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DANIEL WEBSTER AND THE WHIG THEORY OF ECONOMIC GROWTH: 1828-1848

MELVYN DUBOFSKY

ECONOMIC historians have recently been pushing America's "take-off into sustained economic growth" back into the era preceding the post-Civil War generation of "Radical Republicans" and "Robber Barons." Committed to the impersonality of their discipline, however, they have, for the most part, understated the human and political factors operative in America's rise to industrial maturity.¹ Thus the time appears ripe to reexamine antebellum (1820-1850) political theory, focussing on its relation to national economic development. This essay shall analyze the economic ideas and policies of a leading antebellum politician, Daniel Webster, and demonstrate how his views and the program of the Whig party reflected the United States' surge to economic preeminence.

At the close of the Revolutionary War, America was an underdeveloped nation possessing vast amounts of land and natural resources, an aggressive and materialistic populace, and a political and social order conducive to rapid economic development. In Louis Hartz's felicitous phrase, America was "born free." Unhampered by the dying vestiges of a feudal order, Americans could create a mobile, industrial society, without initially having to destroy an ancient, anti-industrial heritage.² As an underdeveloped nation, however, America required policies which would overcome the nation's economic deficiencies—primarily insufficient population and capital combined with a restricted technology—and thus stimulate entrepreneurs to seize the abundant natural opportunities.

Many public servants enthusiastically proposed programs

¹ Douglass C. North, *The Economic Growth of the United States, 1790-1860* (Englewood Cliffs, N. J., 1961); Walt W. Rostow, *The Stages of Economic Growth* (Cambridge, 1960), 36-58; Thomas C. Cochran, "Did the Civil War Retard Industrialization?" *Mississippi Valley Historical Review*, XLVIII, 197-210 (Sept., 1961); cf. Stuart Bruchey, *The Roots of American Economic Growth, 1607-1861* (London, 1965).

² Louis Hartz, *The Liberal Tradition in America* (New York, 1955).

designed to generate domestic economic growth. From Alexander Hamilton's tenure as Secretary of the Treasury to the proponents of a publicly subsidized transcontinental railroad, statesmen and politicians promulgated policies aimed at transforming a basically agrarian country into a diversified and industrialized economic power. Robert Lively has stated succinctly the catalytic role of the American public official:

... the elected public official replaced the individual enterpriser as the key figure in the release of capitalist energy; the public treasury, rather than private saving, became the major source of venture capital; and community purpose outweighed personal ambition in the selection of large goals for local economies. "Mixed" enterprise was the customary organization for important innovations, and government everywhere, undertook the role put on it by the people, that of planner, promoter, investor, and regulator.

The combination of public policy planning and private entrepreneurship became a major determinant of American economic growth.³

Hamilton, perhaps the first outspoken American advocate of neomercantilism,⁴ became an unusual prophet, one with honor in his own country. Men as diverse in their aims and personalities as Albert Gallatin, John Quincy Adams, Henry Clay, William Henry Seward, Abraham Lincoln, and Daniel Webster further developed, refined, and applied Hamilton's economic conceptions. Together and apart all sought to establish a national transportation system, to create a sound and stable na-

³ Robert Lively, "The American System: A Review Article," *Business History Review*, xxix, 81 (March, 1955); Carter Goodrich, *Government Promotion of American Canals and Railroads* (New York, 1960); Goodrich, *Canals and American Economic Development* (New York, 1961); Nathan Miller, *The Enterprise of a Free People: Aspects of Economic Development in New York State during the Canal Period, 1792-1838* (Ithaca, 1962).

⁴ Neomercantilism can be defined as an economic program under which the state would establish the general guidelines and policies for economic development, and private entrepreneurs encouraged and subsidized by the state would serve the community or commonwealth by enriching themselves. See Curtis P. Nettels, "British Mercantilism and the Economic Development of the Thirteen Colonies," *Journal of Economic History*, xii, 105-114 (Spring, 1952); William A. Williams, "Age of Mercantilism: An Interpretation of the American Political Economy, 1763-1828," *William and Mary Quarterly*, xv, 419-437 (Oct., 1958).

tional banking and monetary order, and to enact other governmental policies—local, state, and federal—that would encourage private businessmen and thus enrich the nation. Clay's "American System" expanded Hamilton's program: the Whig party attempted unsuccessfully to apply it in practice; and the Republicans in the aftermath of a bloody conflict put it into effect nationally.

During the 1830's the Whig party inherited the fundamentals of the Hamiltonian scheme and Whig politicians advocated a program of positive government action. Glyndon G. Van Deusen and Lee Benson have placed the Whig party in a new light, emphasizing its dedication to the belief that government intervention in the economy could foster equal opportunity and free enterprise; in Benson's words, the state "... must regulate society so as to promote the general welfare, raise the level of opportunity for all men, and aid all individuals to develop their full potentialities." In short, the Whig ideal can be considered an antebellum precursor of the New Deal and the "General Welfare" state.⁵

Daniel Webster's political economy epitomized the Whig concept of the positive state. The Massachusetts Senator, although not necessarily in advance of his party's economic program, proved more outspoken and articulate than most Whigs. Webster added little to the rudiments of Clay's American System, but he did succeed in enlarging its scope. No more nationalistic than John Quincy Adams or William Henry Seward, Webster more openly linked the nation's well-being to industrialization and to the wealthy businessman.

