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Thomas Jefferson's Agrarian Vision and the Changing Nature of Property

Lisi Krall

The great frozen ice-caps of the world's traditional agrarian systems and rural social relations lay above the fertile soil of economic growth. It had at all costs to be melted, so that the soil could be ploughed by the forces of profit-pursuing private enterprise.

—Eric Hobsbawm, *The Age of Revolution*

Thomas Jefferson is recognized as the foremost proponent of the agrarian ideal which he eloquently articulated in the well-known passage from the *Notes on Virginia*:

Those who labor in the earth are the chosen people of God, if ever He had a chosen people, whose breasts He has made His peculiar deposit for substantial and genuine virtue. It is the focus in which he keeps alive that sacred fire, which otherwise might escape from the face of the earth. Corruption of morals in the mass of cultivators is a phenomenon of which no age nor nation has furnished an example. It is the mark set on those, who, not looking up to heaven, to their own soil and industry, as does the husbandman, for their subsistence, depend for it on casualties and caprice of customers. Dependence begets subservience and venality, suffocates the germ of virtue, and prepares fit tools for the designs of ambition. (Jefferson 1781–1785, 678)

Historians generally agree that this passage offers a vision of a nation of independent farmers who would provide the bedrock on which to build our republic. Agriculture would assure virtue, morality, and independence of its citizenry, the necessary ingredients for a sound democracy. For example, Henry Nash Smith stated that Jefferson “saw

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the cultivator of the earth, the husbandman who tilled his own acres, as the rock upon which the American republic must stand . . . such men had the independence, both economic and moral, that was indispensable in those entrusted with the solemn responsibility of the franchise" (1950, 128). Donald Worster offered this explanation: "Jefferson is saying that it is impossible to corrupt an entire nation so long as the majority of its citizens are small landowners, dispersed across the landscape, dependent on no one but themselves for their livelihood" (1993, 100). Daniel Kemmis explained further: "Farmers who were primarily engaged in feeding, clothing and housing their own families had no choice but to depend on their own skill and industry. . . In the hard, direct necessities of such agriculture, Jefferson saw the roots of a plain honesty, industry, and perseverance he saw, in other words, the roots of those 'civic virtues' upon which real citizenship depended" (1990, 21).

We know in retrospect that Jefferson's vision did not materialize and, in fact, bears scant verisimilitude to the experience of nineteenth and twentieth century agricultural development nor the general course of our country's economic development. Compare Jefferson's ideal with Thorstein Veblen's description of the nineteenth century farmer. According to Veblen,

[the farmer] is commonly driven by circumstances over which he has no control, the circumstances being made by the system of absentee ownership and its business enterprise. . . In the American tradition, and in point of historical fact out of which the tradition has arisen, the farmer has been something of a pioneer. . . and it has been an essential trait of this American pioneering spirit to seize upon so much of the country's natural resources as the enterprising pioneer could lay hands on, -in the case of the pioneer-farmer so much of the land as he could get and hold possession of. The land had, as it still has, a prospective use and therefore a prospective value, a 'speculative' value as it is called; and the farmer-pioneer was concerned with seizing upon this prospective value and turning it into net gain by way of absentee ownership, as much as the pioneer-farmer was concerned with turning the fertile soil the present use in the creation of a livelihood for himself and his household from day to day. (1923, 130-134)

This stark contrast between Veblen's description of the nineteenth century farmer and Jefferson's ideal warrants a more robust look at Jefferson's vision. This inquiry reveals that the intellectual roots that guided Jefferson in his effort to create the institutional framework for the unfolding of his vision are found in the tradition of natural law and economic liberalism which he wholeheartedly supported.¹ It is crucial to understand, however, that these pillars of his agrarian vision were themselves grounded in a world of petty commodity production. Here the purpose of unfettered trade and a market economy was to engage the productive potential of specialization and facilitate the exchange of one use value for another. The farmer might produce a surplus which could then be traded to more fully reproduce his life by giving him access to a greater variety of

useful goods, consistent with the productive potential of society at the time. But this productive potential was modest without the benefit of the industrial revolution, and in its modesty reigned the supremacy of use value over exchange value. But before Jefferson's vision had the opportunity to unfold, the meaning and purpose of property changed and this is the key to explaining the divergence between Jefferson's vision and the reality of our economic development.² With the advent of the industrial revolution, property became the handmaiden of exploitation, the vehicle for participating in the imperative and dynamic of capitalization and the cornerstone of our alienation from community and place and not the reward for labor, the source of our independence, and the grounding of our democracy as Jefferson would have it. In this new world the institutional framework Jefferson helped to establish would take on new meaning as the production of use value would recede into the background and be replaced by the imperative to make money and the dominance of exchange value. In Veblenian language, business would come to dominate industry.³

