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THE ECONOMIC PHILOSOPHY OF THOMAS JEFFERSON *

DOUBTLESS the most notable thinker ever to become president of the United States was Thomas Jefferson. The dominant American economic and political philosophy has run in his idiom ever since his administration. Radicals, liberals and conservatives have constantly based their arguments on what they conceived to be his social philosophy. Further adding to the confusion has been the futile habit of contrasting sharply the Jeffersonian scheme with that of his great adversary, Alexander Hamilton. The latter, it is agreed, believed that the mass was turbulent, ignorant and poverty stricken, that with the growth of wealth, inequality and class antithesis must increase. Therefore the stability of the social order and the security of person and property could only be maintained by a strong government in the hands of the wealthy and intelligent. To these classes, government at all times should render financial aid, for the sake of attaching them to the government by the strongest bond, that of interest, thus increasing national wealth and maintaining the employment of the mass.¹

Jefferson, like the other enlightened minds of the eighteenth century, held that republican government was best because it prevented governmental restraint on the free acquisition of wealth. Thereby all men had an equal opportunity to acquire a comfortable livelihood. Government should be limited, lest those in power, animated like all men, by self-interest, deprive the industrious of the fruits of their labor. In the absence of

* This is the second of a series of essays on the economic philosophies of the founders of American democracy. The first, "The Economic Philosophy of Thomas Paine", appeared in the *POLITICAL SCIENCE QUARTERLY*, September 1938, vol. LIII, pp. 372-386.

¹ For the economic philosophy of Hamilton, see Rexford G. Tugwell and Joseph Dorfman, "Alexander Hamilton: Nation-Maker", *Columbia University Quarterly*, December 1937 and March 1938, pp. 210-226, 59-72.

privileges granted by government, wealth would be acquired by industry rather than by law. With government limited, opportunity available to all, and the habits of thought of the despotic past, surely though slowly disintegrated by education, mankind's progress, material and intellectual, was illimitable.

Jefferson's career was full of shifts and contradictions. These, however, were grounded on his fundamental premise that republican government would endure only as long as opportunities and resources for the acquisition of property were available to an ever increasing population. His was the planter's logic. Under it wealth meant landed possessions, but specie, credit, markets and more lands were necessary for its maintenance and increase. The consequences of these premises were the expansion of empire and the correlative development of the money economy. The process can be seen in the Virginian's own career.

Jefferson had eminently respectable antecedents. He was the son of a Virginia planter, and a student at the royal College of William and Mary. Since the law was the road to political preferment, he became, in the accepted Southern tradition, a lawyer as well as a planter. He absorbed the regnant "common sense" philosophy which maintained that accepted beliefs embodied in the dominant institutions were self-evident or "common sense" truths. The philosophy did not disallow changes in policy. A primordial moral sense dominated men's actions, but worked itself out through the calculus of utility which nature made the test of virtue. Whether an act was useful, and thus virtuous, depended on the habits and circumstances of the people. But utility to Jefferson was not a matter of strict empirical determination. Rather it was what common sense found useful. Foremost among Jefferson's common sense truths was that property was founded "in our natural wants, in the means with which we are endowed to satisfy these wants, and the right to what we acquire by those means without violating the similar rights of other sensible beings."² His

² To Pierre Samuel du Pont de Nemours, Apr. 24, 1816, in *The Writings of Thomas Jefferson*, edited by A. E. Bergh (Washington, 1907), vol. 14, p. 490. All references to Jefferson's writings are to this edition unless otherwise specified.

academic and legal training impressed upon him the "commercial principles which bring wealth into our country and the constitutional security . . . for the enjoyment of that wealth."³ Consequently, he opposed parliamentary restrictions on the trade and industry of the colonies and defended trade with the enemy. Appealing to the great principles of right and wrong, which were "legible to every reader", he declared that property was held by absolute tenure. Since the original settlers conquered the country with their fortunes and lives, their heirs owned the country.⁴ This worked no hardship, because the institutions and resources insured the acquisition of property by the poor but enterprising of all nations. Therefore the colonies took up arms, to defend their natural freedom and property "acquired solely by the honest industry of our forefathers and ourselves."⁵

At the same time, in accordance with mercantile doctrines, Jefferson held that the sale of Virginia's tobacco and food-stuffs to the enemy be permitted, because it brought money into the country. The increased circulation created prosperity and made possible the payment of heavy taxes.⁶

Almost as threatening to person and property as parliamentary supremacy was the supremacy of the popular state legislatures as exemplified in Virginia. Since property rested on the stability of social law, and the security and stability of society rested on the judiciary, the judges, instead of being

³ To Robert Skipworth, Aug. 3, 1771, *Writings*, vol. 4, p. 239.

⁴ "A Summary View of the Rights of British America", 1774, republished in *The Writings of Thomas Jefferson*, edited by Paul Leicester Ford (New York and London, 1895), vol. 1, pp. 429-447.

⁵ Draft of "Declaration on Taking Up Arms", July 6, 1775, *ibid.*, pp. 465-466, 474; and "Declaration by the Representatives of the United Colonies of North America Now Met in Congress at Philadelphia Setting the Causes and Necessity of Their Taking Up Arms", 1775, republished in *American Archives*, edited by Peter Force, Fourth Series, vol. 2 (Washington, 1839), p. 1870. The quoted part is from those paragraphs of the latter which Jefferson claimed to be his work. Some students have asserted that the entire document was the work of John Dickinson, but this question does not involve what Jefferson believed.

