7-1 Hamilton Diverges from Jefferson on the Economy

ALEXANDER HAMILTON, Letter to Edward Carrington (1792)

The political crisis of the 1790s was fueled by more than personality. However, two strong individuals dominated the era, and their difficult relationship helps to clarify the issues up for debate. In this selection and the next, Alexander Hamilton and Thomas Jefferson reveal some of the political disagreements that drove the early national era, mostly centered on divergent views of the economy, Hamilton's important reports on manufactures, public credit, and the national bank outlined a Federalist political-economic agenda, which Jefferson and James Madison opposed. While Hamilton's letter highlights these policy disputes, it also reveals the personal dimension of the political conflicts in an era before the trappings of political party became institutionalized.

It was not till the last session that I became unequivocally convinced of the following truth: "that Mr. Madison, cooperating with Mr. Jefferson, is at the head of a faction decidedly hostile to me and my administration; and actuated by views, in my judgment, subversive of the principles of good government and dangerous to the Union, peace, and happiness of the country."

These are strong expressions, they may pain your friendship for one or both of the gentlemen whom I have named. I have not lightly resolved to hazard them. They are the result of a serious alarm in my mind for the public welfare, and of a full conviction that what I have alleged is a truth, and a truth which ought to be told, and well attended to by all the friends of the Union and efficient national government. The suggestion will, I hope, at least, awaken attention free from the bias of former prepossessions.

This conviction, in my mind, is the result of a long train of circumstances, many of them minute. To attempt to detail them all would fill a volume. I shall therefore confine myself to the mention of a few.

First. — As to the point of opposition to me and my administration.

Mr. Jefferson, with very little reserve, manifests his dislike of the funding system generally, calling in question the expediency of funding a debt at all. Some expressions, which he has dropped in my presence (sometimes without sufficient attention to delicacy), will not permit me to doubt on this point representations which I have had from various respectable quarters. I do not mean that he advocates directly the undoing of what has been done, but he censures the whole, on principles which, if they should become general, could not but end in the subversion of the system.

In various conversations, with foreigners as well as citizens, he has thrown censure on my principles of government and on my measures of administration. He has predicted that the people would not long tolerate my proceedings, and that I should not long maintain my ground. Some of those whom he immediately

and notoriously moves have even whispered suspicions of the rectitude of my motives and conduct. In the question concerning the bank he not only delivered an opinion in writing against its constitutionality and expediency, but he did it in a style and manner which I felt as partaking of asperity [harshness] and ill humor toward me. As one of the trustees of the sinking fund, I have experienced in almost every leading question opposition from him. When any turn of things in the community has threatened either odium or embarrassment to me, he has not been able to suppress the satisfaction which it gave him.

With regard to Mr. Madison, the matter stands thus: I have not heard, but in the one instance to which I have alluded, of his having held language unfriendly to me in private conversation, but in his public conduct there has been a more uniform and persevering opposition than I have been able to resolve into a sincere difference of opinion. I cannot persuade myself that Mr. Madison and I, whose politics had formerly so much the same point of departure, should now diverge so widely in our opinions of the measures which are proper to be pursued. The opinion I once entertained of the candor and simplicity and fairness of Mr. Madison's character, has, I acknowledge, given way to a decided opinion that it is one of a peculiarly artificial and complicated kind.

Mr. Jefferson is an avowed enemy to a funded debt. Mr. Madison disavows, in public, any intention to undo what has been done, but, in private conversation with Mr. Charles Carroll, Senator . . . he favored the sentiment in Mr. Mercer's speech, that a Legislature had no right to fund the debt by mortgaging permanently the public revenues, because they had no right to bind posterity. The inference is that what has been unlawfully done may be undone.

The discourse of partisans in the Legislature, and the publication in the party newspapers, direct their main battery against the principle of a funded debt, and represent it in the most odious light as a perfect Pandora's box . . .

Whatever were the original merits of the funding system, after having been so solemnly adopted, and after so great a transfer of property under it, what would become of the government should it be reversed? What of the national reputation? Upon what system of morality can so atrocious a doctrine be maintained? In me, I confess it excited indignation and horror!

What are we to think of those maxims of government by which the power of a Legislature is denied to bind the nation, by a contract in the affair of property for twenty-four years? For this is precisely the case of the debt. What are to become of all the legal rights of property, of all charters to corporations, nay, of all grants to a man, his heirs and assigns, for ever; if this doctrine be true? What is the term for which a government is in capacity to contract? Questions might be multiplied without end, to demonstrate the perniciousness and absurdity of such a doctrine.

