idea of Republican Government* (Stanford, Calif., 1970) pp. 70-75; Banning, *Jeffersonian Persuasion*, 133-136; McCoy, *Elusive Republic*, pp. 132-33; and Charles W. Hendel, *David Hume's Political Essays* (New York, 1953) pp. lix-ix.
10. Hamilton wrote in "The Farmer Refuted," February 1775, that every man ought to be supposed a knave in contriving a government, according to a celebrated author (Hume). Harold C. Syrett and Jacob E. Cooke, eds., *The Papers of Alexander Hamilton* (New York, 1961-1979) I, 95. The letter to Pickering, April 20, 1781, may be found in *Ibid.*, II, 595-96.
11. Syrett and Cooke, eds., *Papers*, IV, 216-17.
12. Thomas Jefferson, "The Anas," Adrienne Koch and William Peden, eds., *The Life and Selected Writings of Thomas Jefferson* (New York, 1972), p. 126.
13. Max Farrand, ed., *The Records of the Federal Convention of 1787* (New Haven, 1966), I, 310; Thomas Jefferson to James Madison, December 20, 1787, Henry C. Dethloff, ed., *Thomas Jefferson and American Democracy* (Lexington, Mass., 1971), p. 16.
14. Jefferson's aversion to David Hume turns up often in his letters and papers. See, for example, his letter to John Cartwright, June 5, 1824, in Saul K. Padover, ed., *A Jefferson Profile as Revealed in his Letters* (New York, 1956), p. 355, where he calls the philosopher a "degenerate son of science," and a "traitor to his fellow men." Jefferson was unlikely to know of Hume's letter of Oct. 27, 1775, to Baron Mure, in which he wrote "I am an American in my principles." J. Y. T. Greig, ed., *The Letters of David Hume* (Oxford, 1932), II, p. 303.

15. In 1781 Hamilton denigrated "utopian speculations," but in the same passage he endorsed a policy of an active state, possessed of substantial power to suppress political variety, that power being one of the most salient aspects of utopian systems. Alexander Hamilton, *The Continentalist* (July 1781).

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16. Tom Velk and A. R. Riggs, "David Hume's Practical Economics," *Hume Studies* XI (November, 1985), 162-63.

17. David Hume, "Idea of A Perfect Commonwealth," in *David Hume's Political Essays*, ed. Charles W. Hendel (New York, 1953), p. 146.

18. *Ibid.*

19. David Hume, "Of Public Credit," *Writings on Economics*, ed. Eugene Rotwein (Madison Wisc., 1955), pp. 90-107.

20. Alexander Hamilton, "Report Relative to a Provision for the Support of Public Credit, Jan. 9, 1790," *The Reports of Alexander Hamilton*, ed. Jacob E. Cooke (New York, 1964), p. 2.

21. *Ibid.*, pp. 5-6.

22. *Ibid.*, pp. 22, 31.

23. *Ibid.*, p. 33.

24. *Ibid.*, p. 22.

25. *Ibid.*, pp. 32-40.

26. *Ibid.*, p. 23.

27. Hume, "Of Interest," *Writings on Economics*, p. 49.

28. *Ibid.*, p. 22.

29. *Ibid.*, p. 11.

30. Hamilton, "The Second Report on the Further Provision Necessary for Establishing Public Credit, December 13, 1790," *The Reports of Alexander Hamilton*, p. 58.

31. Hume, "Of Money," *Writings on Economics*, pp. 37-40.

32. Hamilton, *Reports*, p. 58.

33. *Ibid.*, pp. 48-52.

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34. See "Introduction," p. xx, Jacob E. Cooke, ed., *The Reports of Alexander Hamilton*.

35. Hamilton, "Report on Manufactures," *Reports*, p. 204.

36. Ibid., p. 117.
37. Ibid., pp. 150, 157, 179, 180.
38. Ibid., p. 121.
39. Ibid., p. 124, fn. 6.
40. Ibid., pp. 115-16. Hamilton reasoned that manufactures, once established, created still more value in the aggregate:
1.) Some manufactories supported by government would clearly produce luxuries, as Hamilton's list shows; 2.) Manufactures created a willing working class and capacious capital; 3.) This would simultaneously create banks which concentrated paper claims to the new wealth; 4.) By its partial control and link to the banks, government could "sieve" and gain access to bank balance sheets, i.e. banks became a source of low cost loan funds and held an excess of government bonds.
41. Ibid., p. 140.
42. Ibid., pp. 141-43.
43. Ibid., p. 148.
44. Ibid.
45. Ibid., p. 158.
46. See for example, McCoy, *Elusive Republic*, pp. 136-37.
47. See *Annals of Congress*, II, 1191-96.
48. See a discussion of this point in William D. Grampp, "A Re-examination of Jeffersonian Economics," *Southern Economic Journal*, XII (January, 1946), 272-73.
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49. Thomas Jefferson "Opinion of the Constitutionality of a National Bank," in Merrill D. Peterson, ed., *The Portable Thomas Jefferson* (Kingsport Tenn., 1977), p. 262.
50. Quoted in Grampp, p. 273.
51. Jefferson wrote to Thomas Pinckney in 1797, "War is not the best engine for us to resort to, nature has given us one in our commerce, which, if properly managed, will be a better instrument for obliging the interested nations of Europe to treat us with justice." *The Works of Thomas Jefferson*, ed. Paul Leicester Ford (New York, 1904), VIII, 293.
52. Quoted in Grampp, pp. 268-69.
53. Jefferson to Benjamin Austin, January 9, 1816, *The Writings of Thomas Jefferson*, eds. Andrew A. Lipscomb and Albert Ellery Bergh, (Washington, D.C. 1903-1904), XIV, 390-91.
54. Joyce Appleby, "Commercial Farming and the 'Agrarian Myth' in the Early Republic," *Journal of American History* 68 (March, 1982). 836.
55. Jefferson to Pierre Samuel du Pont de Nemours, January 18, 1802, in Dumas Malone, ed.,

Correspondence Between Thomas Jefferson and Pierre Samual du Pont de Nemours, 1798-1817 (New York, 1970), p. 40.

56. For a discussion of Jefferson's reforms as president see Banning, *Jeffersonian Persuasion*, "Epilogue," and Richard E. Ellis, *The Jeffersonian Crisis: Courts and Politics in the Young Republic* (New York, 1971).

57. Thomas Jefferson to Sen. Wilson C. Nicholas of Virginia, Sept. 7, 1803, in Richard Skolnik, ed., *Jefferson's Decision: The United States Purchases Louisiana* (New York, 1969) p. 169.

58. Skolnik, ed., p. 150.

59. Thomas Jefferson, from "The Anas," ed. Milton Cantor, *Hamilton* (Englewood Cliffs, N. J., 1971), p.88.