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The Rise of Capitalism in the Early Republic

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(This special issue on the transition to capitalism in the early republic continues the efforts of the Journal of the Early Republic to foster scholarly conversation about the leading issues that challenge our readers. The editors wish to express their deepest gratitude to special editor Paul A. Gilje, who solicited these essays and guided them through preparation for publication. We also wish to thank the seven other contributors whose new thoughts on the transition to capitalism give this collection its special force and timely importance. JLL/MAM)

THE RISE OF CAPITALISM IN THE EARLY REPUBLIC

Paul A. Gilje

Why is the study of the rise of capitalism important in the early republic? Twenty-five years ago most historians of the early republic assumed capitalism as a constant and focused largely on political issues, the controversies between Hamilton and Jefferson, the origins of the War of 1812, and the nature of Jacksonian democracy dominated their scholarship. Since that time some scholars have argued that capitalism was not always a part of the American mentality, and there has been an upsurge of new studies examining society and the economy as well as politics. Focusing on the rise of capitalism allows us to see the intersection of these three areas.¹

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¹ Three articles in the late 1970s served as the clarion for a reappraisal of the assumption that America was always capitalistic: Michael Merrill, "'Cash is Good to Eat': Self-Sufficiency and Exchange in the Rural Economy of the United States," *Radical History Review*, 4 (Winter 1977), 42-71; Robert E. Mutch, "Yeoman and merchant in pre-Industrial America: eighteenth-century Massachusetts as a case study," *Societas*, 7 (Autumn 1977), 279-302; and James A. Henretta, "Families and Farms: *Mentalité* in Pre-Industrial America," *William and Mary Quarterly*, 35 (Jan. 1978), 3-32.

The early republic, it turns out, was *a* crucial, if not *the* crucial, period in the development of that trademark characteristic of American society and economy, modern capitalism. In some degree Carl Degler was right to declare that capitalism came in the first ships bringing Europeans to the New World.² Fernand Braudel, too, was correct when he traced the emergence of western capitalism to the development of city states at the end of the medieval period.³ But here we are interested not with the origins of capitalism but with its rise to a point where it permeated and affected a large component of American society. We are concerned with how capitalism crept into the consciousness of men and women, be they from merchant, farming, artisan, or laboring families.

Capitalism, however, is a slippery concept widely debated by historians. Some scholars search for the emergence of a capitalist system that controls the economy. Others are concerned with the dominance of certain structures and power relations where the capitalists not only own the means of production, but also hold the reins of political power. Some scholars center their analysis around the triumph of commercial transactions over many paternalistic social connections and sentimental attachments. Still others look for capitalistic behaviors and the adoption of core values rooted in individualism, competition, and the arbitration of market mechanisms.⁴ No introductory

² Carl Degler, *Out of Our Past: The Forces that Shaped Modern America* (1959; 3d. ed., New York, 1984), 1-8. For an interesting discussion of the capitalism on those ships see Marcus Rediker, *Between the Devil and the Deep Blue Sea: Merchant Seamen, Pirates, and the Anglo-American Maritime World, 1700-1750* (New York, 1987).

³ Fernand Braudel, *Civilization and Capitalism, 15th-18th Century*, Vol. I: *The Structures of Everyday Life*, trans. Sian Reynolds (3 vols., New York, 1981-1984), 479-558; Braudel, *Civilization and Capitalism*, II, 232-49; Braudel, *Capitalism and Material Life, 1400-1800*, trans. Miriam Kochan (New York, 1973), 373-440.

⁴ For good summaries of the debate see Allan Kulikoff, "The Transition to Capitalism in Rural America," *William and Mary Quarterly*, 46 (Jan. 1989), 120-44; Michael Merrill, "Putting 'Capitalism' in Its Place: A Review of Recent Literature," *ibid.*, 52 (Apr. 1995), 315-26; Christopher Clark, "Economics and Culture: Opening Up the Rural History of the Early American Northeast," *American Quarterly*, 43 (June 1991), 279-301; Paul E. Johnson, "The Market Revolution" in Mary Kupiec Cayton *et al.*, eds., *Encyclopedia of American Social History* (3 vols., New York, 1993), I, 545-60; Jack Larkin, "Massachusetts Enters the Marketplace, 1790-1860," in Martin Kaufman *et al.*, eds., *A Guide to the History of Massachusetts* (New York, 1988), 69-82; Robert E. Mutch, "Colonial America and the Debate About Transition to Capitalism," *Theory and Society*, 9 (Nov. 1980), 847-63; Winifred B.

essay will resolve this debate, and each contributor to the symposium that follows approaches the subject from his or her own unique

Rothenberg, "The Bound Prometheus," *Reviews in American History*, 15 (Dec. 1987), 628-37; Daniel Vickers, "The Transition to Capitalism in the American Northeast," *History Teacher*, 27 (May 1994), 267-69; and Thomas S. Wermuth, "Were Early Americans Capitalists? An Overview of the Development of Capitalist Values and Beliefs in Early America," *Mid-America*, 74 (Jan. 1992), 85-97. For major statements in the debate see Jeremy Atack and Fred Bateman, *To Their Own Soil: Agriculture in the Antebellum North* (Ames, 1987); Atack and Bateman, "Yeoman Farming: Antebellum America's Other 'Peculiar Institution,'" in Lou Ferleger, ed., *Agriculture and National Development: Views on the Nineteenth Century* (Ames, 1990), 25-51; Hal S. Barron, *Those Who Stayed Behind: Rural Society in Nineteenth-Century New England* (New York, 1984); Michael A. Bernstein and Sean Wilentz, "Marketing, Commerce, and Capitalism in Rural Massachusetts," *Journal of Economic History*, 44 (Mar. 1984), 171-73; John L. Brooke, *The Heart of the Commonwealth: Society and Political Culture in Worcester County, Massachusetts, 1713-1861* (New York, 1989); Richard L. Bushman, "Family Security in the Transition from Farm to City, 1750-1850," *Journal of Family History*, 6 (July 1981), 238-56; Christopher Clark, *The Roots of Rural Capitalism: Western Massachusetts, 1780-1860* (Ithaca, 1990); Steven Hahn and Jonathan Prude, eds., *The Countryside in the Age of Capitalist Transformation: Essays in the Social History of Rural America* (Chapel Hill, 1985); James A. Henretta, *The Origins of American Capitalism: Collected Essays* (Boston, 1991); Stephen Innes, *Creating the Commonwealth: The Economic Culture of Puritan New England* (New York, 1995); Innes, ed., *Work and Labor in Early America* (Chapel Hill, 1988); Allan Kulikoff, *The Agrarian Origins of American Capitalism* (Charlottesville, 1992); James T. Lemon, *The Best Poor Man's Country: A Geographical Study of Early Southeastern Pennsylvania* (Baltimore, 1972); Michael Merrill, "The Anticapitalist Origins of the United States," *Review: Fernand Braudel Center*, 13 (Fall 1990), 465-97; Merrill, "'Capitalism' and Capitalism," *History Teacher*, 27 (May 1994), 277-80; Merrill and Sean Wilentz, eds., *The Key of Liberty: The Life and Democratic Writings of William Manning, "A Laborer," 1747-1814* (Cambridge, MA, 1993); Gregory H. Nobles, "The Rise of Merchants in Rural Market Towns: A Case Study of Eighteenth-Century Northampton, Massachusetts," *Journal of Social History*, 24 (Fall 1990), 5-23; Nancy Grey Osterud, "Gender and the Transition to Capitalism in Rural America," *Agricultural History*, 67 (Spring 1993), 14-29; Osterud, "Gender and the Capitalist Transition in Rural America," *History Teacher*, 27 (May 1994), 273-76; Bettye Hobbs Pruitt, "Self-Sufficiency and the Agricultural Economy," *William and Mary Quarterly*, 41 (July 1984), 333-64; Marcus Rediker, "'Good Hands, Stout Heart, and Fast Feet': The History and Culture of Working People in Early America," *Labour*, 10 (Autumn 1982), 123-44; Winifred B. Rothenberg, "The Market and Massachusetts Farmers, 1750-1855," *Journal of Economic History*, 41 (June 1981), 283-314; Rothenberg, "The Market and Massachusetts Farmers: Reply," *ibid.*, 43 (June 1983), 479-80; Rothenberg, "Markets, Values and Capitalism: A Discourse on Method," *ibid.*, 44 (Mar. 1984), 174-78; Rothenberg, "The Emergence of a Capital Market in Rural Massachusetts, 1730-1838," *ibid.*, 45 (Dec. 1985), 781-808; Rothenberg, "The Emergence of Farm Labor Markets and the Transformation of the Rural Economy: Massachusetts, 1750-1855," *ibid.*, 48 (Sept. 1988), 537-66; Rothenberg, *From Market Places to a Market Economy: The Transformation of Rural*