In almost all the questions, great and small, which have arisen since the first session of Congress, Mr. Jefferson and Mr. Madison have been found among those who are disposed to narrow the federal authority. The question of a national bank is one example. The question of bounties to the fisheries is another. Mr. Madison resisted it on the ground of constitutionality, till it was evident, by the intermediate questions taken, that the bill would pass; and he then, under the
wretched subterfuge of a change of a single word, "bounty" for "allowance," went over to the majority, and voted for the bill. On the militia bill, and in a variety of minor cases, he has leaned to abridging the exercise of federal authority, and leaving as much as possible to the States; and he lost no opportunity of sounding the alarm, with great affected solemnity, at encroachments, meditated on the rights of the States, and of holding up the bugbear of a faction in the government having designs unfriendly to liberty.

This kind of conduct has appeared to me the more extraordinary on the part of Mr. Madison, as I know for a certainty, it was a primary article in his creed, that the real danger in our system was the subversion of the national authority by the preponderancy of the State governments. All his measures have proceeded on an opposite supposition. . . .

In respect to foreign politics, the views of these gentlemen are, in my judgment, equally unsound and dangerous. They have a womanish attachment to France and a womanish resentment against Great Britain. They would draw us into the closest embrace of the former, and involve us in all the consequences of her politics; and they would risk the peace of the country in their endeavors to keep us at the greatest possible distance from the latter. This disposition goes to a length, particularly in Mr. Jefferson, of which, till lately, I had no adequate idea. Various circumstances prove to me that if these gentlemen were left to pursue their own course, there would be, in less than six months, an open war between the United States and Great Britain.

I trust I have a due sense of the conduct of France towards this country in the late revolution; and that I shall always be among the foremost in making her every suitable return; but there is a wide difference between this and implicating ourselves in all her politics; between bearing good-will to her and hating and wrangling with all those whom she hates. The neutral and the pacific policy appears to me to mark the true path to the United States. . . .

Mr. Jefferson, it is known, did not in the first instance cordially acquiesce in the new Constitution for the United States; he had many doubts and reserves. He left this country before we had experienced the imbecilities of the former.

In France, he saw government only on the side of its abuses. He drank freely of the French philosophy, in religion, in science, in politics. He came from France in the moment of a fermentation, which he had a share in exciting, and in the passions and feelings of which he shared both from temperament and situation.

He came here probably with a too partial idea of his own powers; and with the expectation of a greater share in the direction of our councils than he has in reality enjoyed. I am not sure that he had not peculiarly marked out for himself the department of the finances.

He came, electrified plus with attachment to France, and with the project of knitting together the two countries in the closest political bands.

Mr. Madison had always entertained an exalted opinion of the talents, knowledge, and virtues of Mr. Jefferson. The sentiment was probably reciprocal. A close correspondence subsisted between them during the time of Mr. Jefferson's absence from the country. A close intimacy arose upon his return.
Whether any peculiar opinions of Mr. Jefferson's concerning the public debt wrought a change in the sentiments of Mr. Madison (for it is certain that the former is more radically wrong than the latter), or whether Mr. Madison, seduced by the expectation of popularity, and possibly by the calculation of advantage to the State of Virginia, was led to change his own opinion, certain it is that a very material change took place, and that the two gentlemen were united in the new ideas....

Attempts were made by these gentlemen, in different ways, to produce a commercial warfare with Great Britain. In this, too, they were disappointed. And, as they had the liveliest wishes on the subject, their dissatisfaction has been proportionally great; and, as I had not favored the project, I was comprehended in their displeasure.

These causes, and perhaps some others, created, much sooner than I was aware of it, a systematic opposition to me, on the part of these gentlemen. My subversion, I am now satisfied, has been long an object with them....

Under the influence of all these circumstances the attachment to the government of the United States, originally weak in Mr. Jefferson's mind, has given way to something very like dislike in Mr. Madison's. It is so counteracted by personal feelings as to be more an affair of the head than of the heart; more the result of a conviction of the necessity of Union than of cordiality to the thing itself. I hope it does not stand worse than this with him.

