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THE MEANING OF THE MARKET
THEORY AND HISTORY

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**"The Cultural Underpinnings of Capitalist Development
in the Early National Period"**

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THE CULTURAL UNDERPINNINGS OF CAPITALIST DEVELOPMENT IN THE EARLY
NATIONAL PERIOD

A Historiographical Trend

To talk about capitalism in its American context is to step into a morality play chockful of stock characters ready on cue to do battle for the nation's soul. A mystery to foreigners, Americans understand intuitively why this is so, accepting as natural the odd siamese-twinning of the pursuit of wealth and the pursuit of virtue. Never having shaken off completely their Protestant sense of divine justice, most Americans feel that wealth should not only be earned, but deserved. If events have proven otherwise, then somehow the tracks of American history got switched or spliced, and the simple story of "liberty and justice for all" has been turned into a vexing complex of enigmatic contractions and contending values. As a consequence of these deeply-ingrained attitudes, historians have difficulty abstaining from the lexicon of morality when addressing the history of their nation's economic development.

To gain some understanding of this phenomenon, we could look at the Declaration of Independence. "We hold these Truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable rights, that among these are Life, Liberty, and the Pursuit of Happiness." "All men" here evokes the universality of nature, but the subsequent exclusion of those males not deemed man-worthy set up a contradiction at the core of the American creed. It also signposts that ideological quicksand where whole realms of reality are enveloped by expressions of compelling ideals. The Declaration, with its promise of an unspecified equality joined in the same sentence with the right to pursue happiness, masks the tension between normative and substantive justice with simple eloquence. To the Declaration can also be traced that marked tendency in the United States to construe social relations as natural while making nature a major source of value.

The different historical trajectory of equality and freedom gave Alexis de Tocqueville the theme for *Democracy in America*, but Americans generally have been reluctant to explore the opposition of these two pillars of their natural rights philosophy. Yet this conflict alone explains how the advance of capitalist development in the United States can be turned into a morality play. It is not just that economic freedom in a market economy has tended to concentrate wealth and hence contract the range of choices, or the equal opportunity, of others. The disproportionate power of successful economic competitors has turned into disproportionate influence in the political realm where the normative equality was rooted.

These long range tendencies of capitalism could certainly not have been perceived in 1800, so it was not possible for men and women to make decisions based upon them. The force of industrialization could hardly be imagined in a country over 90% rural with only windmills to suggest artificial power. This fact has not prevented scholars from making knowledge of what happened a factor in their interpretation of economic attitudes in the early republic. Having shed the Whiggish conceit that imagined everyone in the past panting for progress, historians have been forced to consider how habit and tradition shaped an earlier society's perception of innovation, but this basically anthropological inquiry has in turn nourished a counter-Whig bias. Both the conspicuous differences in life chances in contemporary society and the enduring appeal of the revolutionary ideal of a social order built on equality have fueled the desire to find in the American past a principled opposition to that mighty social engineer, the market.

In morality plays there have to be sinners and those who resist sin. In American economic history, enthusiasts for commercial development and those who resist it serve the same dramatic function. Promoters are prompted by self-interest while resisters are depicted as acting to maintain local control, hold individual ambition in check, or abide by traditional ideas of the proper distribution of work and wealth. Morton Horwitz's *The Transformation of American Law* offers the best-known interpretation of economic development in this promoter-resister mode.¹ Concentrating on changes in the law, Horwitz details how judges took the lead in turning the law into an instrument of economic advance by adjudicating in ways that systematically removed antidevelopment biases from the common law. Summarizing his review of judicial action in the eighty years after the American Revolution, Horwitz concludes that "law, once conceived of as protective, regulative, paternalistic and, above all, a paramount expression of the moral sense of the community, had come to be thought of as facilitative of individual desires and a simple reflection of the existing organization of economic and political power."² More to the point here, the judges whose decisions shaped this transformation of American Law, Hortwitz argues, were responding to an elite whose entrepreneurial goals ran athwart the conservative sentiments of the bulk of the population. Happy to have the technical language of the law mask policies at odds with the interests of farmers and workers, politicians welcomed the judges' reinterpretation of common law as it applied to public interests, competition, and actionable negligence. Although never fully developed in his study, the interests of ordinary people are presumed to be in conflict with those of the initiators of economic innovations.

Tony Freyer, more recently, has taken up this same topic in a book which announces its moral position: *Producers Versus Capitalists: Constitutional Conflict in Antebellum America*.³

¹Cambridge, 1977.

²p. 253.

³Charlottesville, 1994.