perspective. Here I will briefly examine the salient areas of the transition to capitalism during the early republic, suggest what it is that concentrates these developments in this period, and outline how the essays in this symposium contribute to our understanding of the rise of capitalism.

In surveying the rise of capitalism in the early republic, we must be aware that in this period capitalism itself remained in its adolescence. Vibrant, cocky, feeling its own strength, and ready to take on the world, it was not the full-blown mature system of billion-dollar corporations, industrial development, urban sprawl, and intricate international financing that took shape by the end of the century. Yet as we stare into the exuberance of its youth, we can delineate many of the outlines of the capitalist system far more clearly than we could from its embryonic earlier expressions in the colonial and medieval periods. The capitalism locked in the holds of the *Santa Maria*, the *Susan Constant*, the *Mayflower*, and the *Arabella*, or confined within the walls of Pisa, Florence, Venice, and Genoa scarcely matched the system that forged the steel and oil empires of Andrew Carnegie and John D. Rockefeller. The early republic, in this longer view of history, emerges as a key transitional period. More than that, it was in this period that many of the later elements of capitalism—a flexible currency, banking, corporations, transportation systems, industrialization, and pervasive consumerism—began to take on a recognizable shape.

The first of these characteristics concerns money. A capitalistic system must have a fluid, expansive, and extensive money supply. If it is somewhat inflationary, thus encouraging investment and

Massachusetts, 1750-1850 (Chicago, 1992); Carole Shammas, "Consumer Behavior in Colonial America," *Social Science History*, 6 (Winter 1982), 67-86; Daniel Vickers, "Competency and Competition: Economic Culture in Early America," *William and Mary Quarterly*, 47 (Jan. 1990), 3-29; Vickers, *Farmers and Fishermen: Two Centuries of Work in Essex County, Massachusetts, 1630-1850* (Chapel Hill, 1994); Rona S. Weiss, "The Market and Massachusetts Farmers, 1750-1850: Comment," *Journal of Economic History*, 43 (June 1983), 475-78; and Stephanie Grauman Wolf, *Urban Village: Population, Community, and Family Structure in Germantown, Pennsylvania, 1683-1800* (Princeton, 1976). For synthetic discussion of the period see Gordon S. Wood, *The Radicalism of the American Revolution* (New York, 1991); and Charles Sellers, *The Market Revolution, 1815-1846* (New York, 1991). See also Sean Wilentz, "Society, Politics, and the Market Revolution, 1815-1848," in Eric Foner, ed., *The New American History* (Philadelphia, 1990), 51-71.

borrowing, so much the better. During the early republic government and private enterprise combined to provide a dynamic currency. Both the Continental Congress and the individual state legislatures, based on colonial precedent, printed vast quantities of fiat currency to fund the War for Independence. Although these measures proved hyperinflationary in the short term, efforts undertaken by several states during the 1780s and by the national government under Hamilton's program in the 1790s, helped stabilize the monetary situation. The United States Constitution prevented states from printing their own money, and the federal government, although expanding a capital market in government bonds, also discontinued the practice of issuing paper currency.⁵ Into this void stepped a new institution for the American economy—the bank.

Banks as institutions were marvelous (and I do not mean this term in a necessarily positive manner) tools for creating capital. They literally pulled money out of thin air. Before 1781 there were no banks in what was to become the United States. In 1781 Robert Morris organized the Bank of North America, followed by two other institutions in the 1780s and then by Hamilton's Bank of the United States in 1791. Thereafter banks began to proliferate as states issued charter after charter so that by the 1830s there were over two thousand banks spread across the United States. Each of these institutions printed its own notes, creating a patchwork currency that boggles the mind in terms of size, color, and design. Although this lack of consistency proved confusing (and a boon to counterfeiters) it worked wonders during the early republic by providing both a means of exchange, and increasing levels of capital for investment. These banks printed more currency than their net worth and cash reserves. This new money was then invested in land, mercantile activities, transportation facilities, even industrial production, fabricating more

⁵ E. James Ferguson, *The Power of the Purse: A History of American Public Finance, 1776-1790* (Chapel Hill, 1961); Ferguson, "Political Economy, Public Liberty, and the Formation of the Constitution," *William and Mary Quarterly*, 40 (July 1983), 389-412; Drew R. McCoy, *The Elusive Republic: Political Economy in Jeffersonian America* (Chapel Hill, 1980); Janet A. Riesman, "Money, Credit, and Federalist Political Economy," in Richard Beeman *et al.*, eds., *Beyond Confederation: Origins of the Constitution and American National Identity* (Chapel Hill, 1987), 128-61; Edwin J. Perkins, *American Public Finance and Financial Services, 1700-1815* (Columbus, OH, 1994); Gerald Stourzh, *Alexander Hamilton and the Idea of Republican Government* (Stanford, 1970).

wealth which might be used to underwrite more banks, which printed more money, which expanded the economy further. Bank directors had no qualms about lending themselves money to underwrite their investment in the bank and in other forms of enterprise. Of course there were times when these inflationary bubbles would burst, but inevitably the cycle would start up again, driven, in part by the creative energies of bankers.⁶

Americans did not invent banking, they democratized it. Initially banks even in the United States were elitist institutions. Robert Morris intended his bank as an aid to public finance and as means to facilitate mercantile activity.⁷ Likewise, Hamilton planned for the Bank of the United States to have a privileged relationship with the federal government. The United States owned one fifth of the bank, allowed the bank to hold its cash, and used the bank as its financial instrument. Hamilton intended to tie the monied interest to the national government through the Bank of the United States.⁸ But privilege in the increasingly egalitarian United States was difficult to maintain. Other groups quickly petitioned for their own banks, and although it was a struggle at first, soon almost anyone with capital could form their own bank. Even the Bank of the United States, often attacked as monopolistic, spread its wealth by establishing quasi-independent branch banks. Banks, in other words, provided the capital that became the driving engine of the American economy. Insider trading, the loaning of money by the bank directors to themselves that would be decried today as illegal, fostered this democracy by allowing small shareholders and depositors to participate in the capital investments of the large shareholders.⁹

Another signal characteristic of the rise of American capitalism was the emergence of the corporation as a vehicle of capital

⁶ Naomi R. Lamoreaux, *Insider Lending: Banks, Personal Connections, and Economic Development in Industrial New England* (New York, 1994). The definitive work on banking remains Bray Hammond, *Banks and Politics in America, From the Revolution to the Civil War* (Princeton, 1957). See also Robert M. Blackson, "Pennsylvania Banks and the Panic of 1819: A Reinterpretation," *Journal of the Early Republic*, 9 (Fall 1989), 335-58.