In such a state of mind both these gentlemen are prepared to hazard a great deal to effect a change. Most of the important measures of every government are connected with the treasury. To subvert the present head of it, they deem it expedient to risk rendering the government itself odious; perhaps foolishly thinking that they can easily recover the lost affections and confidence of the people, and not appreciating, as they ought to do, the natural resistance to government, which in every community results from the human passions, the degree to which this is strengthened by the *organized rivalry* [sic] of State governments, and the infinite danger that the national government, once rendered odious, will be kept so by these powerful and indefatigable enemies....

In giving you this picture of political parties, my design is, I confess, to awaken your attention, if it has not yet been awakened, to the conduct of the gentlemen in question. If my opinion of them is founded, it is certainly of great moment to the public weal that they should be understood. I rely on the strength of your mind to appreciate men as they merit, when you have a clue to their real views.

A word on another point. I am told that serious apprehensions are disseminated in your State as to the existence of a monarchical party meditating the destruction of State and republican government. If it is possible that so absurd an idea can gain ground, it is necessary that it should be combated. I assure you, on my private faith and honor as a man, that there is not, in my judgment, a shadow of foundation for it. A very small number of men indeed may entertain theories less republican than Mr. Jefferson and Mr. Madison, but I am persuaded there is not a man among them who would not regard as both criminal and visionary any
attempt to subvert the republican system of the country. Most of these men rather fear that it may not justify itself by its fruits, than feel a predilection for a different form; and their fears are not diminished by the factious and fanatical politics which they find prevailing among a certain set of gentlemen and threatening to disturb the tranquility and order of the government.

As to the destruction of State governments, the great and real anxiety is to be able to preserve the national from the too potent and counteracting influence of those governments. As to my own political creed, I give it to you with the utmost sincerity. I am affectionately attached to the republican theory. I desire above all things to see the equality of political rights, exclusive of all hereditary distinction, firmly established by a practical demonstration of its being consistent with the order and happiness of society. . . .

I said that I was affectionately attached to the republican theory. This is the real language of my heart, which I open to you in the sincerity of friendship; and I add that I have strong hopes of the success of that theory; but, in candor, I ought also to add that I am far from being without doubts. I consider its success as yet a problem.

It is yet to be determined by experience whether it be consistent with that stability and order in government which are essential to public strength and private security and happiness. On the whole, the only enemy which Republicanism has to fear in this country is in the spirit of faction and anarchy. If this will not permit the ends of government to be attained under it, if it engenders disorders in the community, all regular and orderly minds will wish for a change, and the demagogues who have produced the disorder will make it for their own aggrandizement. This is the old story.

If I were disposed to promote monarchy and overthrow State governments, I would mount the hobby-horse of popularity; I would cry out “usurpation,” “danger to liberty,” etc., etc.; I would endeavor to prostrate the national government, raise a ferment, and then “ride in the whirlwind, and direct the storm.” That there are men acting with Jefferson and Madison who have this in view, I verily believe; I could lay my finger on some of them. That Madison does not mean it, I also verily believe; and I rather believe the same of Jefferson, but I read him upon the whole thus: “A man of profound ambition and violent passions.”

READING AND DISCUSSION QUESTIONS

1. What do Hamilton’s views on the economy suggest about his larger political philosophy?

2. What is the nature of this dispute with Jefferson and Madison? How does Hamilton explain their relationship?

3. What insight about the conduct of early national politics does Hamilton’s letter reveal? What does it suggest about the emergence of political parties and the role they played in national politics?
7-2 | Jefferson’s Agrarian Vision for the New Republic

THOMAS JEFFERSON, Notes on the State of Virginia (1781)

Thomas Jefferson had a distinguished political career even before assuming the presidency in 1801. Son of a prominent Virginia family, Jefferson took his position at the front of colonial politics, serving in the Second Continental Congress, as governor of Virginia, minister to France, secretary of state, and vice president. While serving as secretary of state under Washington, he sparred with Hamilton over the direction of the young republic, especially with regard to the economy and whether it should be centered on agriculture or manufacturing. During the 1780s, Jefferson wrote and published his major work, Notes on the State of Virginia, in which he offers his own vision of America’s economic future, one clearly at odds with Hamilton’s views.

The Present State of Manufactures, Commerce, Interior and Exterior Trade

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 [of] raw materials, and exchanging them for finer manufactures than they are able to execute themselves.