From his earliest political years as a New England Federalist, Webster imbibed the Hamiltonian vision of a broad federal program to abet private entrepreneurs in their dreams of material empire and also Hamilton's preference for a society

⁵ Glyndon G. Van Deusen, *The Jacksonian Era, 1828-1848* (New York, 1959), 97-98; Van Deusen, "Some Aspects of Whig Thought and Theory in the Jacksonian Period," *American Historical Review*, LXIII, 305-322 (Jan., 1958); Lee Benson, *The Concept of Jacksonian Democracy* (Princeton, 1961), 102-105; Sidney Fine, *Laissez-Faire and the General Welfare State* (Ann Arbor, 1956), 14-16.

in which the interest of the community transcended that of the individual. While Jefferson and Jackson often conceived of the national welfare in atomized terms (a rough form of Benthamite calculus by which the sum total of individual happiness equaled national contentment), Hamilton and Webster conceived of the national welfare as an indivisible unity which when improved bettered each individual.

Like Hamilton, Webster further believed that the rich and the well-born knew best which policies were in the national interest. But unlike Hamilton, Webster reached political maturity in an era of egalitarian or populist democracy. Whereas Hamilton obtained political preferment toward the close of an age of native aristocracy, Webster was compelled to woo all prospective voters, high- and low-born. Consequently he had to shape political policies derived during the dying days of Federalism to a new era or suffer political extinction. Webster and other Whigs responded to the demands of a populist democracy with the concept of state-stimulated economic growth to raise the material level of society and endow more citizens with a stake in national prosperity.

Webster, like Clay and other Whigs, attempted to fit party policies into a Federalist frame: internal improvements, tariff protection, and a national banking system became integral parts of a program which would create a stronger national union and subsume the jealous localism of provincial politicians. A constantly rising rate of economic growth would spread prosperity and property through all levels of society, vitiating the possibility of rebellions by have-nots; also a prosperous nation would more likely remain united.

The America of Daniel Webster's vision was a nation in which all citizens, classes, and states shared a common national harmony derived from the Founding Fathers' masterwork, the Constitution. The Constitution had created a country of united interests in which the people were ". . . one in making war, and one in making peace . . . one in regulating commerce, and one in laying imposts. The very end and purpose of the Constitution was to make them one people in these partic-

ulars. . . .” Webster foresaw an America in which all would cooperate equally for the common good and in which the national government would unite diverse local interests.⁶

Such a national government could serve the general welfare relatively unrestricted. Neither “strict constructionists” nor geographical boundaries could hamper the beneficial activities of the federal government. Webster’s Constitution soared across mountains, traversed rivers, ignored state borders, and even found the construction of a local canal or a railroad, such as one within the borders of South Carolina, to be of national magnitude.⁷ Webster coupled a liberal reading of the Constitution to the extension of federal power across geographical barriers. He maintained, as Hamilton had earlier, that government could infer powers from the Constitution, as the powers do not have to be granted expressly but can be implied from express grants. “Where the Constitution confers on Congress a general power, or imposes a general duty, all other powers necessary for the exercise of that general power and for fulfilling that duty are implied, so far as there is no prohibition.” He applied broad interpretation particularly to the commerce clause and related economic powers, declaring that in relation to state authorities “. . . as a last resort, the national government was dominant.”⁸

Webster, however, also conferred distinct economic functions upon the separate states. He believed that the states should complement national efforts to promote the general welfare. Thus Webster refused to countenance extreme laissez-faire attitudes; instead he insisted upon government’s obligation to act. Government can and ought to place restrictions on private property, Webster contended, because “. . . it is neces-

⁶ Daniel Webster, *The Works of Daniel Webster* (Boston, 1851), III, 472, Speech in the Senate (Feb. 16, 1833); 291, “Second Speech on Foote’s Resolution” (Jan. 26-27, 1830).

⁷ *Works . . .*, III, 290; J. W. McIntyre, *The Writings and Speeches of Daniel Webster* (Boston, 1903), xv, 143, “Draft of Tariff Measure for President Tyler” (1841).

⁸ Webster, *Works*, IV, 490, “Second Speech on the Sub-Treasury” (March 12, 1838); 338-339, “Speech on the Currency Question” (Sept. 28, 1837); Claude Fuess, *Daniel Webster* (Boston, 1930), I, 373.

sarily done, by every government, for the good of the whole community." State and national governments therefore ". . . must furnish all that which none but government can furnish. Government must do that for individuals which individuals cannot do for themselves." Webster's state was obligated to encourage private enterprise because public power ". . . exists not for its own ends, but for public utility. It is an agency established to promote the common good . . . its chief duties are to the people."⁹

If government successfully abetted the diffusion of property, social conflict and class antagonisms would abate, even vanish. For exigent political reasons Webster thus portrayed America as an harmonious society in which there was not one interest for the rich and another for the poor, in which capital was not the enemy of labor, nor labor the foe of capital. In Webster's emphasis upon the whole rather than any of its parts, all social factions and classes necessarily became interdependent and interacted cooperatively to raise the national economic level.¹⁰

Although anxious to spread property and wealth more widely, Webster denied the existence in America of great social or economic disparities. He contended that ". . . young men, though they are laborers today, will be captains tomorrow," a sentiment Abraham Lincoln would echo two decades later. His America remained the preeminent land of opportunity where individuals retained the chance to achieve status as a result of personal initiative and endeavor. Webster treated with outright scorn Jacksonian politicians who played upon the theme of class conflict.

