

II. ECONOMIC DIFFERENCES BETWEEN JEFFERSON AND HAMILTON

3. THOMAS JEFFERSON FAVORS AN AGRICULTURAL ECONOMY

Thomas Jefferson's views on economic policy are discussed in the following portion of his book, Notes on Virginia, written during the winter of 1781-82. Jefferson was strongly opposed to the industrialization of the United States and wanted the nation to remain agriculturally oriented. He had traveled widely in Europe, had seen the effects of industrialization on living conditions there, and thought an agricultural economy would preserve "happiness and permanence of government" in America. Jefferson's views were representative of the Southern planter interests.³

We never had an interior trade of any importance. Our exterior commerce has suffered very much from the beginning of the present contest. During this time we have manufactured within our families the most necessary articles of clothing. Those of cotton will bear some comparison with the same kinds of manufacture in Europe; but those of wool, flax and hemp are very coarse, unsightly, and unpleasant; and such is our attachment to agriculture, and such our preference for foreign manufactures, that be it wise or unwise, our people will certainly return as soon as they can, to the raising raw materials, and exchanging them for finer manufactures . . .

The political economists of Europe have established it as a principle, that every State should endeavor to manufacture for itself; and this principle, like many others, we transfer to America, without calculating the difference of circumstance which should often produce a difference of result. In Europe the lands are either cultivated, or locked up against the cultivator. Manufacture must therefore be resorted to of necessity not of choice, to support the surplus of their people. But we have an immensity of land courting the industry of the husbandman. Is it best then that all our citizens should be employed in its improvement, or that one half should be called off from that to exercise manu-

factures and handicraft arts for the other? Those who labor in the earth are the chosen people of God, if ever He had a chosen people. . . . Corruption of morals in the mass of cultivators is a phenomenon of which no age nor nation has furnished an example. It is the mark set on those, who, not looking up to heaven, to their own soil and industry, as does the husbandman, for their subsistence, depend for it on casualties and caprice of customers. Dependence begets subservience and venality, suffocates the germ of virtue, and prepares fit tools for the designs of ambition. . . . While we have land to labor then, let us never wish to see our citizens occupied at a workbench, or twirling a distaff. . . . For the general operations of manufacture, let our workshops remain in Europe. It is better to carry provisions and materials to workmen there, than bring them to the provisions and materials, and with them their manners and principles. The loss by the transportation of commodities across the Atlantic will be made up in happiness and permanence of government. The mobs of great cities add just so much to the support of pure government, as sores do to the strength of the human body. It is the manners and spirit of a people which preserve a republic in vigor. A degeneracy in these is a canker which soon sets to the heart of its laws and constitution.

Discussion and Analysis

1. What reasons does Jefferson give for opposing manufacturing in America?
2. Do you agree with his reasons? Why or why not?

³ Thomas Jefferson, *Notes on Virginia*, 1781-82, in *The Writings of Thomas Jefferson*, Vol. I, Andrew A. Lipscomb, ed., Washington, The Thomas Jefferson Memorial Association, 1905, pp. 228-230.



Differences between Hamiltonians (Federalists) and Jeffersonians (Republicans) were often so bitter that, at times, men who held opposing views engaged in physical violence. The contemporary cartoon above depicts such an encounter in Congress in 1789—between Federalist Roger Griswold and Republican Mathew Lyon.

4. ALEXANDER HAMILTON FAVORS AN INDUSTRIAL ECONOMY

On December 5, 1791, Alexander Hamilton presented his Report on Manufactures to Congress. This extensive report was the final step in his overall plan as Secretary of the Treasury to centralize the American government and to industrialize the American economy. Hamilton believed that industrialization and economic self-sufficiency were necessary for the political and economic security of the country. And he believed that the encouragement of manufactures would bridge sectional interests by breeding interdependence between the North and South. His plan, however, was attacked by Southern planter and slaveholding interests as being beneficial mainly to the North, and no legislation resulted from it in Congress.⁴

. . . [T]he trade of a country, which is both manufacturing and agricultural, will be more lucrative and prosperous than that of a country which is merely agricultural. . . .

. . . The importations of manufactured supplies seem invariably to drain the merely agricultural people of their wealth. Let the situation of the manufacturing countries of Europe be compared, . . . with that of countries which only cultivate, and the disparity will be striking. . . . [T]he West India Islands, the soils of which are the most fertile, and the nation which, in the greatest degree, supplies the rest of the world with precious metals, exchange to a loss, with almost every other country.