⁶ To Patrick Henry, Mar. 27, 1779, *Writings*, vol. 4, p. 58; to Benjamin Harrison, Feb. 7, 1781, *ibid.*, p. 352.

dependent on the jarring interests of popular assemblies, should be made a check on them by having "life estates in their offices."⁷ The right of the state judiciary to void acts of the legislature would thus be safeguarded.⁸

State institutions which interfered with the equal opportunity to acquire wealth should be discarded. Thus the feudal remnants of official church, and entail and primogeniture should be eliminated. The former created a priestly aristocracy, blinding the people to their own pecuniary interest; the latter created an aristocracy of wealth, obedient to despotism.

Slavery should be abolished because the slave had no respect for property and the master became an idle despot. But emancipation should be a gradual process. Only the newborn should be freed since they were worth little. They should be trained at state expense in industry and agriculture, then exported to a distant colony and an equal number of whites imported presumably as indentured servants. He justified exporting the blacks on the ground that they were naturally inferior in body and mind and their incorporation would eventually lead to convulsions and exterminations.

Education should be extended to enable the mass to appreciate their interests and to create a "natural aristocracy of talent and virtue," instead of an artificial aristocracy by law. All children should receive free education in the common schools for three years. They should be taught history and the elements of morals. The former would guard them against incipient despotism; the latter would teach them that whatever their lot, their greatest happiness depended on a good conscience and freedom in just pursuits. This would be sufficient for the laboring mass. Those among the poor who were superior in talent and virtue should be subsidized by the state in the higher schools with its capstone at William and Mary. Here was taught what Jefferson considered the outstanding works in the field of economics and philosophy—Adam Smith's

⁷ To George Wythe, July 1776, *Writings*, vol. 4, p. 258.

⁸ Jefferson took for granted that the state courts had this right. To James Monroe, Jan. 8, 1811, *Writings*, vol. 19, pp. 181-182.

Wealth of Nations and the common sense philosophy of Smith's disciple, Dugald Stewart.

Only the abolition of the feudal remnants was secured, but still the scheme of things, at least for the consumption of foreigners, was, according to Jefferson, rather ideal. Hardly any poverty existed because lands were available. The few beggars were foreigners in the towns. But such a happy state of affairs, under a government formed on the principles of natural reason, could continue only as long as the country remained agricultural.

This agrarian basis was sound on both economic and political grounds. The agricultural people were God's chosen people. They were incorruptible because they were not dependent on the caprices of customers. Manufacturers, by creating dependence, were responsible for mobs, corruption, servility and ambition.

European economists such as Adam Smith, said Jefferson taught that every nation should supply its own manufactures, but overlooked the fact that the same immutable principles of political economy gave different conclusions in this country because circumstances were different. Europe, having no available lands, must turn to manufactures to employ the surplus labor. Therefore let the workshops remain in Europe, and the agricultural surplus here be exchanged for manufactures.⁹

Dependence on markets for the agricultural surplus might be an afterthought in Jefferson's philosophic meditations on the agricultural state, but he was aware of its reality. His primary occupation as minister to France from 1784 to 1789 was to acquire markets. He informed the French authorities that France was wise to prohibit foreign manufactures, but American goods were non-competitive raw materials and food-stuffs. France would even find it profitable to subsidize manufactures in order to increase employment in both countries.¹⁰

⁹ "Notes on Virginia", 1784, republished in *Writings*, vol. 2, pp. 184, 191, 201, 203-207, 225-230.

¹⁰ To the Count de Montmorin, Oct. 23, 1787, *Writings*, vol. 6, p. 345; to the Count de Vergennes, Aug. 15, 1785, *ibid.*, vol. 5, p. 75; annexed material in letter to John Jay, Nov. 19, 1788, *ibid.*, vol. 7, pp. 218-219.

Jefferson used similar mercantile doctrines to obtain access to the neighboring colonies of the European Powers. The payment of pre-war debts owed British merchants should be conditioned on free trade with the British West Indies, for the debts were incurred when the states enjoyed the advantages of the colonial system and the only way to meet the unfavorable and consequently unprofitable trade with England was through the British West Indies trade.¹¹

As a last resort, should the Confederation be forbidden entry, force might be used. The American government was following a policy of peace and commerce and no participation in European quarrels, he said, but the prospective surplus of production over European demand necessitated the forcible assertion of the country's natural right to trade with these areas.¹²

Rather intangible, but in accordance with Jefferson's pecuniary logic, was his belief that commercial privileges could be obtained by raising the public credit, because the public credit was a barometer of national strength and wealth. Therefore public debts should be paid in full even though original holders had been forced to sell at a considerable discount. The proposed import duty to pay the debts was sound, for the funds thus obtained would make the debts negotiable and thereby raise their price. Foreign creditors, and thus foreign nations, would be further impressed with the strength of the Confederation if creditors were given instantaneous recovery against debtors on pain of imprisonment. This would also tend to check luxury which destroys republican government.¹³

Jefferson approved the strong national government embodied in the proposed new constitution. He expected it to have absolute power over the commerce of the states and such control of all the resources of credit and taxation as to maintain the national credit. During European wars this power

¹¹ To John Jay, Apr. 23, 1786, *Writings*, vol. 5, p. 300.

¹² To George Washington, Dec. 4, 1788, *Writings*, vol. 7, p. 224.