Indeed in the end the reality of our economic development stands in dramatic contrast to Jefferson's vision and his expectations. Thus despite our tendency to think of Jefferson as forward looking, he had little understanding of the evolving nature of capital and the way in which it would alter the meaning and purpose of property. Jefferson was never confronted with the daunting task of reconciling his vision in all its institutional glory with the actual course of our economic development. Rather he was confronted with the practical problem of charting the course of agricultural and economic development of America, and he embarked on this task mindful of the past. Jefferson's preoccupation with the past is made clear in his statement: "We might as well require a man to wear still the coat which fitted him when a boy, as civilized society to remain even under the regimen of their barbarous ancestors" (1816, 291). Jefferson's appeal to natural law and the economic liberalism of his time were translated into the laws and policies he helped to establish to discredit and dislodge past institutions and replace them with new ones. More specifically, Jefferson helped to put in place the legal basis of land ownership and establish a systematic method of surveying land to augment it. Moreover, he worked to displace precapitalist land institutions embodied in the economies and cultures of Native Americans, and he fully supported economic liberalism and its precepts for trade, specialization, and the rights of individuals to pursue their interests. Clearly he did not anticipate the unintended consequences of the institutional framework he helped to indelibly imprint on our history. Indeed the reality of our economic development is in dramatic contrast to Jefferson's vision and leaves us to wonder: What would Jefferson have thought if he were standing with us looking back?

Natural Law

Locke, Jefferson, and the Natural Right to Property

Jefferson played a pivotal role in setting the stage for the economic development of the United States, which he perceived to be agricultural. Although Jefferson is not noted for contributing to economic thought, his agenda was embedded in economic principles. Natural law was the light which illuminated his way.

John Locke's emphasis on the natural rights of property is a well-known influence on Jefferson. As A. Whitney Griswold has pointed out, "whether consciously or indirectly and unconsciously borrowed from Locke, Jefferson's theory of property is essentially Locke's." In fact, Griswold found remarkable similarities to Locke in Jefferson's words: "The earth is given as a common stock for man to labor and live on . . . a right to property is founded in our natural wants" (1946, 673).

The thought experiment that Locke invoked to uncover the order which God had set in motion was to imagine a world and humanity in a "natural state." In his "Treatise of Civil Government" Locke said:

Whatsoever then he removes out of the state that nature hath provided and left it in, he has mixed his labour with and joined to it something that is his own, and thereby makes it his property . . . God gave the world to men in common; but since he gave it them for their benefit and the greatest conveniences of life they were capable to draw from it, it cannot be supposed he meant it should always remain common and uncultivated. He gave it to the use of the industrious and rational—and labor was to be his title to it— (1690, 71)

This philosophical basis of property provided justification for replacing past institutional arrangements and introduced an evolutionary notion that some uses of property are clearly superior to others. Hunters and gatherers who harvest the "fruits" of the land can exercise this right as long as more "industrious and rational" uses, like agriculture, are not forthcoming. In agriculture, labor is mixed with nature and this bestows a right to property which overrides less industrious uses. Locke stated, "If we will rightly estimate things as they come to our use, and cast up several expenses about them—what in them is purely owing to Nature and what to labour—we shall find that in most of them ninety-nine hundredths are wholly to be put on the account of labour" (1690, 154–155).