⁷ Thomas M. Doerflinger, *A Vigorous Spirit of Enterprise: Merchants and Economic Development in Revolutionary Philadelphia* (Chapel Hill, 1986), 268-73, 296-310; Hammond, *Banks and Politics*, 40-64.

⁸ McCoy, *Elusive Republic*, 147-52.

⁹ Hammond, *Banks and Politics*, 144-71, 572-630; Lamoreaux, *Insider Lending*.

investment. The reason why banks became democratized was that they relied on charters of incorporation from elected governments. Corporations originally were special grants of privilege (often a monopoly) to private individuals to pursue an activity for the general welfare. Morris, Hamilton, and the other men who organized the first banks argued that their institutions would pursue the public good. In the years that followed, that notion deteriorated, and a new understanding of "corporation" evolved. Privilege might have survived if it did not have to rely on elected officials from a broadening electorate of white adult males. Under a barrage of attacks about whose welfare was being furthered, all economic activity began to be seen as pursuing the public good and corporations became a means to pool investment resources for banks as well as many other enterprises. By the 1820s and 1830s the state legislatures became so inundated with petitions for incorporation that they passed laws of general incorporation that sidestepped the questioning of public good and opened this tool of capitalism to any would-be entrepreneur. At the same time the legal system moved to extend the concept of limited liability to all corporations. Although this provision was not completely in place until the 1850s, the courts before that decade protected the assets of most investors not dedicated to the specific corporation. Risk became encouraged, investments proliferated, and capitalism expanded.¹⁰

Banks were not the only type of enterprise to incorporate during this period. Crucial to the spread of capitalism was the development of rapid transportation which was often underwritten by state charters. Beginning with the turnpike boom of the 1790s and early 1800s, followed by the canal boom of the 1820s and 1830s, followed in turn by the railroad boom of the 1840s and 1850s, investors poured millions into internal improvements. So extensive were these

¹⁰ Robert F. Dalzell, Jr., *Enterprising Elite: The Boston Associates and the World They Made* (Cambridge, MA, 1987); L. Ray Gunn, *The Decline of Authority: Public Economic Policy and Political Development in New York, 1800-1860* (Ithaca, 1988); Hendrik Hartog, *Public Property and Private Power: The Corporation of the City of New York in American Law, 1730-1870* (Chapel Hill, 1983); Oscar Handlin and Mary Flug Handlin, *Commonwealth: A Study of the Role of Government in the American Economy: Massachusetts, 1774-1861*, (1947; 2d. ed., Cambridge, MA, 1969); William E. Nelson, *Americanization of the Common Law: The Impact of Legal Change on Massachusetts Society, 1760-1830* (Cambridge, MA, 1975), 133-36.

investments, that notes issued by many of these companies joined the myriad of bank notes and passed as currency. More important was the impact that transportation facilities had on expanding the market economy. Previously fifty or sixty miles might prove too costly of a barrier for a farmer to overcome. But the building of a turnpike, canal, or railroad dramatically altered the situation: goods could travel scores, hundreds, even thousands of miles and still bring a profit. Shoes from New England found their way to the South. Meat from Ohio made it to the New York market. Grains no longer had to be converted to alcohol to cross the mountains.¹¹ An ambitious paper maker could travel to Berkshire County, Massachusetts, establish a mill, confident that he could obtain raw materials and specialty equipment and get his product to distant retailers.¹² News as well as products traveled across country, informing merchants where a likely investment should be made, or where their goods would find a ready market.¹³

Directly connected to the transportation revolution was another important aspect of the rise of capitalism in the early republic—expansion onto the frontier. What concerns us here is not just that a great migration occurred but how it was funded. While there were plenty of squatters who shifted from one frontier to another, the real story of the frontier in this period is more directly connected to the rise of capitalism. One of the great areas of speculation remained land. Fortunes were won and lost by men who managed to buy, connive, or swindle large tracts of land. The Revolutionary War, the establishment of the national domain, the federal land sale system, and the creation of new states provided ample opportunities for the would-

¹¹ The pathbreaking work remains George Rogers Taylor, *The Transportation Revolution, 1815-1836* (New York, 1951). See also John Lauritz Larson, "'Bind the Republic Together': The National Union and the Struggle for a System of Internal Improvements," *Journal of American History*, 74 (Sept. 1987), 363-87; Larson, "A Bridge, a Dam, a River: Liberty and Innovation in the Early Republic," *Journal of the Early Republic*, 7 (Winter 1987), 351-75; and Ronald E. Shaw, *Canals for a Nation: The Canal Era in the United States, 1790-1860* (Lexington, 1990).

¹² Judith A. McGaw, *Most Wonderful Machine: Mechanization and Social Change in Berkshire Paper Making, 1801-1885* (Princeton, 1987), 15-37.

¹³ Richard D. Brown, *Knowledge is Power: The Diffusion of Information in Early America, 1700-1865* (New York, 1989); Richard R. John, *Spreading the News: The American Postal System from Franklin to Morse* (Cambridge, MA, 1995); Taylor, *Transportation Revolution*, 132-52.

be capitalist.¹⁴ When William Cooper established Cooperstown in New York State he not only had to patent the land and plan its settlement, he also had to underwrite many who purchased his real estate by offering generous terms. Often he accepted a mortgage that merely promised payment in the future. The pioneer farmer, in turn, came to this bargain in the hope that his improvements and future gains would be enough to offset his debt.¹⁵ As banks proliferated, they, too, were swept up in the expansion, funding loans for land and extending money for equipment on the will-o-the-wisp hope that the future would increase the value of every investment.¹⁶

Transportation also had a major impact on another element of the rise of American capitalism after the American Revolution: changes in the mode of production. Initially this change did not necessarily entail what has traditionally been called industrialization—the production of goods through the use of machines in factories. Artisans, for example, began to hire more half-skilled labor and took less care in training their apprentices as they broke down the process of production into different stages to increase output and to meet new market demands.¹⁷ Likewise, some entrepreneurs relied increasingly on