In a country of unbounded liberty, they [Jacksonians] clamor against oppression. In a country of perfect equality, they would move heaven and earth against privilege and monopoly. In a country where property is more equally divided than anywhere else,

⁹ Richard Current, *Daniel Webster and the Rise of National Conservatism* (Boston, 1955), 105-106; Webster, *Works*, iv, 518, "Reply to Calhoun" (March 22, 1838); 330, "Speech on the Currency Question" (Sept. 28, 1837).

¹⁰ Webster, *Works*, iv, 437, "Second Speech on the Sub-Treasury" (March 12, 1838); McIntyre, *Writings*, xiii, 74-75, "Lecture before Society for Diffusion of Useful Knowledge" (Nov. 11, 1836).

they rend the air with shouting of agrarian doctrines. In a country where the wages of labor are high beyond all parallel, and where lands are cheap, and the means of living low, they would teach the laborer that he is but an oppressed slave. . . . They can mean nothing but disturbance and disorder, the diffusion of corrupt principles, and the destruction of the moral sentiments and the moral habits of society.

He cautioned citizens against Jacksonian rhetoric, warning laborers that Democrats ventured to play the passions of the wage earner against his true interests. In his own extravagant rhetoric, the Massachusetts Senator proffered the worker an integrated society in which “. . . all measures of government [would be] adopted with strict regard to the greatest good of the greatest number; that the laws should favor the distribution of property to the end that the number of the very rich and the number of the poor both be diminished as far as practicable with the rights of industry and property.”¹¹

Webster's commitment to the conception of class harmony might have been sincere, but it definitely served his particular political purposes. As a conservative dedicated to the ideal of a stable, property-conscious society during an age of incipient democracy, he appealed to a broadly based electorate for support by stressing common national attributes. To rid society of a tumultuous class of have-nots, he endorsed economic policies aimed at diffusing wealth widely. In the Whig view, Jacksonians attempted to improve the lot of the working class by preaching class conflict; Webster and the Whigs, on the other hand, promised to ameliorate living conditions by tightening the common ties binding all citizens to an American commonwealth.

As American industrialization accelerated and the number of factory workers increased proportionately, Webster devoted greater attention to the problem posed by the existence of propertyless and dependent machine tenders in a society whose deepest cultural values stressed property ownership and eco-

¹¹ McIntyre, *Writings*, xvi, 241-242, Letter to James Brooks (Aug. 5, 1834); Webster, *Works*, iv, 429, 440, “Second Speech on the Sub-Treasury.”

conomic independence. He had to manipulate working-class demands in a manner that would complement his scheme to endow all prospective voters with a "stake in society," for ". . . some stake in the community, some share in the public interest, is necessary for those who have the vote." He could not imagine a community which would be secure if political power resided in the hands of the many and property in the hands of the few. Labor consequently had to be remunerated sufficiently and treated decently enough to remain loyal to the existing order. Unless the great mass of society—workers and farmers—gained a stake in society, Webster's ideal republic courted disaster.¹²

Free public schools were one device to stimulate the economy, spread property, and instill respect for the existing order. Webster therefore desired that the doors of the schoolhouse be opened to all children so that they could be taught the meaning and ends of good government and acquire sufficient knowledge to advance themselves socially and economically. He sensed the "egalitarian" nature of a public school system and its tendency to level socially, or, as he might have preferred it, to raise the mass of the population. Allied with many allegedly "reactionary" Whigs, Webster championed free public education as a means to bolster the status quo through indoctrination of the young and also as a rewarding and beneficial social investment.¹³

As a Whig spokesman and Congressional leader, Webster espoused policies to achieve his party's primary objectives. Within party councils and on the Senate floor, he fought vigorously for a broad program of internal improvements, a sound national financial system, protection for domestic industry, and a more prosperous and harmonious nation. He proposed a partnership between public policy and private enterprise that would lead to economic growth and general prosperity, which in turn would bind the individual to the commonwealth and

¹² McIntyre, *Writings*, II, 150, "Speech at Pittsburgh Reception" (July 8, 1833).

¹³ McIntyre, *Writings*, II, 253, "Speech at Madison, Indiana" (June 1, 1837).

the region to the nation. Webster, in brief, sought to strengthen the federal union with the ties that bind and prosper.

Internal improvements appeared to him as an effective method of employing federal power to promote the national welfare. Having no constitutional objections to internal improvements, he endorsed generous state support for them, while demanding that national authorities also assume their full share of the cost. "There are some things which belong to all the States; and, if done at all, must be done by all the States."¹⁴ Internal improvements proved to be one of those national undertakings transcending state boundaries.