A few words of clarity are warranted in explaining Locke's (and Jefferson's) views on property. Ellen Meiskins Wood claimed that Locke's notion of the right to property turns on the notion of "improvement" and claimed that in Locke "[t]here is no other work more emblematic of rising agrarian capitalism" (1999, 84). Wood further asserted, "there is no direct correspondence (in Locke) between labor and property because one man can appropriate the labor of another." She used a quote from Locke's to bolster her point: "[T]he grass my horse has bit; the Turfs my servant has cut and the ore I have

digg'd in any place where I have a right to them in common with other, become my property." Wood therefore concluded, "By conflating labor with the production for profit, Locke becomes perhaps the first thinker to construct a systematic theory of property based on something like these capitalist principles" (1999, 86-87). But an important consideration must be given here to the fact that both Locke and Jefferson were speaking of a preindustrial world. They were speaking, at most, in terms of petty commodity production; therefore, the conflating of labor and production for profit was not as meaningful as Wood made it. This point is articulated well by John Henry, who stated, "During the period in which Locke wrote, wage labor...had not yet crystallized as the dominant form . . . Indeed, when Locke lists examples of labor, his examples could all be associated with independent craft producers or representatives of various contract workers who still had some semblance of independence" (1999, 617). Bertrand Russell explicitly acknowledged that the notion of a right to property based on labor "was not so unrealistic" in preindustrial days. Russell stated, "Urban production was mainly by handicraftsman who owned their tools and sold their produce. As for agricultural production, it was held by the school to which Locke belonged that peasant proprietorship would be the best system" (1945, 634).

There is no question that Jefferson adopted Locke's evolutionary view of property rights and his agenda to override past property relations. This became immanently clear both in the policies he advocated with regard to Native Americans and in his arguments against the practice of entails (any restriction on property ownership mostly with regard to dispensation of that property).

Institutionalizing the Natural Right to Property Rights

Despite Jefferson's communications with the Native Americans which give the impression of an openness with regard to Native American culture, it is absolutely clear that Jefferson had one agenda for them: to "civilize" them and to assimilate them into US society as yeoman farmers and bring them to a higher stage of development. In the context of eighteenth and nineteenth century North America, Eric Hobsbawm clarified the problem: "The total conflict between a view of society which regarded individual perfectly alienable property not merely as the only rational but the only natural arrangement and one which did not is perhaps most evident in the confrontation between Yankees and Indian" (1962, 151).

In a message to congress in 1803 Jefferson expressed concerns that Native Americans would create problems for westward expansion if they didn't become more willing to sell their lands and change their lifestyle:

In order peaceably to counteract this policy of theirs, and to provide an extension of territory which the rapid increase of our numbers will call for, two measures are deemed expedient. First: to encourage them to abandon hunting, to apply to the raising stock, to agriculture and domestic manufactures, and

thereby prove to themselves that less land and labor will maintain them in this, better than in their former mode of living. . . In leading them thus to agriculture, to manufactures, and civilization; in bringing together their and our settlements, and in preparing them ultimately to participate in the benefits of our government, I trust and believe we are acting in their greatest good. (398–399)

Later Jefferson voiced his frustrations in convincing Native Americans to change their ways and become farmers:

[T]hey are combated by the habits of their bodies, prejudice of their minds, ignorance, pride, and the influence of interested and crafty individuals among them...these persons inculcate a sanctimonious reverence for the customs of their ancestors. . .they, too have their anti-philosophers who find an interest in keeping things in their present state, who dread reformation, and exert all their faculties to maintain the ascendancy of habit over the duty of improving our reason, and obeying its mandates. (1805, 412–413)

Habits, ignorance, pride, and sanctimonious reverence for the customs of their ancestors are among the litany of adjectives used by Jefferson to describe the reluctance of Native Americans to give up their way of life. More importantly, this adherence to habit denies “the duty of improving reason, and obeying its mandates.”

It is clear in his dealings with Native Americans that Jefferson had a specific view of what constituted property rights. It was not the right to the use of land in any culturally determined way. Rather it was the right to improve the land agriculturally (through one’s labor) and to exercise the right to sell it if there was someone else who was willing to improve upon it. In order to justifiably usurp land from Native Americans he had to believe that their land rights were somehow less legitimate than those who were engaged in settled agriculture. That is to say, he believed that the common property of the hunters and gatherers did not bestow the rights of ownership in the same way that agricultural production did. The latter simply had bumping rights over the former. Given Jefferson’s beliefs about property he had several choices when it came to policies concerning Native Americans. His first choice was to turn them into farmers. If that failed he advocated moving them further West onto unoccupied land which, of course, amounted to putting the problem off into the future. When Native Americans did not respond readily to his suggestions Jefferson advocated “federally supported trading houses” that assured that Indians would accumulate debt and have to cede their lands to pay it off. If Indians resisted, Jefferson simply advocated war and extermination.