¹⁴ Stephen Aron, “The Significance of the Frontier in the Transition to Capitalism,” *History Teacher*, 27 (May 1994), 270-72; Allan G. Bogue, *From Prairie to Corn Belt: Farming on the Illinois and Iowa Prairies in the Nineteenth Century* (Chicago, 1963), 169-81; Jacob E. Cooke, *Tench Coxe and the Early Republic* (Chapel Hill, 1978), 79-82, 311-33; Don Harrison Doyle, *The Social Order of a Frontier Community: Jacksonville, Illinois, 1825-1870* (Urbana, 1978); David Maldwyn Ellis, *Landlords and Farmers in the Hudson-Mohawk Region, 1790-1850* (Ithaca, 1946); John Mack Faragher, *Sugar Creek: Life on the Illinois Prairie* (New Haven, 1986); Daniel Feller, *The Public Lands in Jacksonian Politics* (Madison, 1984); Susan E. Gray, “Local Speculator as Confidence Man: Mumford Eldred, Jr., and the Michigan Land Rush,” *Journal of the Early Republic*, 10 (Fall 1990), 383-406; William H. Siles, “Pioneering in the Genesee Country: Entrepreneurial Strategy and the Concept of a Central Place,” in Manfred Jonas and Robert V. Wells, eds., *New Opportunities in a New Nation: The Development of New York After the Revolution* (Schenectady, 1982), 35-68; Alan Taylor, *Liberty Men and Great Proprietors: The Revolutionary Settlement on the Maine Frontier, 1760-1820* (Chapel Hill, 1990); Richard C. Wade, *The Urban Frontier: Pioneer Life in Early Pittsburgh, Cincinnati, Lexington, Louisville, and St. Louis* (Chicago, 1959).

¹⁵ Alan Taylor, *William Cooper's Town: Power and Persuasion on the Frontier of the Early American Republic* (New York, 1995), 86-138.

¹⁶ Hammond, *Banks and Politics*, 279-85, 622-30.

¹⁷ John R. Commons, “American Shoemakers, 1648-1895: A Sketch of Industrial Evolution,” *Quarterly Journal of Economics*, 24 (Nov. 1909), 39-84; Christine Daniels, “‘WANTED: A Blacksmith Who Understands Plantation Work’: Artisans in

outwork, production outside the shop, which might use child or female labor as well as the handiwork of a journeyman. The beginning of the expansion of the shoe industry in Lynn, Massachusetts, followed this path. Only later, when costs could be decreased even further with machinery, did shoe production concentrate in factories.¹⁸ Industrialization began in textiles as mills crowded the streams of New England and the mid-Atlantic states. By the 1820s and 1830s this industrialization relied increasingly on capital from banks and

Maryland, 1700-1800," *William and Mary Quarterly*, 50 (Oct. 1993), 743-67; Eric Foner, *Tom Paine and Revolutionary America* (New York, 1976); Susan E. Hirsch, *Roots of the American Working Class: The Industrialization of Crafts in Newark, 1800-1860* (Philadelphia, 1978); Paul E. Johnson, *A Shopkeeper's Millennium: Society and Revivals in Rochester, New York, 1815-1837* (New York, 1978); Gary J. Kornblith, "The Artisanal Response to Capitalist Transformation," *Journal of the Early Republic*, 10 (Fall 1990), 315-21; Kornblith, "Cementing the Mechanic Interest': Origins of the Providence Association of Mechanics and Manufacturers," *ibid.*, 8 (Winter 1988), 355-87; Bruce Laurie, *Artisans into Workers: Labor in Nineteenth-Century America* (New York, 1989); Laurie, *Working People of Philadelphia, 1800-1850* (Philadelphia, 1980); Staughton Lynd, "The Mechanics in New York Politics, 1774-1788," *Labor History*, 5 (Fall 1964), 225-46; David Montgomery, "The Working Classes of the Pre-Industrial American City, 1780-1830" *Labor History*, 9 (Winter 1968), 3-22; Gary B. Nash, *The Urban Crucible: Social Change, Political Consciousness, and the Origins of the American Revolution* (Cambridge, MA, 1979); Charles S. Olton, *Artisans for Independence: Philadelphia Mechanics and the American Revolution* (Syracuse, 1975); Howard B. Rock, *Artisans of the New Republic: The Tradesmen of New York City in the Age of Jefferson* (New York, 1979); Rock, Paul A. Gilje, and Robert Asher, eds. *American Artisans: Crafting Social Identity, 1750-1850* (Baltimore, 1995); W. J. Rorabaugh, *The Craft Apprentice: From Franklin to the Machine Age in America* (New York, 1986); Steven J. Ross, *Workers On the Edge: Work, Leisure, and Politics in Industrializing Cincinnati, 1788-1890* (New York, 1985); Sharon V. Salinger, "To Serve Well and Faithfully:" *Labor and Indentured Servants in Pennsylvania, 1682-1800* (New York, 1987); Ronald Schultz, *The Republic of Labor: Philadelphia Artisans and the Politics of Class, 1720-1830* (New York, 1993); Billy G. Smith, *The "Lower Sort:" Philadelphia's Laboring People, 1750-1800* (Ithaca, 1990); Charles G. Steffen, *The Mechanics of Baltimore: Workers and Politics in the Age of Revolution, 1763-1812* (Urbana, 1984); Richard B. Stott, *Workers in the Metropolis: Class, Ethnicity, and Youth in Antebellum New York City* (Ithaca, 1990); Sean Wilentz, *Chants Democratic: New York City & the Rise of the American Working Class, 1788-1850* (New York, 1984); Wilentz, "Against Exceptionalism: Class Consciousness and the American Labor Movement, 1790-1920," *International Labor and Working Class History*, 26 (Fall, 1984), 1-24; Alfred Young, "The Mechanics and the Jeffersonians: New York, 1789-1801," *Labor History*, 5 (Fall 1964), 247-76.

¹⁸ Alan Dawley, *Class and Community: The Industrial Revolution in Lynn* (Cambridge, MA, 1976); Paul G. Faler, *Mechanics and Manufacturers in the Early Industrial Revolution: Lynn, Massachusetts, 1780-1860* (Albany, 1981).

corporations.¹⁹

Crucial to the changed modes of production was the rise of consumerism. More and more Americans desired and could purchase goods. The source behind this consumerism is hard to delineate. Richard Bushman suggests that it came from a democratized sense of gentility that permeated many levels of society. As Americans strove toward respectability, so the argument goes, they desired more manufactured goods. This demand increased production, which increased overall wealth, which again increased demand, creating another cycle that fueled the fires of capitalism.²⁰ Regardless of its cause, as more Americans ate off plates instead of wood platters, sat on chairs instead of stools, sought the comfort and illumination of a lantern instead of candles or the fireplace at night, bought ready-to-wear clothes instead of donning homespun, and purchased any one of hundreds of items that they perceived would ease their lives, they not only altered their own daily world but contributed to a great transformation in the American economy.²¹