More explicitly than Horwitz, Freyer divides Americans along axes of size and location. In the cities capitalists - bankers, merchants, and members of corporations - spread their power through national networks of trade and credit while the bulk of the country performed as producers for local markets. Michael Merrill has used a similar division which depends upon redefining capitalism as a regime favorable to the monied elite which in the early republic was arrayed against an "agrarian" interest composed of working farmers, artisans, and small manufacturers.⁴ Fearing incursions on their cherished independence, producers became a group-conscious political force, Freyer argues, pushing middle-class values as distinguished from capitalist ones. Highlighting the fact that the Marshall and Taney courts developed a constitutional theory which "sanctioned an emergent capitalist order," Freyer sees state courts and legislatures as the protectors of local interests and hence the antebellum period can be understood as one of conflicting constitutional regimes as well as of economic classes.⁵ Although Freyer differs from Horwitz at key points, he shares his view that the American public was divided for and against capitalism, although his definition of capitalism curiously puts more emphasis upon banking and merchandising than industrial development.

By far the strongest assertion of popular resistance to the commercial advance that marked the early decades of the nineteenth century comes from Charles Sellers who, in *The Market Revolution: Jacksonian America, 1815-1846*, maintains that "every popular cultural or political movement in the early republic arose originally against the market."⁶ Capitalism for Sellers is not a set of economic responses and institutional arrangements oriented to commercial exchanges, but rather a malign and insidious force which fractures families, destroys communities, and uproots the well-established rural mores of patriarchal autonomy and self-sufficient asceticism. Sellers animates this tragic narrative through a series of dichotomies in religion, family, and politics, each reflective of the pro and antimarket division. But, despite the depth and breadth of antipathy to the market that he has discovered, Jacksonian Americans fought a losing and ironic battle. As Seller summarizes the last act of his "market revolution," "under the daily pressure of competitive imperatives on participants' lives, every [opposition] movement became a mode of accommodating to capitalist necessity."⁷

Horwitz and Sellers have not lacked for critics, nor readers either.⁸ Nor am I the first to fault them for the

⁴"The Anticapitalist Origins of the United States," *Review* (Fernand Braudel Center), 13 (1990), p. 469. At what size a manufacturer passes into the "monied interest" is not specified. pp. 13-14.

⁶New York, 1991, pp. 208, 236..

⁷p. 208.

⁸See for instance Gary T. Schwartz, "The Character of Early American Tort Law," *UCLA Law Review*, 36 (1989) and William Gienapp, "The Myth of Class in Jacksonian America," *Journal of Policy History*, 6 (1994), 232-59.

tendentiousness of their moralistic presentation of economic change. The boldness of their interpretive claims have made their books influential, and I believe that in that boldness lies the larger flaw in their studies: a failure to do justice to the deep rooted values supportive of economic development in the United States. Evoking the melodrama of stereotypes with their entrepreneurs and traditionalists, they have overlooked the extent to which economic opportunities, particularly in the Jeffersonian era, appealed to many of the rural poor for whom the conspicuous material advance of their times cemented an attachment to both the nation and its economic progress. I would further say that the most significant economic changes of the decades after 1801 can be attributed to the congruence between the structural imperatives of market development and the habits, values, preferences, desires, talents, and predispositions of ordinary Americans, particularly young white Northerner men.

Evidence From Autobiographies

I draw my evidence from autobiographies written by the cohort of men and women, blacks and whites, born in the United States between 1770-1800. My project has been to reconstruct how a national public - an American nation, actually - was created in the years after the ratification of the Constitution by the first inheritors of the country's revolutionary traditions. I began with the lives of those who did something in public - started a business, wrote for publication, invented something, settled a town, organized a political movement, formed an association - as a way at getting at their understanding of those activities which were giving shape to an American identity. As members of the first generation after the founding, these people were especially attentive to the idea of the nation and its peculiar origins. Theirs was also a heightened awareness of "firstness" - of being the first to have rugs on their floors, to have steamboats and canals, national elections, public land sales, cheap newspapers, a federally-subsidized postal system, newspapers and pianos wholly produced in America - the list goes on. As they aged in the 1820s, 30s and 40s, these people acquired as well an appreciation of how the localism and isolation of their rural youth had given way to an enriched society laced through with connections to a larger world.

To make my points I've culled from several hundred autobiographies those particular stories that help answer questions about the origins of entrepreneurial activities, how they were financed, the nature of the country's money supply, and the interaction of local and national markets. What I have to offer is what, in the great quantification debates of the 1970s, became known as "literary evidence."

Ichabod Washburn was born in Kingston, Massachusetts in 1798. His sea captain father died from yellow fever leaving three children to be supported by their mother at her loom. By age 9 Washburn was "put out to live" to relieve her of some expense, and he left home to work for a harness maker in a nearby town. At 14 he worked in a cotton factory in Kingston where all

the cog-wheelers were made of wood. This experience stirred his interest in machinery, but his guardian uncle thwarted his desire to go to work for the Slaters in Pawtucket, and he was apprenticed instead to a blacksmith in Leicester. In after hours at the blacksmith's shop, Washburn made hooks, toasting irons and ploughs, hiring a seat in the gallery of the Congregational Church with the proceeds and eventually buying out the last year of his indenture.