Interestingly, Anthony C. Wallace told us that the actual course of land acquisition from the Native Americans under Jefferson was not arbitrary and certainly did not depend on which Indians would concede most readily to his civilization policy. According to Wallace, “Jefferson had other criteria for determining when and where to purchase”; one of those criteria was “to secure safe routes for inland trade”(1997, 31). Assuring the articulation of the farmers into the trading nexus was as important to Jef-

Jefferson as the acquisition of land. The Louisiana Purchase secured the Mississippi as a transportation route for inland trade west of the Appalachian Mountains. Thus Thomas Jefferson was determined to free Native American lands from their precapitalist bonds and to establish outlets for agricultural surplus.

At the same time that Jefferson was "enlightening" Native Americans and reconfiguring their ancestral lands, he was also engaged in freeing land from its feudal shackles. Thomas Jefferson was very much aware of the influence of the feudal past in Europe and our ties to it. He wanted no remnants of that past institutionalized on US soil. The practice of entails had been exported to America from Europe, although these feudal land relationships were never established in the United States to the extent they had been in Europe. For example, primogeniture was the practice of handing down property to the first-born son and was a type of entail practiced in the United States. Although private property had been in existence since the onset of settled agriculture, land was not fully alienated throughout the feudal period. The rights to land were bestowed, not as a natural right, but as a divine right clearly articulated through custom and tradition captured in feudal land relations which restricted how and to whom one could transfer land. Thus divinely ordained ownership did not bestow on the owner the right to freely sell property as is the case when land is fully alienated. Both serfs and lords were bound to the land and each other through custom, tradition, and hereditary rights which were God's will.

Jefferson advocated dismantling primogeniture and entails in Virginia and replacing them with a system of fee-simple ownership, leading the way for other states to follow. Jefferson's lengthy statement on the abolishment of entails and primogeniture in Virginia can simultaneously be read as a treatise on the establishment of the principle of fee simple ownership on the land:

Be it therefore enacted. . . that any person who now hath, or hereafter may have any estate in fee tail general or special in any lands or slaves in possession. . . , whether such estate hath been or shall be created by deed, will, act of assembly, or any other ways or means shall have full power to pass, convey, or assure in fee-simple or for any lesser estate the said lands or slaves, or use in lands or slaves or such reversion or remainder therein, or any part or parcel thereof, to any person or persons whatsoever." (1776, 88-89)

Behind the legalese is the banning of entails and the creation of the conditions whereby land could be easily and legally transferred from one person to another. The institution of fee simple ownership provided a clear cleavage with feudal land relations, thereby establishing fully alienated land and asserting the supremacy of the natural rights tradition of property ownership over that of divine right. With the passage of the Land Ordinance of 1785, created by a committee on which Jefferson served, the provisions for fee-simple ownership of land were laid out clearly as national policy.

With a vast and "unsettled" continent at hand it was also essential to map out the land, thereby facilitating the transfer of land from the government to individual, and

from individual to individual by providing clear title. Thus one of the most important and necessary corollaries to fee simple ownership was the surveying of the land. In many ways the systematic application of modern surveying techniques began in earnest with the passage of the land ordinances beginning in 1785. The Secretary of Congress directed a committee headed by Thomas Jefferson in 1784 “to devise and report the most eligible means of disposing of such part of the Western lands as may be obtained of the Indians by the proposed treaty of peace and for opening a land office” (Pattison 1957, 3). Jefferson’s committee is credited with proposing the system of rectangular surveying.⁴ Marion Clawson commented on the significance of these policies:

The Northwest ordinance . . . provided for sale in fee simple to purchasers—the buyer got complete title to the land and could bequeath it or dispose of it as he chose. . . . Accurate land descriptions are essential to any scheme for the disposition of public land or for the transfer of privately owned land from one owner to another, if confusion, misunderstanding, and controversy are to be avoided. (1951, 45–46)

Thus the US government put in place a system of rectangular surveys for purposes of transferring public lands to private individuals and for allowing transfer from individual to individual. Thomas Jefferson was intimately involved in the process. Rectangular surveying reinforced the system of fee simple ownership in that it assured a person of the concrete material dimensions of purchased land.