¹⁹ Mary H. Blewett, *Men, Women, and Work: Class, Gender, and Protest in the New England Shoe Industry, 1780-1910* (Urbana, 1988); Thomas C. Cochran, *Frontiers of Change: Early Industrialism in America* (New York, 1981); Dalzell, *Enterprising Elite*; Thomas Dublin, *Women at Work: The Transformation of Work and Community in Lowell, Massachusetts, 1826-1860* (New York, 1979); Teresa Anne Murphy, *Ten Hours' Labor: Religion, Reform, and Gender in Early New England* (Ithaca, 1992); Paul F. Paskoff, *Industrial Evolution: Organization, Structure, and Growth of the Pennsylvania Iron Industry, 1750-1860* (Baltimore, 1983); Jonathan Prude, *The Coming of Industrial Order: Town and Factory Life in Rural Massachusetts, 1810-1860* (Cambridge, 1983); Philip Scranton, *Proprietary Capitalism: The Textile Manufacture at Philadelphia, 1800-1885* (New York, 1983); Cynthia J. Shelton, *The Mills of Manayunk: Industrialization and Social Conflict in the Philadelphia Region, 1787-1837* (Baltimore, 1986); Barbara M. Tucker, *Samuel Slater and the Origins of the American Textile Industry, 1790-1860* (Ithaca, 1984); Anthony F. C. Wallace, *Rockdale: The Growth of an American Village in the Early Industrial Revolution* (New York, 1978); Norman Ware, *The Industrial Worker, 1840-1860: The Reaction of American Industrial Society to the Advance of the Industrial Revolution* (1924; rep., Chicago, 1964); David A. Zonderman, *Aspirations and Anxieties: New England Workers and the Mechanized Factory System, 1815-1850* (New York, 1992).

²⁰ Richard L. Bushman, *The Refinement of America: Persons, Houses, Cities* (New York, 1992).

²¹ Cary Carson, Ronald Hoffman, and Peter J. Albert, eds., *Of Consuming Interests: The Style of Life in the Eighteenth Century* (Charlottesville, 1994); James Deetz, *In Small Things Forgotten: The Archaeology of Early American Life* (New York, 1977); Elisabeth Donaghy Garrett, "At Home": *The American Family, 1750-1850* (Garden City, NY, 1990); David Jaffee, "Peddlers of Progress and the Transformation of the Rural

All of the elements briefly outlined above were intimately related. The final component of the rise of capitalism in the early republic is the most difficult to get a handle on; it is the mind set—mentality—of capitalism. Before independence many Americans clung to a set of values that emphasized family and the community. In the years after the Revolutionary War that began to change, especially in the North and Northeast. Capitalism started to reach into the workshop as well as the farmstead, creating acquisitive entrepreneurs. The capitalist mindset saw the production of more capital as its basic end and espoused values of hard work and delayed gratification that in the nineteenth century became identified as middle class. The rate and extent of this change varied greatly from individual to individual and group to group. One of the keys to understanding the early republic is to be found in the study of the impact of the rise of capitalism on individuals and groups. Recent studies have suggested that questions of gender, race, and ethnicity are as important as class and politics in our analysis of this period.²² Not every American came to the capitalist point of view by 1848, and not every American holds this view today; but enough Americans started to examine the world from this perspective that we can talk with some authority about the rise of

North, 1760-1850," *Journal of American History*, 78 (Sept. 1991), 511-35; Jack Larkin, *The Reshaping of Everyday Life, 1790-1840* (New York, 1988); Neil McKendrick, John Brewer, and J. H. Plumb, *The Birth of a Consumer Society: The Commercialization of Eighteenth-Century England* (Bloomington, 1982); Sally McMurry, *Families and Farmhouses in Nineteenth-Century America: Vernacular Design and Social Change* (New York, 1988); Jane C. Nylander, *Our Own Snug Fireside: Images of the New England Home, 1760-1860* (New York, 1993); Elizabeth A. Perkins, "The Consumer Frontier: Household Consumption in Early Kentucky," *Journal of American History*, 78 (Sept. 1991), 486-510.

²² The best discussions of gender are Jeanne Boydston, *Home and Work: Housework, Wages, and the Ideology of Labor in the Early Republic* (New York, 1990); Dublin, *Women at Work*; Joan M. Jensen, *Loosening the Bonds: Mid-Atlantic Farm Women, 1750-1850* (New Haven, 1986); Suzanne Lebsock, *The Free Women of Petersburg: Status and Culture in a Southern Town, 1784-1860* (New York, 1984); and Christine Stansell, *City of Women: Sex and Class in New York, 1789-1860* (New York, 1986). For race see John W. Blassingame, *The Slave Community: Plantation Life in the Antebellum South*, (1972; 3d. ed., New York, 1979); Eugene D. Genovese, *Roll, Jordan Role: The World the Slaves Made* (1974; 2d. ed., New York, 1976); Philip D. Morgan, "Work and Culture: The Task System and the World of Lowcountry Blacks, 1700 to 1880," *William and Mary Quarterly*, 39 (Oct. 1982), 563-99. For a recent discussion of the role of ethnicity see Stott, *Workers in the Metropolis*; and Peter Way, *Common Labour: Workers and the Digging of North American Canals, 1780-1860* (New York, 1993).

capitalism during the early republic.²³

But why did capitalism develop so rapidly during the early republic? An answer to this question has been suggested already: the American Revolution and independence opened up new vistas that ultimately accelerated and reshaped developments already under way.

Capitalism did not simply emerge from a blank slate after 1776. Throughout the colonial period, and even long before, this economic system had been germinating, spreading, and transforming the western world. Money obviously underwrote market exchanges across the Atlantic. Colonists were innovative in the passage of fiat currency throughout the eighteenth century. Banks developed on the European continent and in England during the early modern period. Corporations were used to fuel overseas enterprise including many English efforts at colonizing North America in the guise of the Virginia Company, the Plymouth Company, and the Massachusetts Bay Company. Change in transportation technology is what brought Europeans out into the Atlantic world and facilitated their conquering overseas empires. The first American frontier for Europeans was the Atlantic coastline. Changes in the modes of production, affecting the supply of products and the demand for raw materials, began in England by 1750, and had already fueled a growing consumerism—an empire of goods in T. H. Breen's words—in the colonial world. And some colonial Americans had imbibed deeply of the capitalist ethic.²⁴

²³ For the English background see Alan Macfarlane, *The Origins of English Individualism: The Family, Property and Social Transition* (New York, 1978); Macfarlane, *The Culture of Capitalism* (New York, 1987). For developments in the United States see Stuart M. Blumin, *The Emergence of the Middle Class: Social Experience in the American City, 1760-1900* (New York, 1989); Doerflinger, *A Vigorous Spirit of Enterprise*; Jonathan A. Glickstein, *Concepts of Free Labor in Antebellum America* (New Haven, 1991); David Jaffee, "The Village Enlightenment in New England, 1760-1820," *William and Mary Quarterly*, 47 (July 1990), 327-46; Gary J. Kornblith and John M. Murrin, "The Making and Unmaking of an American Ruling Class," in Alfred F. Young, ed., *Beyond the American Revolution: Explorations in the History of American Radicalism* (DeKalb, 1993), 27-79; Mary P. Ryan, *Cradle of the Middle Class: The Family in Oneida County, New York, 1790-1865* (New York, 1981); Steven Watts, *The Republic Reborn: War and the Making of Liberal America, 1790-1820* (Baltimore, 1987); and Wood, *Radicalism of the American Revolution*, 347-69.