Webster drew no sharp distinctions between national and local internal improvements: "Whosoever may follow, or whoever may fly, I shall go straightforward for all those constitutional powers, and for all that liberal policy, which I have heretofore supported." As long as the project aided some segment of the nation, it benefited the entire country. In 1830, for instance, Webster illustrated his interest in local improvements and his perception of the future importance of the railroad by calling upon Congress to subscribe 2,500 shares of stock in the South Carolina Canal and Railroad Company.¹⁵ In practice, however, given the infinite varieties of American localism, Webster's theoretical program of internal improvements would have either resulted in self-serving congressional pork-barreling or unending political stalemate.

Webster's approach suggests moreover that some Northeastern Whigs wooed Western whigs by promising federal financial support for trans-Appalachian economic development. Webster, for example, promised his Western colleagues generous treatment: "When Congress legislates at all, it must legislate for a whole, not for twenty-four parts. . . . When going into a system of improvement, the House had simply to in-

¹⁴ McIntyre, *Writings*, II, 154, "Speech at Pittsburgh"; Webster, *Works*, III, 297, "Second Speech on Foote's Resolution"; IV, 262, "Speech on Distribution of the Surplus Revenue" (May 31, 1836).

¹⁵ Webster, *Works*, IV, 249, 251, "Speech on the Louisville Canal Bill" (May 25, 1836); McIntyre, *Writings*, XIV, 137-138, "Petition on the South Carolina Canal and Railroad Company" (Jan. 18, 1830).

quire, Where is the improvement most needed? He cared not whether it was beyond the Alleghenies or beyond the Missouri; wherever it was most needed, there it must first be made."¹⁶

An extensive program of federally subsidized internal improvements required adequate funds, no mean problem for a young nation dependent upon import levies and land sales for most of its national government's income. Webster naturally placed the financing of improvements within the framework of his program to stimulate industrial growth and assist Western agricultural expansion. Additional federal funds could be obtained through the institution of a higher tariff scale and controlled public land sales, policies which in themselves would promote steady economic growth. Increased protection for domestic manufacturers and a federal land policy to stabilize but not stymie westward expansion in conjunction with a national transportation network would start the American nation toward self-sustained economic advancement.

On the public land question, Webster assumed a nationalist-conservative approach, deeming the lands a public trust which deserved careful consideration, not immediate disposal. Scarcely averse to the opening of Western lands for settlement, he believed that they belonged to the people of all the states and should not be ceded to any single state. He proposed that the lands be sold publicly at prices moderate enough (though he never defined such prices) to attract serious settlers while discouraging speculators, and yet returning a satisfactory income to the federal treasury. When the Jackson administration proved loath to undertake a program of internal improvements, Webster endorsed, as a temporary expedient, Clay's proposal to distribute the proceeds from federal land sales to the separate states in support of useful developmental projects. As long as the federal treasury maintained a surplus but declined to subsidize internal improvements, Webster claimed

¹⁶ Quoted in G. T. Curtis, *Life of Daniel Webster* (New York, 1893), I, 240; cf. Peter J. Parish, "Daniel Webster, New England, and the West," *Journal of American History*, LIV, 524-549 (Dec., 1967). A sampling of Webster's roll call votes in Congress (1828-1840) shows that he consistently voted in favor of all major internal improvements legislation, whether the region affected was the Northeast, the South, or the West.

that the states could more effectively employ the surplus. An intelligent, controlled land policy as espoused by many Whigs would aid the community in two ways: first, by providing the financial resources necessary to construct a national transportation system; and, second, by making western lands available for the agricultural expansion so necessary in the process of domestic capital formation.¹⁷

The tariff issue, a political perennial throughout the Massachusetts Senator's career, provided him with the opportunity to perform one of the more striking about-faces in American political history. Prior to 1828, Webster had been one of the most effective ideological supporters of liberal trade policies in Congress, but in 1828, he became the leading Congressional and Whig exponent of extreme tariff protection. His switch in policy mirrored the change in New England's economy: as large sums of New England capital were transferred from commercial to industrial enterprises, demands for greater tariff protection echoed across the newly established textile manufacturing states. Webster heeded the pleas of the mill lords, and also mill hands, bluntly admitting that he defended protection because his electorate demanded an altered tariff policy. From 1828 to the end of his career, he pledged "not to give up, or compromise, the *principle of protection*; not to give any pledges personal or public, for its abandonment at any time hereafter."¹⁸

Webster employed the tariff issue, as he had already used the public lands question, for a dual purpose. Protection, he argued, would ". . . sustain the cause of American Capital, more important than all, *American Labor*, against foreign and destructive competition. . . ." Tariffs, he thought, would also

¹⁷ McIntyre, *Writings*, II, 199-201, "Speech at New York City" (March 15, 1837); 102-103, "Speech at National Republican Convention, Worcester, Massachusetts" (Oct. 12, 1832); Webster, *Works*, III, 261, "First Speech on Foote's Resolution" (Jan. 20, 1830); 250, 288, "Second Speech on Foote's Resolution." Webster's position on the public lands question was also undoubtedly influenced by the Senator's own speculations in Western lands.