The policies Jefferson pursued with regard to Native Americans and the role he played in establishing the framework for the legal system of land ownership were the practical dimensions of his commitment to the Lockean tradition of property ownership. But Jefferson’s adherence to the natural law tradition did not end with Locke. Jefferson had the advantage of the Physiocrats and Adam Smith to guide him in pursuit of his agrarian vision.

Economic Liberalism: The Natural Order

While the Lockean tradition of property as a natural right provided a cornerstone of the agrarian vision, its foundation was fortified by Jefferson’s commitment to economic liberalism. Indeed it was economic liberalism which provided the broader economic context of his agrarian vision and further legitimized it. Jefferson’s notion of the supremacy of agriculture is often juxtaposed with his less than laudatory views on manufacturing, which are sometimes misinterpreted as categorical condemnations of manufacturing and commerce. This perspective is unfortunate in that it discounts the importance of economic liberalism in framing Jefferson’s vision.

In one of his more famous passages on the subject of manufacturing Jefferson stated,

While we have land to labor then, let us never wish to see our citizens occupied at a work-bench, or twirling a distaff. Carpenters, masons, smiths, are wanting in husbandry; but, for the general operations of manufacture, let our workshops remain in Europe. It is better to carry provisions and materials to workmen there, than bring them to the provisions and materials, and with them their manners and principles. The loss by the transportation of commodities across the Atlantic will be made up in happiness and permanence of government. The mobs of great cities add just so much to the support of pure government, as sores do to the strength of the human body. It is the manners and spirit of a people which preserve a republic in vigor. A degeneracy in these is a canker which soon eats to the heart of its laws and constitution. (1781-1785, 678-679)

This quote seems to leave little question about how Jefferson felt about manufacturing. But it is important to note, as Robert Heilbroner and Aaron Singer pointed out, that one of the objections Jefferson held with regard to manufacturing “sprang from a classical estimation of farming and a correspondingly dark picture of nonagricultural toil” (1977, 80-81). There is no doubt that Jefferson's vision of manufacturing was informed by the squalor and degradation of the lives of those engaged as laborers in the manufacturing cities of England during Jefferson's time. Given the horrendous conditions for the English working class, it is not surprising that the pastoral serenity of agriculture appealed to Jefferson. Moreover and perhaps more importantly, Heilbroner and Singer pointed out that Jefferson thought manufacturing was somewhat superfluous and therefore believed that one could sell agricultural surplus for the limited manufactures that were needed (81). This is a correct interpretation of Jefferson's world.

Indeed Jefferson envisioned a course of economic development in which both manufacturing and agriculture had a place but the role of manufacturing was limited both because it was relatively insignificant and because trade would allow the United States to specialize in agriculture and trade our surplus for needed manufactures. Thus economic liberalism was foundational to Jefferson's agrarian vision.

There seems to be some confusion on this point, in part, because Jefferson's displeasure with manufacturing is erroneously interpreted as a disapproval of commerce and by extension a market economy. A more recent example of the confusion about Jefferson is found in the work of Daniel Kemmis, who made the following point in his book *Community and the Politics of Place*:

In all these reflections about the connection between civic virtue and agriculture, Jefferson was contrasting agriculture (and specifically subsistence agriculture) to commerce and to manufacturing. What bothered him about those nonfarming activities was the disconnectedness and the anonymity which seemed necessarily to accompany them. . . Jefferson was appalled by the thought of large numbers of people making their living by depending solely upon the choices of other people with whom they had no social or moral ties of any kind.

Yet it was this very disconnectedness which lay at the heart of Adam Smith's doctrine of the "invisible hand" of the market. (1990, 20–21)

Kemmis failed to tell us, however, that Jefferson enthusiastically embraced the principles of laissez-faire capitalism as set forth by Adam Smith. While Jefferson did not contribute anything new to economic thought, he was completely wedded to the economic liberalism that came of age during the eighteenth century. He understood clearly that his agrarian vision found legitimacy in the context of laissez-faire capitalism with specialization and unfettered trade. In the words of Jefferson in his first inaugural address: "About to enter, fellow citizens, on the exercise of duties which comprehend everything dear and valuable to you, it is proper that you should understand what I deem the essential principles of our government, and consequently those which ought to shape its administration . . . encouragement of agriculture, and of commerce as its handmaid" (1801, 386).