At age 20 and on his own, Washburn recalled seeing for the first time a subscription paper. As he described it, "timid and hesitating to subscribe myself, Mr. Melin, a benevolent person standing by said to me, 'Put down fifty cents, young man, and you will soon see it come back to you again. Influenced by his advice I contributed the first fifty cents I remember ever to have given, and in a few weeks, I received a very large, lucrative order for lead pipe, under circumstances that induced the good Doctor to say, 'I told you so.'"⁹ Entering into a partnership with a fellow smith, Washburn started building condensers for nearby woollen factories. After a decade his partner wanted out because "he did not like to expose his boys to the demoralizing influence of Worcester streets" and Washburn began manufacturing iron wire. Bolstered by a number of commercially successful inventions, Washburn's wire-making factory became one of the largest manufacturing outfits in the United States by 1840.

John Ball was nowhere near as successful as Ichabod Washburn, but his career also began in rural poverty. The tenth child in his family, he worked until his teens on his father's almost completely self-sufficient frontier family farm in Hebron, Vermont. Disliking the drudgery of farm labor, John made a bargain with his older brother to the effect that he if "would stay and provide well for our parents I would set up no claims from that source."¹⁰ His sister, equally determined to get off the farm became a tailor. Moving from Vermont to New York, she took over her husband's floor oilcloth manufacturing firm when he perished in a fire while Ball himself successively went South to run a small, private school, studied law, and travelled to the Pacific by way of the Oregon trail. His great financial opportunity came when his sister's new partners pooled their money to invest in Michigan land and proposed to Ball that, since he had travelled all over the country, he should go out and make their land selections for them. "It was the great year of speculation and I have always thought it strange that so sober men as those would have yielded to the mania that so pervaded the country." But he took their proposition and remained to become a prosperous pioneer of Michigan and the architect of its public school system.

Bronson Alcott is better known as a transcendentalist philosopher and school reformer, but he too left his father's farm in New Hampshire in his teens. At 16, despite his parents'

⁹Ichabod Washburn, *Autobiography and Memorials*, Boston, 1878, p. 43.

¹⁰John Ball, *Autobiography of John Ball, 1794-1884*, Grand Rapids, Mi., 1925.

resistance, he became a subscription book agent, earning enough money in two years to outfit himself and a cousin for a winter of peddling in Virginia and North Carolina. They set off in "the good sloop 'Three Sisters' with fifteen passengers, mainly Connecticut pedlars with an admixture of tinmen bound for Norfolk. Returning from his first trip he presented his father with \$100 to compensate for his absence. For the next six years Alcott went South as a pedlar until he had enough money to start his own school.¹¹

More aggressively entrepreneurial in his peddling, Thomas Douglas describes in his autobiography the common practice "for enterprising young men to start off South, in the fall season, and spend the winter in some of the southern States, on trading expeditions, and return in the spring with the fruits of their industry and enterprise." Like Alcott, Douglas went first to New England states and New York in the summer and then New Jersey, Pennsylvania and Virginia in winter. His first stock worth \$500 yielded \$1200 in sales from which he invested \$10,000 worth of goods to carry out West, another successful venture but without the same rate of profit. In Cincinnati Douglas found a city "peopled by a liberal, industrious, enterprising population, who, instead of adhering to the ignoble practice - for I can not call it policy - of "Dog eat dog," seemed to take pleasure in assisting and pushing forward every enterprising, industrious young man who came amongst them."¹²

Arial Bragg of rural Western Massachusetts lost his father in 1780 in the Revolutionary War when he was eight and was consequently apprenticed to an uncle who in turn sold his apprenticeship to a shoemaker. Having suffered under the tyranny of this uncle for a decade, Bragg struck a bargain with him to buy back his indenture for \$30. A fellow shoemaker had told him that in Brookline he might find employment. Bragg had never before heard of the novel practice of one shoemaker hiring another - "there was not...a Shoe Store in the town of Boston at that time," but he succeeded in getting hired to make boots.¹³ With unremitting application, he cleared \$7. a month and paid off his indenture. Falling in with "a speculator in leather" Bragg decided to make calf shoes for the Providence market - this would be 1793. With his \$10. in savings he bought \$2.50 worth of tools and forty pounds of sole leather on credit. When this venture returned him \$80, he spent \$40 for clothing and the remainder for a "a first rate silver watch." Bragg had to sell the shoes he made, basically as a pedlar until he got a large order from the south and, as he put it, went "to work for the slaves." This was in 1796. In the ensuing years, he worked for others; he hired men; he went into retailing; bought land parcels and then he settled down to making shoes, adding one employee "yearly until 1809."