¹⁸ Webster, *Works*, III, 229-233, "Speech on the Tariff Bill" (May 9, 1828); 306-307, "Second Speech on Foote's Resolution"; McIntyre, *Writings*, II, 102-103. From a manuscript in Webster's handwriting on *Principles* in George F. Hoar's collection (Dec., 1832).

create a much-sought alliance between employer and employee, organized capital and organized labor, in favor of mutually protective economic policies. But Webster also resorted to patriotic and nationalist shibboleths in support of protection: “. . . no law ought to be passed . . . which shall tend to restrain Congress from the full exercise . . . of all its constitutional powers, in giving reasonable protection to American industry, countervailing the policy of foreign nations, and maintaining the substantial independence of the United States.”¹⁹

Of necessity, Webster defended protection as favorable to all sections—North, South, and West—and to all classes—manufacturers, merchants, laborers, and farmers. Tariffs, for instance, created a secure domestic market for American agricultural products by enlarging the dependent urban population and protecting the worker in his job and wage level. With special reference to the South, the New England politician explained how protection offered the region two markets: a “stable” internal cotton demand (New England textile mills) and the “unstable” Liverpool market. After all, it remained immaterial where the South marketed its cotton so long as it was sold, and the domestic market appeared closer and safer. In addition, Webster lectured the wage earner on the benevolent aspects of protection. “It is a great blessing to the poor to have cheap food,” he noted, “but greater than that . . . is the blessing of being able to buy food by honest and respectable employment. A well-employed and prosperous community can buy and consume.” Manufacturers received a protected market, farmers a domestic market, workers an insured wage level, and all citizens lower consumer prices through tariff-stimulated competition between increasing numbers of American producers under Webster’s wonder-working theoretical tariff.²⁰

¹⁹ Webster, *Works*, xv, 106. From a Webster manuscript in the New Hampshire Historical Society (c. June, 1833), quoted in Curtis, *Webster*, I, 449.

²⁰ McIntyre, *Writings*, XIII, 242, “Speech at Boston” (July 8, 1844); 220-221, “Speech at New York City”; Webster, *Works*, IV, 535, 537, “Reply to Calhoun”

Although Webster invariably referred to protection as of primary benefit to the farmer and the wage earner, there can be little doubt that his essential loyalty lay with the New England manufacturers he chose to represent in Congress. Labor's employment was secured in the new factories, and Southern cotton filled the hungry maws of New England mills. Protection, Webster insisted, would transform agrarian America into an industrial power. But to win the votes of factory workers and small farmers, Webster and the Whigs developed a defense for protection that equaled in its grandiose claims the free-trade rhetoric of some Jacksonians.

Webster's major economic interest, however, centered on banking and currency questions. Jackson's battle with Nicholas Biddle and the Second Bank of the United States impelled Webster to perform notably in the interest of the Bank and to devote many of his finest political hours to analyzing the banking and credit issue. Despite Bray Hammond's assertion to the contrary, Webster's pronouncements and speeches on banking revealed clear comprehension of the constitutional mandate for a federal system and the advantages to the national economy accruing from a sound and stable national bank.²¹

Admittedly, it is hard to disentangle Webster's defense of the bank from his financial involvement and legal services to Biddle. It appears reasonable to assume, however, that Webster, however greedy and penurious, accepted "tainted" money to serve a cause in which he believed. Both before his association with Biddle and after the destruction of Biddle and his Bank, Webster revealed unswerving devotion to the principles

(March 3, 1840); 305-310, "Speech on Bill for Reduction of Duty on Coal" (Feb. 24, 1837); v, 226, "Speech on Tariff Bill" (July 25 and 27, 1846).

²¹ "Daniel Webster in particular had never asserted the positive and proper defense of the Bank of the United States . . . His arguments were merely legal not economic . . . [They] fell far short of seeing in the Bank the one effective means of meeting the federal government's responsibility, under the Constitution, for the circulating medium." Bray Hammond, *Banks and Politics in America from the Revolution to the Civil War* (Princeton, 1957), 368. On the Bank War see the pertinent sections in *Banks and Politics in America from the Revolution to the Civil War*, 326-368; Van Deusen, *Jacksonian Era*, 62-69; Arthur M. Schlesinger, Jr., *The Age of Jackson* (Boston, 1945), 74-131.

of fiscal stability. His early opposition (1814-1816) to a national bank which would have been free to issue irredeemable paper money played a significant part in the chartering of an institution—the Second Bank of the United States—which proved to be relatively stable and effective in its operations. In principle, he had never opposed a national bank but only those banking attributes which, unchecked, might “. . . drown and overwhelm us . . . in the miseries and calamities of paper money.” So, by 1832, Webster defended the expansion of banking and currency facilities because “A greatly increased population, and a greatly extended commercial activity, especially in the West and Southwest, evidently require an enlarged capacity in the national bank.”²²

Greed combined with principle made Webster the Second Bank’s outstanding Congressional advocate. Harboring not the slightest doubts about the Bank’s constitutionality or expediency, he contended that it was proper and necessary as “. . . expedience and convenience requires that Congress should make a bank which will suit its own purposes, answer its own ends, and be subject to its own control. . . .” It also proved the only feasible safeguard against excessive issuance of paper money, while itself furnishing a sound and uniform national currency. The national bank restricted the emission of cheap, irredeemable paper by less reliable state banks which might upset commercial relationships. In sum, said Webster, “. . . for the administration of the finances of the country, for the facility of international exchange, and for the due control and regulation of the actual currency, a national institution under proper guards and limits is by far the best means within our reach.”²³

A national bank functioned moreover to bind the sections and the interest groups within the nation more closely together. Banks provided the financial resources for the less de-

²² Curtis, *Webster*, I, 140; Webster, *Works*, III, 393, “Speech on Second Bank Recharter Bill” (May 25, 1832).