Jefferson's adherence to laissez-faire capitalism was reinforced by the fact that the natural rights of property and economic liberalism were part and parcel of the natural law tradition, making it logically consistent for Jefferson to adhere to one if he believed in the other. The natural order of the market economy flowed from the natural rights of property. Both replaced providence, which had dominated feudal life, with the notion that God's work can be discovered through our ability to reason. God sets in motion laws and principles which give order to the universe and apply as surely to our economic life as to the motion of planets. Our job is to discover and abide by this natural order. Thus, organizing economic life on the basis of the market economy is merely acknowledging the order which God has put in motion.

We know, in fact, that Thomas Jefferson was influenced by both the Physiocrats and Adam Smith who, through their systematic economic analysis, legitimized the notion that laissez-faire capitalism is the natural way to organize our economic life. Both the Physiocrats and Adam Smith thereby provided the intellectual roots from which Jefferson's agrarian vision sprang. A closer look at the influence of the Physiocrats and Smith is warranted since Jefferson's affinity for the former has been somewhat misinterpreted and his adherence to the latter has not been adequately recognized.

Jefferson and the Physiocrats

Diplomatic connections with France put Thomas Jefferson in contact with the Physiocrats. Both Franklin and Jefferson served as the plenipotentiaries to France, Franklin first and then Jefferson who served on the eve of the French revolution. Jefferson, for example, was a personal friend of Dupont de Nemours, who, we are told by Joseph Dorfman, helped to publish the Physiocratic views of Turgot (Dorfman 1946, 315). Thus contact with the Physiocrats certainly familiarized Jefferson with their thought.

It is true that the Physiocrats concentrated their analysis on agriculture, believing that it alone was responsible for the creation of wealth. But it is important to view the

Physiocratic concentration on the agricultural sector as part of a general problem economic thinkers were faced with during this time; that is, part of the systematic analysis of the source of wealth and surplus. They identified the agricultural sector as the source of surplus (*produit net*) because it allowed them to simplify their economic analysis without the complications of exchange. As Eric Roll pointed out, "The produit net was not a surplus of social wealth in the abstract (exchange value), but of concrete material wealth of useful goods. It was this technological approach which led the physiocrats to single out one particular branch of production as the only really productive one" (1938, 129). By identifying the creation of surplus in production, Physiocratic thinking helped to break the mercantilist hold on economic thought which identified the sphere of exchange as the source of wealth. Mercantilists measures (protectionist) "to foster industry were useless" because wealth originated in agriculture (production) and not exchange. Thus the Physiocrats were led, through their analysis, to their laissez-faire conclusions.

The concentration of the Physiocrats on agriculture, as the source of wealth, nonetheless created problems for Jefferson although he was drawn to the Physiocratic emphasis on agriculture. For example, Chester Eisinger told us, "What Americans did accept from the Physiocrats was the idea that . . . the farmer supports all." He further pointed out, "Franklin and Jefferson were its chief advocates" (1947, 20–21). But Jefferson was well aware of his political constituency and was not about to extol the virtues of agriculture on one hand and advocate taxing it on the other as the Physiocrats did. Eisinger told us that Jefferson suggested to Du Pont de Nemours "that a single tax on land was not for America" (Eisinger 1947, 21). Thus in reality Jefferson needed to disassociate himself from Physiocratic thinking with regard to taxation.

Jefferson could sidestep the sticky issue of a tax on agriculture by concentrating instead on the principles of laissez-faire and the notion of a "natural order" which emerged from the analysis of the Physiocrats (Hofstadter 1941, 396–397). Roll told us that the political precepts offered by the Physiocrats were "embodied in an elaborate system to which many books were devoted. Quesnay himself wrote one of its principal [sic] expositions. The chief concept of that system was that of the 'natural order.'" Roll continued, "The essential aspects of the natural order were the right to enjoy the benefits of property, to exercise one's labour, and to have such freedom as was consistent with the freedom of others to follow their self interest" (1938, 135). Certainly this aspect of the influence of the Physiocrats on Jefferson is clear when Jefferson wrote,