¹³ To N. and J. Van Staphorst, July 30, 1785, *Writings*, vol. 5, p. 45; to David Hartley, Sept. 5, 1785, *ibid.*, p. 122; to A. Stuart, Jan. 26, 1786, *ibid.*, p. 259.

could be utilized to obtain commercial privileges as the price of neutrality. Property rights, especially of foreigners, would be protected by the independent federal judiciary against the tyranny of the state legislature, which controlled the state judiciary.¹⁴

The tyranny to be feared, said Jefferson, was that of the legislatures. Later it might be that of the executive, but since the rising generation was educated in the precepts of republicanism, apostasy to royalism was impossible and unprecedented. He especially approved the veto by the executive conjointly with a third of either house, "though I should have liked it better had the judiciary been associated for that purpose, or invested separately with a similar power." He considered *The Federalist*, which was primarily Hamilton's work, the best treatise on the practice of government, just as Locke's treatise was perfect on theory.¹⁵

Anxious to show the skeptical Europeans that all was well in the United States and to prevent the proponents of an aristocratic national government from having their way, Jefferson expressed some radical sentiments on Shays's rebellion in Massachusetts, in his plea for leniency toward the "rebels". The rebellion was caused, he said, by the vigorous execution of private debts and heavy taxation in a period of commercial depression. Although this did not justify the rebellion, for the rebels had only themselves to blame for becoming too heavily indebted, they would have realized that peace and order were to their interest, had they been enlightened as to the facts. Thus while occasional resistance and perhaps some bloodshed were as good in the moral world as storms in the physical, they would not occur if the people were given a proper education.¹⁶

¹⁴ To James Madison, June 20, 1787, *Writings*, vol. 6, p. 132; to George Washington, Dec. 4, 1788, *ibid.*, vol. 7, p. 224.

¹⁵ To James Madison, Dec. 20, 1787, *Writings*, vol. 6, p. 387; Mar. 15, 1789, vol. 7, p. 312; Nov. 18, 1788, vol. 7, p. 183.

¹⁶ To David Hartley, July 2, 1787, *Writings*, vol. 6, p. 150; to Colonel William Smith, Nov. 13, 1787, *ibid.*, pp. 372-373.

Jefferson still retained his commercial-agrarian ideal. The people would remain virtuous only as long as the principal object was agriculture, and lands were available, for the moderate, sure income of husbandry begot permanent improvement and orderly conduct in private and public life. When the population should mass in the cities, then the people would become corrupt and eat one another as in Europe. Fortunately, said Jefferson, manufactures would not get a foothold in his generation.¹⁷

Merchants and commerce were also not altogether desirable. Merchants were weak in virtue and *amor patriae*. Commerce, beyond that needed to export the surplus produce, fostered a gambling spirit in society. But eventually agricultural production would exceed both the foreign and domestic demand; the surplus population should then enter navigation and commerce. Furthermore, since a good proportion of the people were by habit and taste addicted to these occupations, a faithful representative must follow not what was sound in "theory" but what was practicable and protect these interests.¹⁸

In contrast to the Confederation with its "lovely equality which the poor enjoy with the rich" were the pomp, wealth and privileges of the aristocracy, and the poverty of the mass in Europe.¹⁹ In France the feudal restrictions and perquisites created great and unnatural inequality of wealth. Since the land was concentrated in few hands and much of it retained for game preserves, the largest class was the starving unemployed. In this case the laws of property had been so developed that they violated natural rights. Private property was necessary for efficient production, but if those excluded from the cultivation of land were not provided for, they reacquired the fundamental right to labor the earth. The ideal situation in America of small proprietors could be established in France by equal division of the estates among the heirs, aided at first by a progressive tax above the exempt minimum.²⁰

¹⁷ To James Madison, Dec. 20, 1787, *Writings*, vol. 6, pp. 392-393; to George Washington, Aug. 14, 1787, *ibid.*, p. 277.

¹⁸ To John Jay, Aug. 23, 1785, *Writings*, vol. 5, p. 93.

¹⁹ To T. J. Bannister, Oct. 15, 1785, *Writings*, vol. 5, p. 187.

²⁰ To Reverend James Madison, Oct. 28, 1785, *Writings*, vol. 19, pp. 17-18.

Reforms in the political organization of France would be in order, certainly as long as the consequences were stable commercial regulations by law instead of arbitrary regulations, changing at the whim of a despot. Jefferson warned the French reformers that the people, habituated to despotism, were not ready for full liberty. The people should attempt to reacquire gradually their ancient liberties by progressively granting the king more funds in exchange for more privileges.²¹ But he wrote home that payment of the country's debt to France, in the royal government's present embarrassment, might lead to privileges for American commerce in the French West Indies.²² On the other hand, the price-fixing policy of the royal authorities, in order to prevent riots, violated the course of real values which were established by the market. However, the French government could relieve the discontent and save money by permitting the importation of more American cheap foodstuffs.²³

Jefferson disapproved of revolution in Europe, but not in Europe's colonial possessions in America where the United States might gain lands and markets. He informed would-be revolutionists in these areas that officers and men could be obtained in the Confederation by appealing to their ideals and pecuniary interests. He expected that eventually all of North and South America would be peopled from the United States as it increased in strength.²⁴

As the first Secretary of State of the United States, Jefferson vigorously pushed the interrelated policies of acquiring lands and markets. Having met the Physiocrats, authors of "excellent theoretical treatises", he now had further arguments for pushing markets for agriculture. The most desirable pros-

²¹ To Count Moustier, May 17, 1788, *Writings*, vol. 7, p. 14.

²² To John Jay, Sept. 19, 1787, *Writings*, vol. 7, p. 310.

²³ To John Jay, Sept. 30, 1789, *Writings*, vol. 7, pp. 481-482. Opposition to a free market in corn stamped Neckar as a treasury head not a statesman (to John Jay, June 17, 1789, *ibid.*, p. 383).

²⁴ To John Jay, May 4, 1787, *Writings*, vol. 6, p. 119.

perity was that based on agriculture, "because to the efforts of labor it adds the efforts of a greater proportion of soil."²⁵

From Spain, Jefferson claimed the right to navigate freely the Mississippi, for the surplus production of the western citizens demanded easy access to the foreign markets. Spain must cede New Orleans and the territory on the lower east bank of the river, because the natural right of free navigation implied the natural right of the means to maintain that end. The discussions during the Revolutionary War to abate American claims were due to the supreme law of necessity, he said, but now the country could assert its natural rights. If Spain acquiesced, the United States would guarantee her possessions on the western side, for the United States would for ages have no interest to cross the river. Should Spain waiver, the government would not be responsible for the actions of its western citizens.²⁶

War between Spain and England might solve the problem. In such a contingency Spain should be told to grant the territory independence, lest England seize it; and Spain's ally, France, should even see the wisdom of giving the territory to the United States in order to lessen the number of potential enemies. England, on the other hand, should be warned that seizure of the territory would be considered an unfriendly act. The necessary increase in the public debt was a lesser evil than loss of markets and eternal expense for protection against an overgrown neighbor.