¹¹[Delano A. Goddard], *Biographical Sketch of A. Bronson Alcott*, n.p., n.d., pp. 7-9.

¹²*Autobiography of Thomas Douglas*, New York, 1956, p. 32.

¹³Arial Bragg, *The Memoirs of Col. Arial Bragg*, Milford, 1846. p. 25.

Also bound out as a child, Asa Sheldon grew up on a Massachusetts farm and was later freed from his indenture at age 15 by the death of his father. With independence, Sheldon worked successively as a house servant, tavern keeper (at \$13.00 a month), farm laborer and lumberman, the last occupation enabling him go in with a partner and buy the saw mill at age 21. With this financial toehold, he started keeping cattle, butchering and trading in the saw mill's off seasons. In 1812 when he was 24 he regularly carried hops, shoes, wheat, and flour to Southern markets with returns in cotton to Baltimore, Philadelphia, New York and Boston, a trade which thrived during the War of 1812.¹⁴ Like many mushroom traders, Sheldon suffered severe reverses at the end of the war, but managed finally to land on his feet as a contractor for land grading for the railroads two decades later.

David Dodge came from a better-off family, but his father lost the savings earned from a wagon-making shop because of the depreciation of Revolutionary money. Moving to ever smaller farms to avoid debt, he disappointed his son by his unwillingness to strike out for the New York frontier in the 1790s. Determined to get away from the tedium of farm work, Dodge turned himself into a school teacher, despite his father's opposition. He moved from district to district for better pay until in the spring of 1799 he accepted an offer to clerk at a store. The salary was half that of teaching, but it offered him a way into trade. Dodge's employer went bankrupt, leaving him with 40c on the dollar for his back wages, but his exposure to bankruptcy proceedings prompted him to get a commission as county auctioneer for the federal government. This new experience with estate sales led to the proprietorship of a dry goods store in Hartford, from which he expanded with a cluster of successful "cheap" stores and several failed manufacturing ventures.

Chauncey Jerome whose farmer-blacksmith father died in 1804 when he was 11 began his autobiography by painting a grim picture of what life held for him: "There being no manufacturing of any account in the country, the poor boys were obliged to let themselves to the farmers, and it was extremely difficult to find a place to live where they would treat a poor boy like a human being. Never shall I forget the Monday morning that I took my little bundle of clothes, and with a bursting heart bid my poor mother good bye. I knew that the rest of the family had got to leave soon, and I perhaps never to see any of them again."¹⁵ Jerome too made a bargain with his master to buy out his indenture. When he landed a job making dials for clocks, he discovered a vocational passion. In passing he noted that his earlier request to his guardian to apprentice him to a clock-maker had been met with the remark that there were already too many clocks in America.

¹⁴*Yankee Drover: Being the Unpretending Life of Asa Sheldon, Farmer, Trader, and Working Man, 1788-1870*, Hanover, 1988, pp. 60-83.

¹⁵Chauncey Jerome, *History of the American Clock Business for the Past Sixty Years, and Life of Chauncey Jerome*, New Haven, 1860, pp. 5ff.

Jerome became part of a revolution in clock making when he went to work for the remarkable Eli Terry.¹⁶ Redesigning, downsizing, replacing wooden parts with brass ones, Terry turned Litchfield County, Connecticut into the clock-making center of the world with his 1814 desk model clock. By 1816, Chauncey had his own shop and was shipping clocks to South Carolina as well as selling to local pedlars. When others of Terry's former workers set themselves up in business nearby, they provided the inventive stimulus and competition to drive the price of clocks down to \$5 and the volume of production so far up that Jerome got the idea of marketing his clocks in Great Britain which he succeeded in doing once the British customs officials were convinced that the prices reflected the production costs.

Perhaps the single most enterprising venture I've read about was that of Allen Trimble whose father had taken his family to Kentucky in 1784 when settlers moved in groups with military discipline. At 20 Trimble heard a revolutionary veteran regale a group with stories of driving hogs for the army. He convinced Trimble that it was possible to steer hogs for long distances the way one could cattle. Pork in Virginia then sold for \$10 per hundred and in Kentucky brought less than \$2. Stirred by the idea of profiting from the difference, Trimble persuaded his father to finance a hog droving scheme. With a compass and a partner he marched several hundred pigs through the trackless wilderness and settled areas between him and the Chesapeake, the animals being kept to the straight and narrow path by their omniverous appetites. Once near Washington Trimble entered into extensive price comparisons of pork on the hoof both inside and without the city and negotiated a sale so handsome that he actually repeated the trip twice.¹⁷

Summarizing Reflections

My own reading of these personal accounts takes on significance against a background of some 2,000 mini-biographies which I have collected on this particular cohort of Americans. One of the most striking features of these life stories is the way that teen-age boys carved out careers for themselves by exploiting the opportunities generated in an immature commercial economy. Youthful Yankee pedlars moved South by the hundreds in the winter, but school teaching actually offered the more common avenue to adult status. During the first decades of the nineteenth century district schools hired men if they could, and those men were frequently 17 and 18 year-olds seeking a route to independence. The knowledge of the three Rs that led them into the classroom represented exactly the same skills that opened up clerkships in stores and law offices. So in a sense the tax monies of rural families provided start-up funds for hundreds of commercial careers.