²³ Webster, *Works*, III, 510-511, 519, 523-524, “Speech on Removal of Deposits” (Jan. 30, 1834); 396, 402, 404, “Speech on Bank Recharter Bill”; IV, 288, “Speech on Specie Circular” (Dec. 21, 1836).

veloped sections to rise to the economic level of the more advanced Northeast, and also for the mass of citizens to rise into the business class. The national bank attracted Webster, in theory if not in practice, as one of the means through which the lower classes could obtain the venture capital to elevate themselves and win their stake in society.

The currency issue was closely related to the national bank question. Realizing the need for a flexible and stable medium of exchange, Webster endorsed a sound, specie-supported paper currency and criticized "locofoco" and agrarian efforts to institute a purely metallic currency. He became the most militant opponent of the monetary plans of "radical" Jacksonians William M. Gouge and Thomas Hart Benton.

Webster ridiculed the idea of operating an advanced economy with a purely metallic currency. He asked where all the specie would be placed: "Should we encumber the turnpikes, the railroads, and the steamboats with it, whenever purchases were to be made in one place of articles to be transported to another?" The very concept of an exclusively metallic system appeared completely incompatible with the existing state of the Western world. "Would the merchants of the cities be seen, in their daily walks of business, with servants behind them with bags of gold and kegs of silver on their wheelbarrows?" "No!" thundered Webster, for an exclusively specie basis would be utopian in the extreme. It ". . . would abolish credit, repress the enterprise and diminish the earnings of the industrious classes, and produce a moneyed aristocracy."²⁴ In short, an exclusively metallic currency would deny the nation and its aggressive entrepreneurs the requisite financial elasticity for speculative investment and rapid economic growth.

As an alternative, Webster advocated a paper currency backed by specie and redeemable in gold or silver at the caller's demand. His currency policies were grounded on soundness. He found himself, however, faced with the dilemma of desiring an elastic currency, while constantly excoriating over-

²⁴ Webster, *Works*, III, 512, 542-543, "Speech on Deposit Removals"; IV, 280, "Speech on the Specie Circular"; IV, 452, "Second Speech on the Sub-Treasury."

trading with its attendant results. Thus, although endorsing paper money, he proposed that all notes under five dollars be withdrawn from circulation to diminish the chances of over-issuance. And he insisted that the paper notes remaining in circulation have "an actual, practical, never-ceasing convertibility." An unsound currency, warned Webster, would undermine the total economy, particularly the wage earner. "Of all the contrivances for cheating the laboring classes of mankind, no one has been more effectual than that which deludes them with paper money [money of an inconvertible nature]." Therefore, bank credit and paper issues both had to be restrained and regulated carefully with the bank notes convertible into gold and silver on demand.²⁵

The Daniel Webster of the Congressional currency debates differs markedly from the statesman portrayed by Bray Hammond. At times defending the right of the federal government to control the currency on purely constitutional grounds, as Hammond maintains, Webster also favored the national government's control of the currency on sound and sensible economic grounds, viewing the Second Bank as the most desirable institution for regulating and furthering the national economy. He pleaded with the Jacksonians to regulate the currency nationally in order to surmount the inadequacies of a monetary system established by twenty-four separate states. He called for the federal government to establish and maintain ". . . a currency of general credit, equivalent in value to specie, adapted to the wants of commerce and the business of the people, and suited to the existing circumstances of the country."²⁶

Webster linked the currency question to the even more basic issue of credit. A well-regulated and convertible paper money

²⁵ Webster, *Works*, III, 394-395, 397-398, 401, "Speech on Bank Recharter"; 541-542, "Speech on Deposit Removal"; IV, 280-281, "Speech on Specie Circular."

²⁶ Webster, *Works*, IV, 314-315, "Speech on Surplus Revenue" (Sept. 14, 1837); 339, "Speech on the Currency Question"; see Richard H. Timberlake, Jr., "The Independent Treasury and Monetary Policy Before the Civil War," *Southern Economic Journal*, XXVII, 92-103 (Oct., 1960), for an appreciation of Webster's perspicacity on the currency question.

would allow a reasonable degree of credit expansion for the enterprising and industrious and thus stimulate economic growth.

It is precisely on the credit, created by reasonable expansion of the currency in a new country, that men of small capital carry on their business. It is exactly by means of this, that industry and enterprise are stimulated.