. . . [E]xperience, at home . . . will lead to the same conclusion. Previous to the Revolution, the quantity of coin possessed by the colonies which now compose the United States, appeared to be inadequate to their circulation; and their debt to Great Britain was progressive. Since the Revolution, the States in which manufactures have most in-

creased, have recovered fastest from the injuries of the late war, and abound most in pecuniary [financial] resources. . . .

Not only the wealth, but the independence and security of a country, appear to be materially connected with the prosperity of manufactures. Every nation, with a view to those great objects, ought to endeavor to possess within itself, all the essentials of national supply. These comprise the means of subsistence, habitation, clothing, and defense.

The possession of these is necessary . . . to the safety as well as to the welfare of the society. The want of either is the want of an important organ of political life and motion; and in the various crises which await a State, it must severely feel the effects of any such deficiency. The extreme embarrassments of the United States, during the late war, from an incapacity of supplying themselves, are

⁴ Alexander Hamilton, *Report on Manufactures*, December 5, 1791, in *The Works of Alexander Hamilton*, Vol. III, John C. Hamilton, ed., New York, Charles S. Francis & Company, 1851, pp. 236-243.

still matter of keen recollection; a future war might be expected again to exemplify the mischiefs and dangers of a situation, to which the incapacity is still, in too great a degree, applicable, unless changed by timely and vigorous exertion. To effect this change, as fast as shall be prudent, merits all the attention and all the zeal of our public councils: 'tis the next great work to be accomplished. . . .

One more point of view only remains, in which to consider the expediency of encouraging manufactures in the United States.

It is not uncommon to meet with an opinion, that, though the promoting of manufactures may be the interest of a part of the Union, it is contrary to that of another part. The Northern and Southern regions are sometimes represented as having adverse interests in this respect. Those are called manufacturing, these agricultural States; and a species of opposition is imagined to subsist between the manufacturing and agricultural interests.

This idea of an opposition between those two interests, is the common error of the early periods of every country; but experience gradually dissipates it. Indeed, they are perceived so often to succor and befriend each other, that they come at length to be considered as one . . . Particular encouragements of particular manufactures may be of a nature to sacrifice the interests of landholders to those of manufacturers; but it is nevertheless a maxim, well established by experience, and generally acknowledged, where there has been sufficient experience, that the aggregate [total] prosperity of manufactures and the aggregate prosperity of agriculture are intimately connected. . . .

Ideas of a contrariety of interests between the Northern and Southern regions of the Union, are, in the main, as unfounded as they are mischievous. . . . Mutual wants constitute

one of the strongest links of political connection; . . .

. . . If the Northern and Middle States should be the principal scenes of such establishments, they would immediately benefit the more Southern, by creating a demand for productions, . . . which are either peculiar to them, or more abundant, or of better quality, than elsewhere. These productions, principally, are timber, flax, hemp, cotton, wool, raw silk, indigo, iron, lead, furs, hides, skins, and coals; of these articles, cotton and indigo are peculiar to the Southern States, as are, hitherto, lead and coal; flax and hemp are, or may be, raised in greater abundance there, than that in the more Northern States; and the wool of Virginia is said to be of better quality than of any other State—a circumstance rendered the more probable, by the reflection, that Virginia embraces the same latitudes with the finest wool countries of Europe. The climate of the South is also better adapted to the production of silk.

The extensive cultivation of cotton, can, perhaps, hardly be expected but from the previous establishment of domestic manufactures of the article; and the surest encouragement and vent [outlet] for the others, would result from similar establishments in respect to them.

If, then, it satisfactorily appears, that it is the interest of the United States, generally, to encourage manufactures, it merits particular attention, that there are circumstances which render the present a critical moment for entering, with zeal, upon the important business.

Discussion and Analysis

1. *What reasons does Hamilton give for encouraging manufacturing in America?*
2. *Do you agree with his reasons? Why or why not?*

DISCUSSION AND ANALYSIS: SECTION II

1. Why does Jefferson favor the importation of manufactured goods to America? Why does Hamilton oppose it?
2. Why does Jefferson believe that an industrial economy would weaken America? Why does Hamilton believe an industrial economy would strengthen the nation?
3. Do you think that Hamilton's plan for encouraging manufactures would mainly benefit Northern interests or would it benefit the nation as a whole?