¹⁶Ibid., pp. 16-18.

¹⁷Allen Trimble, *Autobiography and Correspondence*, n.p., 1909, pp. 49-56.

In most of the autobiographies, parents, especially fathers, are depicted as reluctant for their sons to leave the farm. A strike for economic independence in these cases involved an emotional struggle as well. The poverty at home was a disincentive to stay, and the families themselves were often on the move. Fathers may have wanted to keep their children at home, but having taught them personal discipline, inured them to hard work, inspired them with a love of independence, and supported the district school, they had unwittingly prepared their offspring for taking advantage of the myriad ways to get ahead in the early republic by getting off the farm.

A remarkably high number of autobiographers lost a mother or father in childhood. For the preponderance of rural families, the loss of either parent involved a break-up of the family. If remarriage came, it was usually too late for the older children. Three autobiographers reported their father's dying of broken hearts within a year of their wife's deaths. For Arial Bragg, Chauncey Jerome and Ichabod Washburn, the hope of buying out an irksome indenture proved a mighty incentive to exert oneself to make some money. Still other parents fostered early independence. Charles Morris who had a distinguished naval career, began in the navy as a 15-year-old midshipman, an opportunity that opened up when his uncle got his farmer father a job as purser. When his father left the navy two years later, Morris remembered that he was "given to understand I must thenceforward depend on my pay for support unless misfortunes not occasioned by my own misconduct should render further assistance necessary."¹⁸

What these autobiographies also chronicle is the swiftness through which manufacturing passed from an artisanal structure to a commercial one. Arial Bragg's career is illustrative of this process in shoe-making. In 1792 at age 20 he reported weighing the advantages of continuing as a journeyman or striking out on his own: "after close calculation found to work for the market far better than journey work."¹⁹ To "work for the market" meant also to market his own stock of shoes, an arrangement which made very attractive his chance to take orders from the south for slave shoes. Only in the first decade of the century did shoe stores appear, cutting the link between shoemaker and shoe-wearer. We can see the same trajectory followed by the pioneers of clock manufacturing. Chauncey Jerome described Eli Terry making regular trips to the Connecticut frontier with three or four large clocks (there weren't any other kind) strapped to his saddle. Clockmakers like shoemakers routinely pedalled their wares through New England before their mass production shrunk the size and price sufficient for retailing in stores.

All of these men succeeded with small savings sweated from their own labor and larger borrowings usually from friends and family, but often from those whose own success depended upon theirs. Most of them failed at least once in their careers,

¹⁸*The Autobiography of Commodore Charles Morris, U.S. Navy*, Boston, 1880, p. 17.

¹⁹Bragg, *Memoirs*, p. 39.

being totally wiped out, if not encumbered with debts, and all were exposed to the consequences of bankruptcy in their bosses or associates. Here the low entry cost of both retailing or manufacturing plays a central part in the story of their rebounds. The textile industry, which did require heavy capital investment, stimulated a succession of smaller enterprises built around improving machinery, as in Washburn's case. Replacing British commodities like buttons, steam engine parts, printing equipment, and pianos also spawned whole domestic industries. As Stanley Engerman and Kenneth Sokoloff have explained, the substantial productivity growth of the early nineteenth century came largely from changes "in organizations, methods, and designs which did not require much in the way of capital deepening or dramatically new capital equipment."²⁰ Rhetorically, moreover, every American success was treated as a new chapter in the struggle for economic independence which had followed the War for Independence.

Banks figure in most of the autobiographies as the principal source for currency - welcome, doubtful and amazingly national in the circulating range of their notes. With an abundance of banks, very poorly regulated, the country was flooded with notes. They were presented for payment far from the point of issuance where people might be able to determine their value. During the early years of the Revolution when there was much debasement of coins, George Washington had complained that the prudent man needed to travel with a scale. Early nineteenth-century merchants would have needed daily bank auditor reports. The acceptance of notes far from home, however, indicates how desperately everyone needed cash. The slightest hint of value sufficed for circulation.