Paper currency combined with credit buttressed Webster's scheme to spread material prosperity and property among the citizenry. Credit would enable more Americans ". . . to participate in the profits of capital by means of a safe and convenient substitute for capital; and thus to diffuse far more widely the general earnings, and therefore the general happiness and prosperity of society."²⁷

Credit occupied a central place in the growth of the American economy. Webster consequently fulsomely praised commercial credit and the ". . . confidence [which] have been the life of our system, and powerfully productive causes of all our prosperity." Credit was his indispensable ingredient for a commercial-industrial nation. "It is no more possible to maintain the ordinary business and intercourse between man and man without money and credit, than to maintain an intercourse between nations without ministers or public agents . . .,"²⁸ he asserted. Thus Webster consistently advocated federal support and control of financial intermediaries and the credit they generated.

Webster also considered credit a means to solidify the union and to aid the working class. Credit, "one of the natural ties of the union," aided the South to expand its cotton and sugar production, enlarged the consumer market allowing industry to produce at an increased capacity, and, as an end result, created a truly national market. Webster further implied that

²⁷ Webster, *Works*, III, 539-540, "Speech on Deposit Removal."

²⁸ Webster, *Works*, IV, 87, "Speech on Bank Recharter"; 407, "First Speech on the Sub-Treasury"; McIntyre, *Writings*, XIII, 97, "Speech at Rochester, New York Reception" (July 20, 1837).

the credit system “. . . made the working men and the industri-ous classes of modern times superior even to the landed prop-rietary and feudal lords of former times” and gave to the wage earner a material stake in the American nation. Webster eulogized the potency of credit:

Credit is the vital air of the system of modern commerce. It had done more, a thousand times more to enrich nations, than all the mines of the world. It has excited labor, stimulated manufactures, pushed commerce over every sea . . . it has established national superiority on the foundation of intelligence, wealth, and well-directed industry. Credit is to money what money is to articles of merchandise. . . . Credit represents hard money, and it is capable of supplying the place of money so completely . . . that some hard money is not necessary to carry on commerce.²⁹

Webster’s ardent faith in the efficacy of ample credit caused him during the Van Buren and Polk Administrations to op-pose heatedly plans to establish an Independent Treasury for government funds. In the wake of the 1837 depression, Web-ster found particular fault with Van Buren’s proposal to curb currency excesses and fluctuations through the creation of a Sub-Treasury. He labelled Van Buren’s plan a gross dereliction of national duties and obligations; when the country en-counterred a period of public distress, when all eyes turned to Congress for relief, what did Congress offer but “. . . bolts and bars, safes and vaults, cells and hiding places. . . .” Castigating the Independent Treasury as an archaic project which “. . . abandons all the sentiments of civilized mankind, on the subject of credit and confidence, and carries us back to the Dark Ages . . . From commerce and credit, it returns to hoard-ing and hiding. . . . It is a law for the time of the feudal sys-tem.” Webster insisted that in depressed times government funds be circulated not hoarded; and he considered Van Buren’s proposal delinquent in removing one-third of all the available specie in circulation from general use just when

²⁹ Webster, *Works*, iv, 284, “Speech on the Specie Circular”; 431-433, “Second Speech on the Sub-Treasury”; 362-363, “Speech on the Currency”; 89, “Speech on the Bank Recharter.”

the country required an expansion of convertible currency. Eight years later (1846), when Polk reintroduced the Independent Treasury plan, Webster still considered it an embarrassment to commerce and business and “. . . utterly irreconcilable with the public interest.”³⁰

In his speeches on banking, currency, and credit, Webster manifested keen insight into the workings of an advanced commercial and industrial economy. He perceived that literal administration of agrarian Jacksonian financial policies might hinder the industrial expansion of the nation; and he pleaded with Congress and with the electorate to endorse policies designed to stimulate more rapid economic growth.³¹

Webster also noticed changes in the private sector of the economy. He quickly appreciated the advantages inherent in the incorporated company, a business device just then coming into usage. As American business expanded and sought a national market, demands for investment capital grew at a phenomenal rate; new sources and means of capital formation had to be tapped. The business corporation appeared an ideal solution. In a young, raw nation containing few individuals of sufficient wealth to build and operate an immense industrial establishment by their own means, pooling of capital was rendered necessary, and was “. . . conveniently effected by corporations which are [Webster wrote] but partnerships regulated by law.”³²

Webster did not elaborate fully upon the need for corporations but he praised the general socio-economic effects of corporate expansion. He concluded that large capitalists produced more cheaply than small ones and corporations thus

³⁰ Webster, *Works*, iv, 409-410, “First Speech on the Sub-Treasury”; 456, 557-558, “Second Speech on the Sub-Treasury”; v, 244-252, “Speech on the Sub-Treasury” (Aug. 1, 1846).

³¹ cf. Timberlake, “The Independent Treasury”; North, *Economic Growth, passim*. The economy grew and prospered despite the attempt to implement Jacksonian financial policies because credit and currency expanded in the face of hard money policies. Unrestricted inflation of currency and speculation, not hard money, was the key to the growth of a nation lacking capital.