The political economists of Europe have established it as a principle that every state should endeavour 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 manufactures and handicraft arts for the other? Those who labour in the earth are the chosen people of God, if ever he had a chosen people, whose breasts he has made his peculiar deposit for substantial and genuine virtue. It is the focus in which he keeps alive that sacred fire, which otherwise might escape from the face of the earth. 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 subsistance, depend for it on the casualties and caprice of customers. Dependance begets subservience and venality, suffocates the germ of virtue, and prepares fit tools for the designs of ambition. This, the natural progress and consequence of the arts, has sometimes perhaps been retarded by accidental circumstances: but, generally speaking, the proportion which the aggregate of the other classes of citizens bears in any state to that of its husbandmen, is the proportion of its unsound to its healthy parts, and is a good-enough barometer whereby to measure its degree of corruption. While we have land to labour then, let us never wish to see our citizens occupied at a work-bench, or twirling a distaff. Carpenters, masons, smiths, are wanting in husbandry: but, for the general operations of manufacture, let our work-shops 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 vigour. A degeneracy in these is a canker which soon eats to the heart of its laws and constitution.

It should be our endeavour to cultivate the peace and friendship of every nation, even of that which has injured us most, when we shall have carried our point against her. Our interest will be to throw open the doors of commerce, and to knock off all its shackles, giving perfect freedom to all persons for the vent of whatever they may choose to bring into our ports, and asking the same in theirs. Never was so much false arithmetic employed on any subject, as that which has been employed to persuade nations that it is their interest to go to war. Were the money which it has cost to gain, at the close of a long war, a little town, or a little territory, the right to cut wood here, or to catch fish there, expended in improving what they already possess, in making roads, opening rivers, building ports, improving the arts, and finding employment for their idle poor, it would render them much stronger, much wealthier and happier. This I hope will be our wisdom. And, perhaps, to remove as much as possible the occasions of making war, it might be better for us to abandon the ocean altogether, that being the element whereon we shall be principally exposed to jostle with other nations: to leave to others to bring what we shall want, and to carry what we can spare. This would make us invulnerable to Europe, by offering none of our property to their prize, and would turn all our citizens to the cultivation of the earth; and, I repeat it again, cultivators of the earth are the most virtuous and independent citizens. It might be time enough to seek employment for them at sea, when the land no longer offers it. But the actual habits of our countrymen attach them to commerce. They will exercise it for themselves. Wars then must sometimes be our lot; and all the wise can do, will be to avoid that half of them which would be produced by our own follies, and our own acts of injustice; and to make for the other half the best preparations we can. Of what nature should these be? A land army would be useless for offence, and not the best nor safest instrument of defence. For
either of these purposes, the sea is the field on which we should meet an European enemy. On that element it is necessary we should possess some power. To aim at such a navy as the greater nations of Europe possess, would be a foolish and wicked waste of the energies of our countrymen. It would be to pull on our own heads that load of military expence, which makes the European labourer go supperless to bed, and moistens his bread with the sweat of his brows. It will be enough if we enable ourselves to prevent insults from those nations of Europe which are weak on the sea, because circumstances exist, which render even the stronger ones weak as to us. Providence has placed their richest and most defenceless possessions at our door; has obliged their most precious commerce to pass as it were in review before us. . . .

The value of our lands and slaves, taken conjunctly, doubles in about twenty years. This arises from the multiplication of our slaves, from the extension of culture, and increased demand for lands. The amount of what may be raised will of course rise in the same proportion.

READING AND DISCUSSION QUESTIONS

1. In one of the most famous lines in Notes, Jefferson writes that "those who labor in the earth are the chosen people of God." He meant white farmers, not African slaves, but why do you think he acceded them such respect?

2. How does this source help you to understand Jefferson's opposition to Hamilton's economic policies?

7-3 A Federalist Warns Against French Influence on American Politics

FISHER AMES, Foreign Politics (c. 1801-1805)

While economics was one source of division in the new republic, foreign affairs was another. During the 1790s, as the French Revolution broke out, leading to the executions of the absolutist King Louis XVI and the triumph of "liberté, égalité, fraternité," Federalists and Republicans (as Jefferson's supporters were called) took sides, interpreting the French Revolution in light of their own. Jeffersonian Republicans supported the French Revolutionaries, who seemed to embrace the same republican ideals that had fueled the American Revolution. Federalists like Fisher Ames, whose essay on "Foreign Politics" is excerpted here, were horrified, especially after the French Revolution darkened into a "Reign of Terror." For Federalists, the excesses of the French Revolution bespoke the dangers of too much liberty. Here, Ames despairs of a Jeffersonian infatuation with France.

European events have long had such a monopoly of the attention of Americans, that we scarcely find leisure or disposition to backbite and persecute each other,