Ichabod Washburn described the trepidation he felt passing his master's "uncurrent five dollar Ohio Bank Bill" during a trip home through central Massachusetts. To his astonishment, a tavern keeper accepted the bill and gave him \$4.50 change, but, still worried, he carefully avoided the man on the return trip.²¹ John Neal, reminiscing from the safe shores of old age about his brief stint as a dealer in dry goods in Baltimore, recalled that he and his fellow merchants would never turn down a sale because payment was offered in counterfeit bills. Estimating that 10% of the bills circulating during his business career in the first decade of the nineteenth century were worthless, Neal confided to a more law-abiding age the merchant's settled maxim "if you buy the devil, the sooner you sell him, the better."²² William Stuart whose autobiography claims him as "the first and most celebrated counterfeiter of Connecticut" revealed a different form of Yankee ingenuity when he described how he fobbed off

²⁰"Factor Endowments, Institutions, and Differential Paths of Growth Among New World Economies: A View from Economic Historians of the United States," an unpublished conference paper, pp. 27-28.

²¹Washburn, *Autobiography*, pp. 31-32.

²²John Neal, *Wandering Recollections of a Somewhat Busy Life*, Boston, 1869, pp. 124-25.

Canadian-counterfeited \$10 bills drawn on Philadelphia and Albany banks which he bought for \$1 each.²³ The trick was to cash the bills for a small item and then use the change as an alternative payment should anyone protest a counterfeit bill. It's hard not to conclude that the voracious appetite for money to buy and to sell meant that bad notes complexly augmented the nation's wealth.

There is little sentimentalizing of life on the farm in these autobiographies. Farm labor began for most at seven or eight years of age or as early as one was "large enough to handle a hoe or a bundle of rye." All recall the unremitting toil of farming with plenty of maintenance work in the winter to keep the routine going. One claimed he worked for hours in the winter with his boots filled with water; another noted the one holiday a year on Election Day. Their Mothers' work is described as endless drudgery. Being put out of labor meant exposure to indifference and cruelty. While descriptions of the quality of life and of emotional satisfactions in childhood vary greatly, there is little expression for regret at the passing of "the good old days" and far more wonder at getting along without the amenities that later seemed indispensable. And the range of those amenities was enormous. Reviewing the inventories of the humblest estates in rural Kent County, Delaware over the 68 years between 1772 and 1840, Richard Bushman noted a tremendous increase in goods associated with refined living. Taking items under the rubric of ceramics for a median household, the inventory listed "vegetable dishes, a cream pourer, sugar dish, cups and saucers, pitchers, glass tumblers, wineglasses, decanters, a punch bowl, pickle dishes, mugs and dining plates," almost all of them made at least 50 miles away.²⁴

For historians to set off bankers, merchants and members of corporations from producers makes little sense in the actual economic context. Not only is it impossible to credit the idea of two major groupings in American society, but size and national scope carry provide few cultural clues. Successful producers, however modest their beginnings, kept on growing. Levi Dickison invented a broom made from corn in 1797. By 1833 his town of Hadley, Massachusetts, manufactured 500,000 brooms annually.²⁵ Dickinson's brooms like Litchfield's clocks and Naugatuck Valley's brass buttons turned villages into centers of national production. Textile manufacturers along with these strikingly successful new producers were quickly creating concentrations of wealth far greater than that of America's first millionaire, the merchant Elias Derby.

On the other hand, far from being the rich man's preserve, banking offered hundreds of local savers an investment possibility. New Hampshire, a small state undistinguished for wealth in any category, nonetheless had 10 banks in six different

²³*Sketches of the Life of William Stuart*, Bridgeport, Connecticut, 1854, pp. 40-42.

²⁴*The Refinement of America: Persons, Houses, Cities*, New York, 1992, p. 265.

²⁵Bushman, *Refinement of America*, p. 229.

towns by 1813.²⁶ Four were in Portsmouth, a town of less than 6,000, and the population of the entire state was near 220,000. The fact that these banks were aggressively local in their interests did not prevent them from seeking security in articles of incorporation nor were corporations necessarily national in orientation. As John Majewski has shown, corporations for internal improvements won support from hundreds of small rural investors.²⁷

The rate of growth in the early republic was set in large part by the behavior of ordinary men and women whose propensity to move, to innovate, to accept paper money, to switch quickly from home-made goods, once commercial ones were available, set the rate for the expansion of farming, commerce, credit, and information.²⁸ American geographic mobility astounded foreign visitors who described in their travel accounts the forests of masts in American harbors and the unending train of wagons snaking their way to Pittsburgh or Cooperstown. To them, American society offered an ever-changing visual landscape as people moved, roads were graded, land cleared and buildings raised in a reconfiguration of the material environment that went on unabated.