³² McIntyre, *Writings*, xiii, 72-73, “Lecture before the Society for the Diffusion of Useful Knowledge.”

applied “. . . capital to the benefit of all. Anyone who complain[ed] of it, or decrie[d] it, act[ed] against the greatest good for the greatest number.” Corporate operations, he continued, tended “. . . not only to increase property, but to equalize, to diffuse it, to scatter its advantages among the many, and to give content, cheerfulness, and animation to all classes of the social system.”³³ The corporation became yet another means to endow the individual with a stake in society. Webster and the Whigs of the 1830’s and 1840’s thus propounded their own embryonic version of the “people’s capitalism” so popular in the 1920’s and post-World War II America; the Whig slogan declared: “everyman a capitalist.”

Analysis of Webster’s ideology on economic issues during the Jacksonian era reveals a consistent pattern of thought, but a pattern set in striking contrast to that outlined by Robert Carey, author of *Daniel Webster as an Economist*.³⁴ Unlike Carey’s Webster, whose economic ideas were those of a conservative dedicated to preserving American institutions against innovation, the real Webster supported policies calculated to stimulate and alter the shape of the American economy. Unlike Carey’s politician, who, on the great economic questions, championed traditional and well-established practices linked to laissez-faire concepts, the real Webster broke with tradition and ignored laissez-faire precepts when they conflicted with the state’s obligation to create conditions conducive to economic growth.

Webster clearly perceived the road to Whig political success a full decade before the period in which Professor Louis Hartz credits the Whig party with obtaining adequate political prescience. Hartz writes in *The Liberal Tradition in America* that the Whigs should have made a major issue out of the unity of American life, “the fact that all Americans were bitten with the capitalist *ethos* which it was trying to foster. It [Whig party] should . . . have developed some sort of theory of demo-

³³ McIntyre, *Writings*, 74-76; see also, *Writings*, 380-386, “Argument on Behalf of the Boston and Lowell Railroad Company” (Jan. 20, 1845).

³⁴ (New York, 1920), 20, 195.

cratic capitalism which fit the Tocquevillian facts of American life.”³⁵ Actually, during the Jacksonian era, Webster proved to be the antithesis of Carey’s politician and the prototype of Hartz’s successful Whig politician. Webster constantly excoriated the notion of class conflict, while stressing harmony and the natural unity of interests. And he proposed to unite diverse interests and create social harmony under the aegis of government subsidized and directed economic activities. The end result of government intervention in the economy would be the diffusion of prosperity and property, thus increasing opportunities for the individual to earn a stake in society.

In actuality, Webster’s closest political, business, and social confreres were men of substantial wealth, but it simplifies history unnecessarily to accuse Webster, as one scholar has done, of belief in the “trickle-down theory,” that if Congress takes care of the rich, “the rich will take care of the poor.”³⁶ Such labeling smacks too much of the usual political rhetoric by which Jacksonians characterized Whigs, and Democrats deprecated Republicans. No doubt Webster wished to establish economic conditions favorable to the entrepreneur and the man of wealth; no doubt he tended to think that men of substance were the true custodians and leaders of society; but his economic policies were aimed at opening opportunities from below as well as filtering wealth down from the top. For his economic policies would not only protect the wealth, property, and the status of those who had already arrived at society’s top; by stimulating nationwide economic growth, they would also expand business opportunities at all levels of society and in all regions, thus opening additional room at the top. Webster’s laborer in the 1830’s, like Lincoln’s in the 1850’s, or Cleveland’s in the 1880’s, could, through thrift, hard work, and initiative, become the capitalist of tomorrow. More important, as long as workers received adequate wages behind America’s tariff-protected walls and believed in the concept of an open

³⁵ Hartz, *Liberal Tradition*, 94.

³⁶ Joseph Dorfman, *The Economic Mind in American Civilization* (New York, 1946), II, 606.

society in which men rose and fell on the basis of their individual merit, they would not threaten the security or power of Webster's established New England capitalist elite. In addition, so long as the commitment to the fundamentals of a capitalist society remains unchallenged, and Webster's political opponents as well as their descendants today endorse capitalism, whether money trickles down or oozes up, the greater material rewards still lodge with the wealthy.

Many post-World War II Americans have come to equate economic well-being and full employment with the rate of national economic growth:—witness the public statements, if not accomplishments, of the Truman, Eisenhower, Kennedy, and Johnson administrations. Webster, a full century earlier, insisted that the federal government was obligated to adopt policies which would accelerate economic growth and thus improve investment, employment, and even speculative opportunities. Neomercantilism of this sort, by improving the health and welfare of the commonwealth in Hamiltonian fashion would, he asserted, have raised the tone of all citizens and created a better, more harmonious society. Prosperity and affluence were to become the solvents for all social ills. Webster consequently believed that government should positively aid citizens in their material aspirations and that when the economic climate became unfavorable it should employ its vast influence and resources to restore national well-being. This may well be considered a primitive form of Keynesian compensatory economics.

Webster, his roots firmly planted in the past, also planned for the future. He knew the America that had been; he glimpsed the America that was to be. To that degree, the policies of Webster and the Whig party foreshadowed the America of the "Gilded Age." In the light of the program enunciated by Webster and the Whigs in the 1830's and 1840's, the economic policies of the post-Civil War congresses appear not so much radical or uniquely Republican but rather clearly traditional and eminently Whiggish.³⁷

³⁷ Lively, "The American System," 93.