²⁵ "Circular to American Consuls", May 30, 1792, *Writings*, vol. 8, p. 352. The statement might easily have been taken from *The Wealth of Nations*. See Cannan edition, p. 344.

The antiquarian-minded historians of economic thought would have considerable difficulty in classifying Jefferson. Depending on circumstances, he utilized the doctrines of mercantilists, physiocrats or Adam Smith, and sometimes all three at once. But what may appear to be inconsistency in Jefferson may after all merely serve to raise the question as to whether the differences between the various schools are as substantial as is thought.

²⁶ "Report Relative to Negotiations with Spain to Secure the Free Navigation of the Mississippi and a Port on the Same", Dec. 22, 1791, *Writings*, vol. 3, pp. 164-198; "Heads of Consideration on the Conduct We Are to Observe in the War Between Great Britain and France" and "Heads of Consideration on the Navigation of the Mississippi", Aug. 22, 1790, *ibid.*, vol. 17, pp. 299-307.

On the other hand, European wars must not be allowed to interfere with American prosperity. The government, he said, could not stand idly by as industry was suspended and unemployment created, by the interference of foreign powers with the natural rights of the country and its citizens. England's interference with American food exports to the enemy violated the natural right of neutrals to sell in the best market. England's complaints against the sale of military supplies to the enemy were unjustified, since war was no reason for deranging men's occupations. Suppression of the traffic would violate the right of every man to follow his lawful calling.²⁷

Since justice was the mechanical result of interest, Jefferson felt that offensive practices could be prevented by recourse to discriminatory acts, including tariffs, but he was ready to use arms, if the warring nations refused to let the country reap the "golden harvest" of a policy of neutrality.²⁸

He approved or disapproved financial policies in accordance with what he conceived to be the interests of agriculture. But he still believed that those interests were subserved by policies which strengthened the national credit, and brought in specie. Thus, at first, he approved Hamilton's funding measure for full payment of the public debt, and felt that funds should be kept at Amsterdam to purchase the stock, when it fell below par.²⁹ Later he asserted that Hamilton's other great measures threatened the agricultural interest and republican government. The National Bank Act providing for a privately managed national bank, with its capital primarily in funded debt, and with its bank notes exclusively receivable for government dues, in addition to specie, placed the circulating medium of the country under the control of the speculative interests. The agricultural interest would be at the mercy of the Bank, and since agri-

²⁷ To William Short, July 28, 1791, *Writings*, vol. 8, p. 219; to Thomas Pinckney, Sept. 7, 1793, *ibid.*, vol. 9, pp. 221-223; to George Hammond, May 15, 1793, *ibid.*, pp. 90-91.

²⁸ To James Madison, March 1793, *Writings*, vol. 9, p. 34. "Report on the Privileges and Restrictions on the Commerce of the United States in Foreign Countries", Dec. 16, 1793, *ibid.*, vol. 3, pp. 275-283.

²⁹ To Alexander Hamilton, Mar. 27, 1793, *Writings*, vol. 9, p. 58.

culture was the only productive interest, the profits of the Bank would be at the expense of agriculture.

The value of specie which, as Hume had taught him, was fixed by the natural laws of commerce and abounded in each country according to its commercial needs would be drained from the country. An unstable medium, unsettling agricultural values and commerce, would be substituted for a stable one maintaining equilibrium. The paper, by raising labor costs and prices, would destroy the foreign markets. The banknotes would inevitably be issued in excess and the resulting bankruptcy would destroy the country. However, if the notes, like the French *Assignats* based on land, were based on real values—deposits of wheat and tobacco—they would be secure, and would “befriend the agricultural man.”⁸⁰

Similarly, Hamilton's advocacy of bounties for manufactures under the general welfare clause of the Constitution would be at the expense of agriculture, and open the way to usurpation and despotism.

As Jefferson became more deeply involved in controversy with Hamilton, he even attacked the public debt as unconstitutional and a tax on agriculture. Both the bank and funding acts were passed by a corrupted legislature, for the benefit of stock jobbers who were making a lottery of the real property of the country, the property of the agricultural class. The acts drained the necessary specie from agriculture for use in speculation and thereby demoralized the industry of the country. Debtor South would be arrayed against creditor North, and the Union would be dissolved.

Yet Jefferson insisted that while the acts were unconstitutional and made for the acquisition of wealth by government created privileges rather than by industry, still their terms must be rigorously observed. When the acts expired, they must not be renewed, but until then, the measures were sacred obligations and tampering with them threatened the national credit.

⁸⁰ To James Madison, July 3, 1792, in Ford edition, vol. 6, p. 98; to George Gilmer, Jan. 28, 1793, *Writings*, vol. 9, p. 143.

Almost the entire academic world called Jefferson a Jacobin.³¹ The wealthiest man in the country, Charles Carroll, said that Jefferson was a "theoretical and fanciful man" holding out equal division of property to "the indolent needy."³² Yet Jefferson was unfolding a philosophy that bulwarked the broad Hamiltonian objectives in the name of liberty.