Political economy in modern times assumed the form of a regular science first in the hands of a political sect in France, called the Economists. They made it a branch only of a comprehensive system on the natural order of societies. Quesnai first, Gournay, Le Frosne, Turgot and Dupont de Nemours. . . led the way in these developments, and gave to our inquiries the direction they have since observed. (1816, 369)

Jefferson and Smith

Fortunately Jefferson had the benefit of Adam Smith and J. B. Say and other economists carrying on the analytical tradition begun by the Physiocrats without the baggage of a tax on agriculture. In this sense, the world of the Physiocrats and that of Adam Smith were one and the same. Perhaps the convergence in their thinking is obscured by the fact that Adam Smith designated a chapter in *The Wealth of Nations* arguing against the Physiocratic notion that agriculture is the only source of wealth. But as Roll rightly pointed out, “in spite of his own belief to the contrary, Smith held many views which were very similar to those of the physiocrats. Both in his adherence to naturalism and in his interest in the problem of the surplus, his path is parallel to theirs” (1938, 144).

The Physiocrats and Adam Smith agreed that wealth originated in the sphere of production and also in their adherence to naturalism; that is, in their belief in the natural order of an unfettered market economy. Adam Smith elaborated on the benefits of this natural order in the creation of wealth. He argued that we are by nature selfish, motivated by a habit of labor and the propensity to truck, barter, and exchange. Given these natural human characteristics the invisible hand of the market will channel these motives into an organized socio-economic system in which our desires will be met as will the desires of others. Moreover, this organization will encourage an even more detailed division of labor, increased productivity, and an ability to continually expand our material wealth. Roll said of Smith, “Smith becomes thus a champion of *laissez faire* of even greater force than the physiocrats, because he applied the principles without basing it on the view that agriculture occupied a specially exalted position” (1938, 148).

Thomas Jefferson, as mentioned, was familiar with the work of Adam Smith though he preferred the work of J .B Say because he found the latter easier to read (Hofstadter 1941, 396).⁵ In the work of Smith (and Say) Jefferson could find justification for an esteemed place for agriculture as part of the logic of specialization and free trade. In a report to Congress in 1793 Jefferson’s views become very clear:

Instead of embarrassing commerce under piles of regulating laws, duties and prohibitions, could it be relieved from all its shackles in all parts of the world, could every country be employed in producing that which nature has best fitted it to produce, and each be free to exchange with others mutual surpluses for mutual wants, the greatest mass possible would then be reproduced of those things which contribute to human life and human happiness; the numbers of mankind would be increased, and their condition bettered . . . The commodities we offer are either necessities of life, or materials for manufacture, or convenient subjects of revenue; and we take in exchange, either manufactures, when they have received the last finish of art and industry, or mere luxuries. (216–217)

These could easily be the words of Adam Smith. It is clear that Jefferson both adhered to and understood the logic of *laissez-faire* capitalism and the role that specialization and

free trade played. Adam Smith and Thomas Jefferson are unequivocally kindred spirits in this regard.

Later, as is well known, Jefferson tempered his earlier views on manufacturing when free trade is interrupted by war and the prospects of specialization in agriculture become impossible. Jefferson made his revised views clear in a letter to Benjamin Austin in 1816:

You tell me I am quoted by those who wish to continue our dependence on England manufactures. There was a time when I might have been so quoted with more candor, but within the thirty years which have since elapsed, how are circumstances changed! We were then in peace. Our independent place among nations was acknowledged. A commerce which offered the raw material in exchange for the same material after receiving the last touch of industry, was worthy of welcome to all nations. It was expected that those especially to whom manufacturing industry was important, would cherish the friendship of such customers by every favor by every inducement, and particularly cultivate their peace by every act of justice and friendship. Under this prospect the question seemed legitimate, whether with such an immensity of unimproved land, courting the hand of husbandry, the industry of agriculture, or that of manufactures, would add most to the national wealth? . . . but who in 1785 could foresee the rapid depravity which was to render the close of that century the disgrace of the history of man? Who could have imagined that the two most distinguished in the rank of nations, for science and civilization, would have suddenly descended from that honorable eminence, and setting at defiance all those moral laws established by the Author of nature between nation and nation, as between man and man. . . We have experienced what we did not then believe, that there exists both profligacy and power enough to exclude us from the field of interchange with other nations: that to be independent for the comforts of life we must fabricate them ourselves. We must now place the manufacturer by the side of the agriculturist . . . experience has now taught me that manufactures are now as necessary to our independence as to our comfort. (374–375)

Jefferson changed his mind about our role in manufacturing because of the interruption of free trade, or in Jefferson's words "setting at defiance all those moral laws established by the Author of nature between nation and nation, as between man and man."