²⁴ T. H. Breen, "An Empire of Goods: The Anglicization of Colonial America, 1690-1776," *Journal of British Studies*, 25 (Oct. 1986), 467-99; Breen, "Narrative of Commercial Life: Consumption, Ideology, and Community on the Eve of the

In fact, in many ways the American Revolution began as a revolt against these tendencies. As every scholar knows, republican ideology of the American Revolution was a complex body of thought that included many different strands. Historians have debated vehemently over whether republicanism was based in classical thought emphasizing a virtue centered on the common good, or liberal ideas that released individuals to pursue their own interests. Over the last few years the debate appears to be resolving itself with compromise: republicanism entailed both.²⁵ I would take this last position one step further and suggest that these two strands of republicanism, and others less germane to the issue of capitalism, were mixed together within the minds of most Americans, swirling about, often leading to a babel of expressions that late twentieth-century historians have labored tortuously to delineate.

The classical side of republicanism's appeal was its critique of the spreading self-interested capitalism, best seen in the rampant consumerism of the mid-eighteenth century. Many Americans jumped on the bandwagon of resistance to imperial regulation because it was often cast in terms of denying both consumerism and capitalism. Nonimportation thus had a special attraction by declaring that Americans were too virtuous to need the imported luxury items. The wearing of

American Revolution," *William and Mary Quarterly*, 50 (July 1993), 471-501; J. E. Crowley, *This Sheba, Self: The Conceptualization of Economic Life in Eighteenth-Century America* (Baltimore, 1974); Innes, *Creating the Commonwealth*; Carole Shammas, *The Pre-industrial Consumer in England and America* (New York, 1990).

²⁵ For efforts at synthesis see Joyce Appleby, *Liberalism and Republicanism in the Historical Imagination* (Cambridge, MA, 1992); Linda K. Kerber, "The Republican Ideology of the Revolutionary Generation," *American Quarterly*, 37 (Fall 1985), 474-95; Milton M. Klein, Richard D. Brown, and John B. Hench, eds., *The Republican Synthesis Revisited: Essays in Honor of George Athan Billias* (Worcester, 1992); James T. Kloppenberg, "The Political Virtues of Liberalism: Christianity, Republicanism, and Ethics in Early American Discourse," *Journal of American History*, 74 (June 1987), 9-33; Isaac Kramnick, "The 'Great National Discussion': The Discourse of Politics in 1787," *William and Mary Quarterly*, 45 (Jan. 1988), 3-32; and Robert E. Shalhope, *The Roots of Democracy: American Thought and Culture, 1760-1800* (Boston, 1990). For articulation of the classical side of the debate see Shalhope, "Toward a Republican Synthesis: The Emergence of an Understanding of Republicanism in American Historiography," *William and Mary Quarterly*, 29 (Jan. 1972), 49-80; and Shalhope, "Republicanism and Early American Historiography," *ibid.*, 39 (Apr. 1982), 334-56. For articulation of the liberal side of the debate see Joyce Appleby, "Republicanism and Ideology," *American Quarterly*, 37 (Fall 1985), 461-73; and Appleby, *Capitalism and a New Social Order: The Republican Vision of the 1790s* (New York, 1984).

homespun became a symbol of this resistance. Even members of the elite felt compelled to conform to this new standard.²⁶ The fear, best expressed by Tom Paine in *Common Sense*, was that Americans had to revolt now, in 1776, before it was too late and they became corrupted like their fellow Englishmen.²⁷

The irony of this position was that the effort to turn back the clock to a world that never was, merely moved the hands of the clock along at an ever-faster pace. If both classical and liberal strands of republicanism were inexorably intertwined in a Gordian Knot in 1776, the forces unleashed by the conflict for independence and the ensuing decades of adjustment, unraveled that tangled mesh as surely as did Alexander's sword, leaving the classical cord dangling, and the liberal cord as the main string of American ideology.²⁸

The great pull of the liberal side of republicanism was that it released the individual to act for his own benefit and trumpeted the independent citizen. Conditions produced by the Revolutionary War combined with the creation of new governments and the expanding ideas about equality during the early republic to foster the spread of capitalism.

The immediate impact of the war was to create havoc. Armies marched across the landscape cutting swathes of devastation in their wake. But armies also had to eat. While sometimes they just took what they wanted, more often they bought supplies. Opportunities abounded for farmers to enter the market place and reap great profits.²⁹ One measure of the new prospects offered by the spread of this market economy is the amount of opposition to the consequent rise in prices. Market regulation became an issue that sharply divided Americans. Before the Revolutionary War there were less than a handful of

²⁶ Gordon S. Wood, *The Creation of the American Republic, 1776-1787* (Chapel Hill, 1969), 91-124; and Paul A. Gilje, *Road to Mobocracy: Popular Disorder in New York City, 1763-1834*, (Chapel Hill, 1987), 44-52.

²⁷ Thomas Paine, *Common Sense*, ed. Isaac Kramnick (London, 1976), 81-96.

²⁸ Wood, *Radicalism of the American Revolution*.

²⁹ Edward Countryman, "The Uses of Capital in Revolutionary America: The Case of the New York Loyalist Merchants," *William and Mary Quarterly*, 49 (Jan. 1992), 3-28; Countryman, "'To Secure the Blessings of Liberty': Language, the Revolution, and American Capitalism," in Young, ed., *Beyond the American Revolution*, 123-48; James A. Henretta, "The War for Independence and American Economic Development," in Henretta, *Origins of American Capitalism*, 203-55.

market riots. During the conflict, scores of disturbances broke out in which crowds insisted on a just price for food.³⁰

The war led to other economic problems. These difficulties may have hurt some while creating opportunities for others. Hyperinflation kicked in as the Continental Congress printed money to support the war. Anyone with a set income or who held the notes for too long was bound to lose. Inflationary economies help borrowers and allow individuals to make a financial killing when they quickly move property and goods back and forth for cash. Many people lost property during the war. But one person's loss often was another's gain. William Cooper managed to finagle his claim to the land around Lake Otsego because the Tory William Franklin was unable to protect his title in the New York State legal system.³¹ Those who took risks—an important capitalist trait—might win or lose. Those who failed to do so, were likely to see their wherewithal decline.³²

Beyond the war itself, independence liberated Americans from the British imperial system. While colonial status did not necessarily deter American economic development—the colonies sustained the highest economic growth in the eighteenth-century world—the end of the connection allowed the United States to move in new directions that encouraged the development of capitalism even more.³³

The American government based its foreign policy on commerce and sought open markets. European powers resisted this trend, but the French Revolutionary and Napoleonic Wars compelled a partial backing down from this position, allowing American merchants to reap great profits as neutral carriers. Although eventually it became impossible for the United States to sustain its neutrality, with constant war scares, embargoes, and the War of 1812 disrupting trade, profits earned in this sector of the economy were plowed into other sectors. A war-ravaged Europe with huge armies to feed screamed for

³⁰ Barbara Clark Smith, "Food Rioters and the American Revolution," *William and Mary Quarterly*, 51 (Jan. 1994), 3-33.

³¹ Taylor, *William Cooper's Town*, 65-70.

³² Doerflinger, *A Vigorous Spirit of Enterprise*, 197-250; Ferguson, *Power of the Purse*, 3-105.