Jefferson claimed that his Federalist opponents, the Tories, were the wealthy, nerveless and corrupt who sought security in a strong executive; the sound Republicans were the virtuous, healthy and enterprising who wanted government confined to preventing men from injuring one another. In this rising nation, "possessing a chosen country with room enough for our descendants to the hundredth and thousandth generation", popular insurrections would not occur so long as the people were protected in the unrestrained exercise of their talents. Enterprise thrived best when left free to individual initiative, and government should protect the enterprises only from casual embarrassments.³³

Upon entering the presidency in 1801, Jefferson did not discard Hamilton's policies. The public debt, he said, was the first charge on the government's revenues.³⁴ Critics called him a hypocrite, but his supporters praised him for respecting the national good faith and the "eternal mandates of justice." By eliminating the Hamiltonian measures, Jefferson could have lowered taxes and crushed the rising aristocracy, but he had gallantly refused to listen to this spirit of "unprincipled ambition, of demoniacal revenge."³⁵

³¹ This characterization was a tradition in the higher learning throughout the nineteenth century. The best exponent of this attitude was Francis Lieber. See Joseph Dorfman and Rexford Guy Tugwell, "Francis Lieber: German Scholar in America", *Columbia University Quarterly*, September and December 1938, pp. 159-190, 267-293.

³² Charles Carroll to Alexander Hamilton, Apr. 27, 1800, in Kate M. Roland, *The Life of Charles Carroll of Carrollton, 1737-1832* (New York and London, 1898), vol. 2, pp. 235-239.

³³ To Joel Barlow, May 3, 1802, *Writings*, vol. 10, pp. 320-321; Inauguration address, Mar. 4, 1801, *ibid.*, vol. 3, p. 320; First Annual Message, Dec. 8, 1801, *ibid.*, p. 337.

³⁴ To Albert Gallatin, Apr. 1, 1802, *Writings*, vol. 10, p. 307.

³⁵ *A Defense of the Administration of Thomas Jefferson* by Curtius (John Taylor) taken from the *National Intelligencer* (Washington, 1804), p. 52.

To Congress, controlled by his party, Jefferson left the problem, of "how far the monopoly which prevents population should here be so guarded against and actual habitation made a condition of the continuance of title to lands purchased from the government."³⁶ Congress left the old scheme of land speculation intact.

The policy of providing additional lands and opportunities for the security of republican government was vigorously prosecuted by Jefferson. The Indian tribes complained that the government, instead of leaving their lands inviolate, as promised, was forcing their sale, but Jefferson answered that the right to sell is one of the rights of property." Therefore, forbidding sale "would be a wrong to your nation."³⁷ He informed the government agents among the Indians that their objectives should be the acquisition of lands, peace and the encouragement of agriculture. However, if an agent failed in the first, he would be regarded as being more friendly to the Indians than to the United States.³⁸ It would be best for the Indians to exchange surplus lands for agricultural implements, and thus engage in further barter trade with the United States.³⁹ The Indians' habits and antiquated customs, however, dominated good sense and innovation.

Having seen in Europe the use of government scientific expeditions to acquire territories and business opportunities, Jefferson authorized the famous Lewis and Clark expedition.⁴⁰

³⁶ Second Annual Message, Dec. 15, 1802, *Writings*, vol. 3, p. 343.

³⁷ To Brother Handsome Lake, Nov. 3, 1802, *Writings*, vol. 16, p. 395. Henry S. Randall, Jefferson's eulogistic biographer, stated that "the apparent equivalent" for Indian lands "would now in many cases appear but little more than nominal." *The Life of Thomas Jefferson* (New York, 1858), vol. 3, p. 39.

³⁸ To Andrew Jackson, Feb. 16, 1803, *Writings*, vol. 10, pp. 357-359.

³⁹ This led Jefferson's friend, the French economist, J. B. Say, to describe the policy in his popular *Treatise on Political Economy*, as giving the United States the "honor of proving experimentally that true policy goes hand in hand with moderation and humanity." Jefferson, on the appearance of the book, suggested it be read instead of *The Wealth of Nations*, because it presents the same principles "in a shorter compass and more lucid manner". To John Norvell, June 11, 1807, *Writings*, vol. 11, p. 223.

⁴⁰ He informed Congress that the primary objective was to find fur-trading

Hearing that Spain was transferring New Orleans together with the rest of Louisiana and Florida to France, he warned that this would not be tolerated, since the produce of almost half of the territory of the United States passed through New Orleans. Spain's weakness, he said, would soon force her to cede the territory, but powerful France was another story. Besides, permanent peace between the United States and France would be impossible if the two countries were such close neighbors, since the French were a reckless, impetuous people. Therefore, the moment France occupied the territory, the United States would join England to control this continent and despotically rule the seas.⁴¹

When Napoleon offered to sell all Louisiana to the United States, Jefferson called on Congress to supply the funds. The Constitution, he argued, did not provide for holding foreign territory or incorporating a foreign nation into the Union, but Congress must overlook metaphysical subtleties, and expect the assent of the people to what the people themselves would do, if they could.

The new territory, Jefferson claimed, provided opportunities for uplifting the uncivilized groups. Indians, dispossessed of their lands on the east side of the Mississippi, could be exported to the territory to begin an agricultural life; free Negroes and rebellious slaves could also be sent there under a system of indentured servitude.

Since the French inhabitants were habituated to despotism they still required tutelage, according to Jefferson, as far as political rights were concerned. In order that the country might eventually develop into a thoroughgoing republican area, thirty thousand citizens should be sent to the territory at public expense and given lands in return for military service.⁴²

opportunities for private enterprise. Since "the interests of commerce place the principal object within the constitutional powers and care of Congress", the expenditure was constitutional. "Confidential Message Recommending Western Exploring Expedition", Jan. 18, 1803, *Writings*, vol. 3, p. 493.

⁴¹ To Robert E. Livingston, Apr. 18, 1802, *Writings*, vol. 10, p. 312.