Two French witnesses have left particularly pithy accounts of this perpetual-motion society. The Duc de La Rochefoucauld-Liancourt spent thirty-three months in the United States between 1795 and 1797. At every tavern in the rural areas of New England, Pennsylvania and New York, he encountered farmers on the move to some other place. "It is a country in flux," LaRochfoucauld concluded, "that which is true today as regards its population, its establishments, its prices, its commerce will not be true six months from now."²⁹ Thirty years later another perceptive French observer, the young Michel Chevalier, covered much the same territory, geographically and culturally. Responding more philosophically to the constant churning of Americans, he observed: "If movement and the quick succession of sensations and ideas constitute life, here one lives a hundred fold more than elsewhere; here, all is circulation, motion, and boiling agitation. Experiment follows experiment; enterprise follows enterprise. Riches and poverty follow on each other's traces and each in turn occupies the place of the other."³⁰ New

²⁶John Farmer and Jacob B. Moore, *Gazetteer of the State of New-Hampshire*, Concord, 1823.

²⁷"Commerce and Community: Economic Culture and Internal Improvements in Pennsylvania and Virginia, 1790-1860," Ph.D. Dissertation in history, UCLA, 1994.

²⁸Diane Lindstrom, in *Economic Development in the Philadelphia Region, 1810-1850*, New York, 1978, pp. 11-12, notes the rapidity with which farmers gave up making things when they could buy them, a process expressed statistically as a 2.5% in volume of purchasing for every 1% decrease in price.

²⁹*Travels through the United States of North America*, London, 1799, pp.

³⁰John W. Ward, ed., *Society, Manners, and Politics in the United States*, Garden City, 1961, pp. [Originally published

Englanders came to accept their itch to move as a defining characteristic, but the phenomenon was nationwide. John Jay Smith reported that migrants from Pennsylvania pushed on to the Ohio even though vast tracts of unoccupied land, still dotted with Indians, comprised the center of the state.³¹

Despite this dispersal from the center of population, people in backwoods communities spent a large part of their income to support newspapers, schools and postal service. The normal lapse between settlement and the establishment of a newspaper was less than ten years. From fewer than 100 newspapers in 1790 Americans were buying 22 million copies of 376 papers annually by 1810, the largest aggregate circulation of newspapers of any country in the world. Ten years later, the number of newspapers published in America had more than doubled with a total of 852.³²

Equally impressive was the laying out of new towns and the growth of old cities, especially those of the mid-Atlantic states. We are used to thinking of mushrooming communities on the frontier; what we fail to appreciate is that older towns with growth rates of over 50% per decade were virtually newly-fashioned in terms of people, institutions, houses, stores and work places. Commerce set the pace for development in the first three decades of the nineteenth century as merchants and shopkeepers scoured the urban hinterlands for the food, fibres and skins that could be processed into marketable goods for their stores. While international trade paced American economic growth between 1793 and 1808, domestic consumption led the way in stimulating the American antebellum economy even taking into account the high level of cotton exports.³³

The National Picture

There is a potent irony in the relation between the government and the economy in the early national period. The Constitution offered not one governmental framework for a capitalistic United States, but several, and the sequence in which two of these possibilities were played out, while unintended, proved to be extremely important. The first framework was put into place during George Washington's administration. It provided energetic government through the nation's experienced and uncontested leaders. Achieving stability, particularly in fiscal matters, became their prime goal, and on the way they secured the loyalty of the nation's moneyed elite. By far the most influential figure was Alexander Hamilton who possessed an impressive command of government finance. He took the assorted i.o.u.s which the Continental

in 1839.]

³¹*Recollections of John Jay Smith*, Philadelphia, 1892, p. 32.

³²William Gilmore, "Literacy, The Rise of an Age of Reading, and the Cultural Grammar of Print Communications in America, 1735-1850," *Communication*, 1988 special issue.

³³Allan R. Pred, *Urban Growth and the Circulation of Information*, Cambridge, 1973, pp. 107-09.

Congress had written during the fighting of the War for Independence, most of them passing at half face value if passing at all, and consolidated them into one stock issue. Redeeming the old debt at face value and committing government revenues to regular interest payments, he transformed the worthless Revolutionary debt into an asset for a capital-poor country. He also provided spectacular opportunities for speculators to make a killing.

As Herbert Sloan has detailed recently, Hamilton's goal went beyond funding the revolutionary debt; he also wanted to establish the nation's public credit.³⁴ This meant finding a source of revenue beyond customs duties to sustain the confidence of prospective lenders, especially in times of emergency. Americans have never liked paying taxes, so this was no mean feat. Both the excise of 1794 and the 1798 direct tax provoked violence and a military response, hardly an encouraging sign of the country's tax-paying and tax-enforcing capacity. More to the point the widening distribution of the suffrage created a real possibility of retribution at the polls from ordinary men loath to pay for energetic government and already alerted to the corruption attendant the vigorous exercise of state power.