³³ Alice Hanson Jones, *Wealth of a Nation to Be: The American Colonies on the Eve of the Revolution* (New York, 1980); John J. McCusker and Russell R. Menard, *The Economy of British America, 1607-1789* (Chapel Hill, 1985); Edwin J. Perkins, *The Economy of Colonial America*, (1980; 2d. ed., New York, 1988).

American foodstuffs, dragging more and more farmers into the market economy. Both before and after Waterloo the industrial revolution in England fostered exports of cotton that spurred both the southern and northern economies.³⁴

Americans did not limit their trading to North Atlantic waters. They continued to send ships to the West Indies and sought new markets throughout the world. In 1784 the first American ship sailed for China. Soon a thriving Pacific trade developed bringing teas, dinnerware, and a wide assortment of items. The revolutions in Latin America spurred more enterprise. The hides that William Henry Dana describes as being collected in Mexican California fed the growing shoe industry of New England. Whalers plied all oceans, from frigid to torrid waters, searching for the oil that illuminated the homes of consuming Americans. American commerce and clipper ship technology soon became the envy of the world.³⁵

The expansion of settlement by Euro-Americans that followed the American Revolutionary War was a disaster for Native Americans. Indians east of the Mississippi found themselves besieged by white Americans seeking to occupy their land. Unleashed from the limitations imposed during the colonial period by the alliance between the French and Indians and the Proclamation of 1763, white Americans poured into frontier regions of Maine, upstate New York, and across the Appalachians. Native Americans were trampled upon and moved out of the way. It is not as if Indians did not resist. The inexorable

³⁴ Anna Cornelia Clauder, *American Commerce as Affected By the Wars of the French Revolution and Napoleon, 1793-1812* (Philadelphia, 1932); John E. Crowley, *The Privileges of Independence: Neomercantilism and the American Revolution* (Baltimore, 1993); Felix Gilbert, *To the Farewell Address: Ideas of Early American Foreign Policy* (Princeton, 1961); McCoy, *Elusive Republic*; Cathy D. Matson and Peter S. Onuf, *A Union of Interests: Political and Economic Thought in Revolutionary America* (Lawrence, 1990); John R. Nelson, Jr., *Liberty and Property: Political Economy and Policymaking in the New Nation, 1789-1812* (Baltimore, 1987); Douglass C. North, *The Economic Growth of the United States, 1790-1860* (New York, 1961).

³⁵ Richard Henry Dana, Jr., *Two Years Before the Mast*, ed. Thomas Philbrick (New York, 1981); Howard I. Chapelle, *The Search for Speed Under Sail, 1700-1855* (New York, 1967); Carl C. Cutler, *Greyhounds of the Sea: The Story of the American Clipper Ship*, (1930; 3d. ed., Annapolis, 1984); William H. Goetzmann, *New Lands, New Men: America and the Second Great Age of Discovery* (New York, 1986); Samuel Eliot Morison, *The Maritime History of Massachusetts, 1783-1860* (1923; 4th ed., Boston, 1979); Ralph D. Paine, *The Old Merchant Marine: A Chronicle of American Ships and Sailors* (New Haven, 1919).

march of the frontiersman was not really inexorable; he often was halted and cast back. But the line of settlement from 1789 to 1848 moved from the Appalachians to beyond the Mississippi in a tremendous transformation that included wars of annihilation, Indian removal, and the resettlement of millions of white and black Americans.³⁶ Again William Cooper stands as an example of how white Americans took advantage of this situation. Cooper could not have hoped to move farmers around Lake Otsego had the Iroquois, most of whom had sided with the British, still held the power that had enabled them to survive for two centuries nudged between the empires of competing European nations. Cooper, who strove to join an American political elite, as well as those already there like George Washington, planned to profit by land speculation.³⁷ Even the federal government, which benefited financially from settlement through its sale of public lands, got into the act. This combined onslaught sealed the fate of the Indians.³⁸

As suggested in the example of Indian relations, the American Revolution led to the creation of government policies that fostered capitalist development through regulations and through law. Even under the Articles of Confederation the Northwest and Land Ordinances set a precedent for settlement, development, and incorporation of new territory within the United States.³⁹ After the Constitution created a stronger national government, the fiscal plan of Hamilton established a stable currency, secured confidence in

³⁶ Andrew R. L. Cayton and Peter S. Onuf, *The Midwest and the Nation: Rethinking the History of an American Region* (Bloomington, 1990); Allan Kullikoff, "Uprooted Peoples: Black Migrants in the Age of the American Revolution, 1790-1820," in Ira Berlin, and Ronald Hoffman, eds., *Slavery and Freedom in the Age of the American Revolution* (Charlottesville, 1983), 143-71; Alan Taylor, "Land and Liberty on the Post-Revolutionary Frontier," in David Thomas Konig, ed., *Devising Liberty: Preserving and Creating Freedom in the New American Republic* (Stanford, 1995), 81-108; Anthony F. C. Wallace, *The Long Bitter Trail: Andrew Jackson and the Indians* (New York, 1993); Richard White, *The Middle Ground: Indians, Empires, and Republics in the Great Lakes Region, 1650-1815* (New York, 1991).

³⁷ Taylor, *William Cooper's Town*, 34-40.

³⁸ Aron, "The Significance of the Frontier," 270-72; Cayton and Onuf, *The Midwest and the Nation*; Feller, *Public Lands*; Malcolm J. Rohrbough, *The Trans-Appalachian Frontier: People, Societies, and Institutions, 1775-1850* (New York, 1978).

³⁹ Peter S. Onuf, *Statehood and Union: A History of the Northwest Ordinance* (Bloomington, 1987).

government bonds, and provided an atmosphere conducive to capitalist development that was not reversed by the Jeffersonian Revolution of 1800.⁴⁰ As early as 1790, Congress passed a patent law to reward technological advances that could further economic growth.⁴¹ Despite vacillations on bankruptcy law, Congress usually worked in support of investment.⁴² The Supreme Court moved even more forcefully to bolster capitalism, declaring the sanctity of the corporation in the *Dartmouth College* case (1819), while protecting innovation over prerogative in the *Charles River Bridge* decision (1836).⁴³

These efforts were echoed on the state level. James Madison complained before the Constitutional Convention of the malleability of laws in state legislatures and the ability of economic interests to pass legislation on behalf of their own cause. The frame of government drawn up in the summer of 1787 may have reduced this malleability, however some flexibility in favor of these interest groups ultimately fostered capitalism. State governments issued the charters of incorporation that became the investment seedbeds of new enterprises.⁴⁴ States also poured resources into internal improvements. The Erie Canal became the example *par excellence* of how a state sponsored project could transform a region's economy and served as a model followed by many other states.⁴⁵ State courts, too, issued decision after decision concerning riparian rights, the nature of corporations, and

⁴⁰ McCoy, *Elusive Republic*, 185-235; Cooke, *Tench Coxe*, 155-523; James L. Huston, "The American Revolutionaries, the Political Economy of Aristocracy, and the American Concept of the Distribution of Wealth, 1765-1900," *American Historical Review*, 98 (Oct. 1993), 1079-1105.

⁴¹ Doron Ben-Atar, "Alexander Hamilton's Alternative: Technology Piracy and the Report on Manufactures," *William and Mary Quarterly*, 52 (July 1995), 389-414; Brook Hindle, *Emulation and Invention* (New York, 1981).