⁴² To John Breckenridge, Aug. 12, 1803, *Writings*, vol. 10, p. 411; to John Dickinson, Jan. 13, 1807, *ibid.*, vol. 11, pp. 136-137.

War for additional territory would be justified in order to obtain "reparation for the past and security for the future". In a war with Spain, the regular army would seize Mexico with its rich mines, privateers would prosper by plundering the commerce and coasts of the Spanish possessions, and Cuba, valuable for sugar, would enter the Union. Canada would be the fruit of a war with England. By acquiring Canada and Cuba the United States would have natural protection without the need of a navy, and further expansion of the country would be unnecessary. "We should have such an empire for liberty as she has never surveyed since creation."⁴³

Jefferson's agricultural economics was slowly modified by the changing circumstances. He did not abandon, at least formally, his view that the agricultural state was the ideal state, if only Europeans would grant free access to markets. He praised highly Malthus' *Essay on Population*, which attributed England's distress to redundant population, but he said that Malthus' conclusions did not apply to the United States because the circumstances were not the same. By employing all laborers here in agriculture, the surplus produce could be exchanged for the manufactures of the excessive population of Europe. Moral duty and interest were thus in harmony. But he felt that his early strictures on manufactures were misunderstood. Here manufacturers were as comfortable and independent as the agriculturists, because they could turn to agriculture, if the other classes attempted to reduce them to the minimum of subsistence.⁴⁴

Jefferson praised manufactures to secure support for his restrictions on navigation designed to force the warring powers to stop interfering with agricultural exports. He was attempting to align New England manufacturers with the southern agricultural interest, against the New England maritime interest, the carriers of the world.

⁴³ To Pierre Samuel du Pont de Nemours, July 14, 1807, *Writings*, vol. 11, p. 274; to James Madison, Aug. 16, 1807, *ibid.*, pp. 326-327; to James Monroe, Jan. 28, 1809, *ibid.*, vol. 12, pp. 241-242; to James Madison, Apr. 27, 1809, *ibid.*, p. 276.

⁴⁴ To J. B. Say, Feb. 1, 1804, *Writings*, vol. 11, pp. 1-3; to Mr. Lithson, Jan. 4, 1805, *ibid.*, p. 56.

By the time of his second inaugural address in 1805, Jefferson had come around formally to Hamilton's position. Eliminating import duties would destroy the advantage of domestic manufactures over foreign goods. Instead, by a constitutional amendment, the expected surplus revenues could provide bounties to manufacturers and education and internal improvements for the benefit of the farmer. But the expansion of manufactures should be limited to the utilization of the country's raw materials.⁴⁵ On the other hand, New England merchants opposed the restrictions on commerce, he said, because they wanted to sacrifice agriculture and manufactures to peace-disturbing "proturbant navigation" and convert this agricultural country into a vast Amsterdam.

But war against England came in 1812 under his protégé, President James Madison, and Jefferson justified it on the familiar ground that if government did not protect the persons and property of its citizens in their lawful callings, the foundations of the social compact would be shattered.⁴⁶

The United States would win the war, because of its republican government and the superior material condition of its people, which was both a cause and effect of its ideal government. In England the government was controlled by aristocracy and wealth; consequently the middle or artisan class was forced to the maximum of strain and the meanest subsistence in the desperate competitive struggle to sell its products. The largest class was the "starved and rickety paupers and dwarfs of English workshops." These provided the cheap army and navy material necessary to wage war abroad for the profits of contractors and to shoot the starving, rioting laborers at home.

In the United States land was available to everyone; fortune and fame were open to talent and enterprise. The demand for

⁴⁵ To Dr. Maese, Jan. 15, 1809, *Writings*, vol. 12, p. 230; to Thomas Leiper, Jan. 21, 1809, *ibid.*, p. 237; to John Jay, Apr. 7, 1809, *ibid.*, p. 271.

⁴⁶ To James Maury, Apr. 25, 1812, *Writings*, vol. 12, p. 145. Opponents of the war were characterized by Jefferson as the Marats, Dantons and Robespierres of America, seduced by English money and aristocratic ideas. To Lafayette, Feb. 4, 1815, *ibid.*, vol. 14, p. 251.

labor was so great that moderate work brought sufficient income to rear a large family at a high standard of living and to save for old age. Prolific marriages and equal division of intestate estates prevented the growth of large fortunes and created relative equality. Thus practically all engaged in labor, manual or professional. Even the condition of the slaves was better than that of the English laborers. The slave suffered only physical coercion, but equally severe was the moral coercion exercised by the English employer over the laborer.

Since here the laboring class generally possessed property and cultivated the land, the people could be trusted with freedom and the control of government. The wealthy had nothing to fear, since enough of their class got into every branch of government to protect their interests. In Europe the people could not be given these powers, for they were the *cannaille*, the product of workshops, and would pervert government to the destruction of everything public and private.⁴⁷

Jefferson did not, however, overlook realities. In the midst of the war, he wrote J. B. Say that changed circumstances forced him to agree that the manufacturer should be planted by the side of agriculturist. He regretted the change from a peaceful and agricultural state to a military and manufacturing one, but preservation came before profits. Should the country reach a point where manufactures exceeded domestic consumption, then the old question of disposing of the surplus would have to be faced. The answer would depend on developments, for in the complicated science of political economy, "no one axiom can be laid down as wise and expedient for all times and circumstances."⁴⁸

The war, however, must not interfere with agricultural prosperity. As in the Revolutionary War, Jefferson maintained that exports of produce to the enemy should be allowed.

⁴⁷ To Thomas Cooper, Sept. 10, 1814, *Writings*, vol. 14, pp. 181-185; to John Adams, Oct. 28, 1813, *ibid.*, vol. 13, pp. 397, 401-402.