This first authoritative and centralizing framework established during Washington's administration stirred up fears of an aristocratic resurgence, fears which Jefferson's republican cohorts elaborated into a full-blown and eventually successful opposition movement, but the Jeffersonian movement differed in crucial ways from the one in the 1780s which found popular majorities in the state legislatures using their new power to enact pro-debtor legislation. These were the programs that had galvanized the national elite into organizing a constitutional convention. The Jeffersonian opposition to the Federalists, unlike these earlier democratic efforts, made limited government a democratic goal, a linking of popular will and restricted power the significance of which it would be hard to exaggerate. Democracy, heretofore defined as the exercise of full governmental power by the people, now took on the principles of liberalism, a political philosophy which proposed a rationale for limiting government in deference to individual rights.

In Jefferson's view any concentration of power in government would inevitably end up in the hands of an elite on its way to becoming a corrupt elite. Only with a strict rein on elected officials might ordinary men have the chance to develop their god-given talents. Far from being a closet philosopher, Jefferson moved vigorously and quickly to act on these convictions once elected. He dismantled Hamilton's fiscal program, paying off the debt, reducing taxes, cutting the size of the civil service, and letting the bank charter lapse while popularizing a strict constructionist view of congressional powers. Where Hamilton had maneuvered around the strict constitutional limitation of

³⁴"Whatsoever May Remain Unfinished in Our System of Public Credit": Second Thoughts on Federalist Finance," unpublished paper, 1995 and *Principle and Interest: Thomas Jefferson and the Problem of Debt*, New York, 1995.

Congressional powers with his generous reading of Article One's "necessary and proper" clause, Jefferson welcomed the Constitutional restrictions on government, the Louisiana Purchase notwithstanding.

Had the Federalists passed on their power to like-minded men, the course of economic development in the United States would have been guided by government officials attentive to the nation's major investors. The intertwined social and economic perceptions of a national elite would have informed policies for the country as a whole. Instead a new political movement which was explicitly hostile to the exercise of government authority triumphed just as the United States became a safe place for European investors and the renewed European war increased demand for American goods and shipping. Thus the fiscal stability achieved in Washington's administration redounded to the benefit of ordinary men intent upon liberating themselves from the restraining control of hierarchical institutions.

With large chunks of previously limited or regulated areas of commercial life prised open to all comers, the economy was reconstrued as voluntary, free, even natural. Awareness of the institutional framework of a national market which had been secured by Federalist-inspired policies, not to mention the contribution of the Constitution itself, receded from public consciousness. The economy was a natural system just as Adam Smith had described it. This tendency to think and act as though economic transactions were off limits to legislative intrusion was fortified by the Marshall's court's verdicts rendering contracts immune from the tampering of state legislatures. However much sensationalized as arch-enemies, Jefferson and John Marshall, often worked complementarily as they went their separate ways in the Washington of the early 1800s. By strengthening the constitutional protection of contracts and property, the Supreme Court reduced the scope of federal and state legislative power which in effect limited the range of democratic power. The optimal functioning of the economy was given priority over democratic self-government, but the trade-off has rarely been analyzed in these terms because the reasoning of utility was usurped by the rhetoric of sacred rights and inviolable principles.

When one picks up the story of the American economy in the United States in the early 19th century, I think we would all agree that the institutional and material infrastructure necessary for capitalist development was in place. The interesting questions that remain deal with who made the critical decisions about resources, where the capital came from, what patterned the dynamics of economic growth, and how the rapid and pervasive commercialization was interpreted. Scholars who have described the pro-development efforts of American entrepreneurs are not wrong about this early evidence of interest-based politics. They err, I believe, in describing the opposition to the developers as agrarian, anticapitalist or wedded to a producers' ethic inimicable to market growth.

There is no want of political conflict in this era. Economic ambitions have a way of spawning conflict, particularly

when governments have favors to dispense, as the states did with the licenses, grants, bounties and articles of incorporation at their disposal. For every success which the autobiographies dutifully record, there were far more failures, and the economic downturns of 1807, 1814, 1819 not only destroyed people's hopes, they thoroughly confused a public grappling with unprecedented new ways of calculating their future. The endless churning of people, commodities, payments and schemes through the immature society that was the United States took a terrible toll.

What I have argued is that both in personal terms for the young men seeking early adult independence and escape from rural life and in the particular political terms crafted by opposition to the paternalistic stance of the Federalists, the freedom to innovate, to aspire, to seek a range of individual satisfactions in the market acquired a good reputation. To fail to mark this feature of the early republic is to obscure a very important element in American market development: the creation of a popular culture of enterprise which supported the elaboration of American capitalism. Commerce appeared not as a divisive force to ordinary Americans in the early decades of the nineteenth century, but rather as the carrier of progress for an energetic, disciplined, self-reliant people. Americans identified their nation with commercial development in a way unthinkable in any other country. This fact is integral to the story of "The Foundations of the Market Economy in North America."