⁴² McCoy, *Elusive Republic*, 178-184.

⁴³ Tony A. Freyer, "Negotiable Instruments and the Federal Courts in Antebellum American Business," *Business History Review*, 50 (Winter 1976), 435-55; Freyer, *Producers Versus Capitalists: Constitutional Conflict in Antebellum America* (Charlottesville, 1994); Stanley I. Kutler, *Privilege and Creative Destruction: The Charles River Bridge Case* (Philadelphia, 1971).

⁴⁴ Gunn, *Decline of Authority*; Handlin and Handlin, *Commonwealth*, 87-202; .

⁴⁵ Robert Greenhalgh Albion, *The Rise of New York Port, 1815-1860* (1939; rep., Hamden, CT, 1961); Russell Bourne, *Floating West: The Erie and Other American Canals* (New York, 1992); Madeline Sadler Waggoner, *The Long Haul West: The Great Canal Era, 1817-1850* (New York, 1958); Taylor, *Transportation Revolution*, 15-131.

land development that together furthered the cause of capitalism.⁴⁶

Ultimately, the impact of the American Revolution on capitalism had its greatest effect on the individual. The American Revolution transformed the social landscape from a world that emphasized hierarchy and communal goals, to a world marked by equality and individualism—from classical to liberal republicanism.⁴⁷ This seismic shift did not occur overnight. Winifred Rothenburg argues that this change took place in rural Massachusetts shortly after 1785, with the increase in investment portfolios among middling farmers and the spread of consistent labor and farm prices.⁴⁸ Whether it occurred this early in Massachusetts or elsewhere is less important than the fact that it did occur during the early republic. There is no one date that we can point to that delineates one world from the other. Anachronisms remained in the nineteenth century as surely as there were precursors in the eighteenth century. But somewhere, somehow, something dramatic happened in the minds of many Americans; they began to seek gain through capitalist enterprise. For this reason, the rise of capitalism has become an area of major interest for the historians of this period.

The purpose of this symposium, then, is to allow the contributing scholars to summarize where we are in our examination of the rise of capitalism in the early republic, and to suggest where we might still go. Each author was asked to write in the specific area of his or her expertise, but all were given free rein to take their essays where they wanted to go. They were encouraged to mix primary and secondary sources as they pleased. The resulting seven essays cover a wide range of topics and allow us to see the lines of debate over the rise of capitalism.

The article by Jeanne Boydston highlights the historical centrality of women and issues of gender. Boydston rightly argues that women were often at the core of the transformation to capitalism, and she demonstrates that the political trends of the day emphasizing independence were skewed to favor men and minimized the

⁴⁶ Handlin and Handlin, *Commonwealth*, 134-60; Morton J. Horwitz, *The Transformation of American Law, 1780-1860* (Cambridge, MA, 1977); Nelson, *Americanization of the Common Law*, 67-174; Freyer, *Producers Versus Capitalists*.

⁴⁷ Wood, *Radicalism of the American Revolution*.

⁴⁸ Rothenburg, *From Market-Places to a Market Economy*, 113-47.

significance of women. In traditional society women played crucial roles in the local market place. Any changes in prices resulting from capitalist transformation were felt first by women. Boydston also reminds us that women's work often was diverse. Whether in the barnyard milking cows and making cheese, or in the house producing handiwork like brooms and straw hats, the flexible nature of women's work brought their labor most rapidly into the capitalist sphere. Women were among the first people to enter the factory as laborers. Yet, the role of women in the transformation to capitalism all too often has been missed because of the degradation of women and women's labor, not only by the males of the early nineteenth century but also by middle-class women who espoused the virtues of republican motherhood.

If women occupied a central role in the story of the rise of capitalism in America, what about other groups that were politically disfranchised? Douglas Egerton explores the relationship between slavery and capitalism. As Egerton points out, this relationship has been an area of intense debate among historians. Some scholars see slaveowners as would be entrepreneurs and slavery as an important component of capitalist development. Others, like Egerton, view slavery as more anomalous. While participating in a market for their export commodity, and while buying and selling labor, slaveholders and slavery remained, from this perspective, attached to a noncapitalist ethos in an economy dominated by unfree labor.

Others in southern society were even more isolated from the capitalist ethos. Egerton believes the upcountry yeoman clung to traditional non-capitalist economic ideas throughout the antebellum period. This position, as Christopher Clark points out stood in contrast to the situation of their northern agrarian cousins. Clark's essay emphasizes the regional nature of economic development. The question of slavery dominates the South, and Clark's views parallel Egerton's. Clark, however, stresses that while the situation may have varied from region to region, in New England, the mid-Atlantic, and in the West, free labor and the market economy allowed capitalism to flourish and ultimately contributed to industrial development.

Jonathan Prude's essay centers on that industrialization. He asks us to rethink the process of industrialization and the factory that has been its trademark. Prude expands the definition of factory beyond the hide-bound focus on big machinery and larger work force. He

suggests that the key element of the factory was the breakdown of production into different parts to increase output and profits. So conceived, the new system worked its transformation not just in solid factories tucked along millstreams or dominated by smokestacks but in smaller workshops as well where a variety of changes in the mode of production had a profound influence on American society, culture, and politics.

There are striking similarities between Prude's approach and William Stott's essay. Stott, too, stresses the significance of the division of labor rather than mechanization to economic change. He also challenges many of the common assumptions that have dominated labor history for the past twenty years. Stott calls into question the idea of artisan republicanism built upon a declension model. Instead, he urges us to look at artisans in both the cities and the countryside and to recognize that if some artisans slid down the economic scale in the first half of the nineteenth century, many others moved up. Stott even goes so far as to question the idealized vision many scholars have of the preindustrial workshop. Stott calls for a more realistic version of the artisan's story, reflecting the full spectrum of experiences from the shoemaker who felt his world slipping away to the artisan would-be entrepreneur seeking the main chance.

The artisan-on-the-make became one key element of a middle group that emerged as the centerpiece of the new economy envisioned by many nineteenth-century writers like Henry C. Carey. As Cathy Matson reminds us, the great economic change affecting the lives traced by these historians did not occur in a political and intellectual vacuum. Americans thought hard about what direction their economy should take. Matson reviews for us the outlines of this debate as it took shape in the late eighteenth and early nineteenth centuries in four central areas: land, commerce, banking, and manufacturing. The United States Constitution may have created a single national entity, but the role that new nation would fulfill in the emerging economy, and whether those developments were positive or negative, became areas of intense discussion.

Gordon Wood is also concerned with the middle group in society. He argues that the most important distinction in the early national period was not between capitalist and noncapitalist, but between those who labored and those who did not. The laborers were not driven by any class animus, and included among their number the

poor and the affluent, as long as they were tied together by their respect for work. In this survey of the debate over the economic transition of the early republic, Wood suggests that it was the Jeffersonians who most emphatically maintained the sanctity of work that fostered capitalism, and they form a conceptual bridge from that era to the present.

These essays do not cover all of the issues in the debate over the rise of capitalism after the American Revolution. They offer a broad range of interpretation that allows the reader to see where many of the main lines of argument lay. Some of the essays are more polemical than others, some concentrate on primary sources, others on the work of historians. Each adds to our understanding of a problem that is fundamental to the early republic and the molding of the American nation.