⁴⁸ To J. B. Say, Mar. 2, 1815, *Writings*, vol. 14, p. 259; to Benjamin Austen, Jan. 9, 1816, *ibid.*, pp. 387-393.

The war would be popular only as long as markets were open, for good prices made the people cheerful.⁴⁹

When planters complained of lack of markets for wheat and tobacco, Jefferson asserted that the Virginia act suspending judgments did not violate the constitutional provision that states shall not impair the obligations of contract. Since the debtor's difficulties were caused by the lack of specie, the legislature merely acted as an umpire when a literal fulfilment of contract was impossible, or "if enforced would produce a disproportion between the subject of the contract and its price which the parties did not contemplate at the time of the contract."⁵⁰ But distress would not excuse suspending the sacred payments on the public debt in specie, for the necessity of maintaining the public credit was greater than any other.⁵¹

From premises based on the importance of specie as capital Jefferson deduced his scheme of war financing, which would not burden agriculture but would maintain its markets. In an agricultural country the only available capital for government loans was the circulating specie. The government should in effect acquire this fund by issuing an equal amount of paper currency. In peace time, taxation of commerce would provide for redemption and the automatic return to the solid, intrinsic medium of specie. But this fund, said Jefferson, had been usurped by the private banks with note-issuing power. The monopoly of the circulating medium, possessed by the now expired Bank of the United States, had been replaced by that of a mass of private state banks. Their issue benefited only the limited liability bank companies and, like the notes of the national bank, were a tax on agriculture. They could not create industry since man power was not available, and specie was not increased.

These banks should be eliminated but the state legislatures would never take the initiative, because "personal motive can be excited through so many avenues to their will, that in their

⁴⁹ To James Ronaldson, Jan. 12, 1813, *Writings*, vol. 13, p. 206.

⁵⁰ To W. H. Torrance, June 11, 1815, *Writings*, vol. 14, p. 302.

⁵¹ To William Short, Nov. 28, 1814, *Writings*, vol. 14, p. 217. This meant in that day, payments also to holders in the enemy state.

hands it will continue to go from bad to worse, until the catastrophe overwhelms us." A constitutional amendment would take too long, so pressure should be brought to bear on the states to force them to grant Congress the exclusive right to issue paper. However, the charter rights of the existing banks must be allowed to run their full terms.

This did not mean, argued Jefferson, that all banks should eventually be abolished, but only that banking should be restricted to those having the natural right to be money lenders; namely, those with money to lend. Consequently banks without the note-issuing power should be encouraged. These modern banks of discount and deposit were proper banks, because they lent their own specie capital. Discounting short-term commercial bills, they were absolutely safe and a convenience to merchants and individuals.

Congress and the president were followers of Jefferson, but they saw the only remedy for the evils of paper money in a Hamiltonian second United States Bank, ostensibly to control the paper issues of the state banks. When the measure was passed, Jefferson offered no criticism, but he attributed the collapse of the post-war prosperity to the withdrawals of paper money by the state banks and the "despotic" United States Bank. Such withdrawals reduced the circulating medium below the amount that would have existed with specie. Consequently the Virginia legislature must again pass stay laws, lest local insurrections occur over the great sacrifice of the property of the country people and the merchants with real capital.⁵²

Similarly, Jefferson felt that the rights of property in slaves must be vigorously protected. Missouri, part of the Louisiana Purchase, should be admitted as a slave state, because the diffusion of slavery, he said, would hasten its end by spreading the cost of emancipating the slaves. The critics were mere speculative theoreticians and Tory Federalist disunionists.

⁵² To John W. Eppes, June 24, Nov. 6, 1813, *Writings*, vol. 13, pp. 273-277, 427-431; to Henry Dearborn, July 5, 1819, *ibid.*, vol. 19, p. 272; to William C. Rives, Nov. 28, 1819, *ibid.*, vol. 15, pp. 230-232.

Jefferson finally held that emancipation was a question that concerned only the masters and slaves. Third parties had no right to intervene, for actual property had been lawfully vested in Negroes and "who can lawfully take it from the possessors?"⁵³ Jefferson's earlier innocuous emancipation sentiments were excused by his followers "as the effusions of the speculative philosophy of his young and ardent mind . . . which his riper years have corrected."⁵⁴

Having never really surrendered his anti-tariff attitude, Jefferson on the return of peace was shocked that the West in exchange for internal improvements should support the tariff demands of the manufacturing North. He had done much for the West, because he had expected from that area "rational ideas" and the support of orthodox principles. As a new and consequently unsophisticated country, it should have been, as Locke taught, free from the prejudices and vices of the older sections degraded by fantastic wealth and avarice. But enticed by sordid local interest, it was turning aristocratic and becoming the instrument of pernicious innovation.⁵⁵

Jefferson felt that the battle against Hamiltonian ideas had to be refought. He admitted that time changed manners and customs and "so far we must expect institutions to bend to them but time produces also corruption of principles."⁵⁶ The new Federalists looked to an aristocratic government "founded on banking institutions, and moneyed incorporations under the guise of their favored branches of manufactures, commerce and navigation, riding and ruling over the plundered ploughman and beggared yeomanry." They stretched the power to regulate commerce to include unlimited control over manufactures and agriculture in order to take the earnings of the most depressed interest and give them to the most flourishing.⁵⁷

⁵³ To John Holmes, Apr. 22, 1820, *Writings*, vol. 15, pp. 249-250; to Jared Sparks, Feb. 4, 1824, *ibid.*, vol. 16, p. 239; to Edward Everett, Apr. 8, 1826, *ibid.*, p. 163.

⁵⁴ Cited in W. S. Jenkins, *Pro-Slavery Thought in the Old South* (Chapel Hill, 1935), p. 63.

⁵⁵ To Clairborne W. Gooch, Jan. 9, 1826, *Writings*, vol. 16, pp. 151-152.

⁵⁶ To Judge Spencer Roane, Mar. 9, 1821, *Writings*, vol. 15, p. 325.

⁵⁷ To William G. Giles, Dec. 26, 1825, *Writings*, vol. 16, pp. 147, 149-150.

His faith in political machinery to save republican government grew dim. He had once thought that the view that Congress might be the final judge on the Constitution because of its impeachment power was worthy of respectful consideration, but now Congress was passing unconstitutional measures like the tariff. The Supreme Court was destroying the Constitution, by claiming the exclusive right to determine the constitutionality of laws and thereby voiding acts of southern legislatures to prevent the expansion of national financial corporations chartered by his party in Congress.⁵⁸

The only sound remedy lay as of old in education. Jefferson persuaded Virginia to establish a state university because it was foolish for the state to lose money to northern institutions where its sons were educated in hostile, Tory, corrupt ideas. For professors in subjects other than the social sciences, he unsuccessfully sought northern-born Harvard men, and then turned to Dugald Stewart for British teachers, for Great Britain was "the land of our own language, morals, manners and habits."

The university, said Jefferson, would be devoted to unlimited free inquiry, but to prevent heresies in government the university authorities in selecting the professor of the social sciences must be "rigorously attentive to his political principles." The diffusion of "heterodox ideas" was to be prevented further by "a previous prescription" of the textbooks.⁵⁹

Jefferson had ready the right textbooks, written along the lines of Locke in government and Smith, Say and Malthus in economics. He had translated Count destutt de Tracy's *A Commentary and Review of Montesquieu's Spirit of Laws* and supervised the translation of Tracy's *Treatise on Political Economy*. He heard of Ricardo's *Principles of Political Economy and Taxation*, which was fundamentally similar to the works of his favorite authors, but he thought it had heterodox ideas on the legitimacy of rent.⁶⁰

⁵⁸ To W. H. Torrance, June 11, 1815, *Writings*, vol. 14, p. 305; to Judge Spencer Roane, Sept. 6, 1819, *ibid.*, vol. 15, pp. 212-213.

⁵⁹ To Dugald Stewart, Apr. 26, 1824, *Writings*, vol. 18, p. 332; to James Madison, Feb. 17, 1826, *ibid.*, vol. 16, p. 156, Feb. 3, 1825, *ibid.*, p. 104.

⁶⁰ Members of Congress after reading McCulloch's laudatory review of

Jefferson did think, however, that Tracy's lengthy introductory discussion in his economics treatise on the origin and rights of property from men's propensities might be skipped by the reader not interested in erudite, metaphysical discussions of something which was common sense. But the consequences of this premise he wanted clearly stated. So he intended to include a note in the treatise to the effect that the use of the taxing power to correct inequalities of wealth violated the first principle of society, "the guarantee to every one of a free exercise of his industry and the fruits acquired by it." Such taxation robbed the virtuous of the fruits of the industry of themselves and their fathers, for the benefit of the less virtuous.⁶¹ It might be thought that Jefferson had forgotten that he had advocated such taxation in France, but he believed with Tracy that vast amounts of rich land were available in the West without paying rent.

In his last days he carried the principles of the free acquisition of wealth to such an extreme as to contradict earlier sentimental objections to certain types of enterprise. In his plea to the legislature for a lottery to sell his property, he argued that all pursuits of industry from farmer to merchant were games of chance, and "every one has a right to choose for his pursuit such one of them as he thinks most likely to furnish him subsistence."⁶²

He could even now view the seaport towns as the centers of wealth, the torchbearers of civilization. The history of man's progress could be seen by starting with the Rocky Mountain savages in a state of nature. Then came "our semi-barbarous citizens, the pioneers of the advance of civilization", followed by gradual stages of improving man until "his as yet most improved state in our seaport towns". The march of civiliza-

Ricardo's book in the *Edinburgh Review* subscribed for half of a prospective American edition; Jefferson read the same review and came to the conclusion that because of the book's "muddy reasoning" Ricardo's reputation would fall as soon as the book was read (Correspondence in Gilbert Chinard, *Jefferson et les Ideologues* [Baltimore, 1825], pp. 185-187). Ricardo praised Tracy's book as a "useful and able treatise."

⁶¹ To Joseph Milligan, Apr. 6, 1816, *Writings*, vol. 14, p. 466.

⁶² "Thoughts on Lotteries", Feb. 1826, *Writings*, vol. 17, p. 449.

tion advanced from the seaport towns, passed over the country like a cloud, increased the people's knowledge and improved their condition.⁶³

At the same time, he did not overlook the uses of empire in safeguarding republican government and the agrarian ideal. Interest and justice, he wrote, called for the independence of South America. Eventually all America should form one coalition, for America, rich in resources, could support an increasing population, but Europe, poor in resources, must have wars to limit numbers.⁶⁴

The Hamiltonian and Jeffersonian ideologies had so fused in current political and economic philosophy that on Jefferson's death in 1826, the president of the second Bank of the United States delivered the eulogy before the American Philosophical Society.⁶⁵

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⁶³ To William Ludlow, Sept. 6, 1824, *Writings*, vol. 16, p. 25.

⁶⁴ He furnished President James Monroe the substance of what became known as the Monroe Doctrine, and urged him to issue the manifesto in 1823. To James Monroe, Feb. 4, 1816, *Writings*, vol. 14, p. 433, Oct. 24, 1823, vol. 15, pp. 477-480; to William Short, Aug. 4, 1820, *ibid.*, p. 263.

⁶⁵ Nicholas Biddle, *Eulogium on Thomas Jefferson*, delivered before the American Philosophical Society on the eleventh day of April 1827 (Philadelphia, 1827).