But there seems to be some confusion on this point. For example, Fred Shannon, the agricultural historian wrote in his book *The Farmer's Last Frontier*: "Just as the War for Independence was drawing to a close, Thomas Jefferson expressed the hope that America would always remain an agricultural nation, relying on Europe for manufactures. He feared that the rise of cities, dependent on trade and mechanical industry, would imperil American liberty. But thirty-five years later, at the close of the second war with England, he was advocating the fostering of manufactures as a means of preserving independence from foreign countries" (1945, 439). The truth is Jefferson was not con-

cerned with preserving our economic independence from foreign nations. He understood that without the ability to produce manufactured goods, our economy would be vulnerable if trade were interrupted. Jefferson was simply realizing the increasing importance of manufacturing, not amending his fundamental belief in economic liberalism. Specialization and trade, basic tenets of *laissez-faire* capitalism, were cornerstones of his belief system, not economic independence. Jefferson's vision was given legitimacy in the context of economic liberalism. Specialization in agriculture and free trade were clearly his preference.

The Metamorphosis of Property

Thomas Jefferson helped to institutionalize "natural law" as the guiding principle for the economic development of the United States. Thus, *laissez-faire* capitalism and fully alienated land became foundational to his agrarian vision. He was successful in "redivining" property on US soil, and he held to a consistent and cohesive vision of our economic development. But despite all that we might attribute to Jefferson, we should remember that he was not prescient in his vision. Jefferson's vision was rooted in a world of petty commodity production. In his world, increased productivity inherent in the division of labor would be nurtured through specialization in agriculture and free trade. The benefits of the increased productivity, brought about by hard work on the land, would be apparent in an individual's capacity to trade that person's surplus for access to use values. But a dramatic increase in output and a world where use value would become subordinate to exchange value were alien to Jefferson. Yet the world changed in precisely this manner when the institutions derived from economic liberalism and natural law were fertilized by the industrial revolution. The possibilities for increased productivity grew exponentially around the detailed division of labor in manufacturing and the specialized tools which arose organically from it. The increase in productive potential created seemingly unending possibilities and imperatives for profit.

Contrasting Jefferson's vision and expectations with the course of our economic development more clearly demonstrates what Jefferson did not anticipate. In the first place, Jefferson did not see the expansionary propensity of the market economy. In Jefferson's first inaugural address he commented on the attributes of our nation that enabled us to "become happy and prosperous people" and pursue our "republican principles, our attachment to our union and representative government." Among those attributes he identified was the following: "possessing a chosen country, with room enough for our descendants to the hundredth and thousandth generation" (1801, 385-386). Since we know Jefferson was thinking in agrarian terms we wonder whether we should interpret him literally; that is, did he think we had enough land for agricultural expansion for 20,000 years? While we may not want to literally interpret Jefferson, at the very least this statement reveals how little Jefferson understood about the dynamic of growth unleashed by the institutional foundations he helped to establish. Clearly he

did not understand the way in which the opportunities and imperative for profit, in the context of fully alienated land and a world of increased mechanization, transportation, and the development of financial institutions for capitalization, would fuel expansion and accumulation. In little more than 100 years after Jefferson's life, the vast continent, which seemed unending to Jefferson, would be gobbled up and what happened henceforth would be a matter of concentration and consolidation.

The increased importance of manufacturing and the changing nature of agricultural production and agrarian life also offer poignant examples of the unanticipated outcome of economic change. By the end of the nineteenth century manufacturing had eclipsed agriculture in its economic importance. Abetted by the industrial revolution, what was seen as ancillary and superfluous by Jefferson became central. In the words of Fred Shannon: "By 1850, the rising industrial structure was beginning to challenge the supremacy of agriculture, and, before 1900, the former had taken a secondary position in the nation's economy" (1945, 349). The potential for manufacturing to explode in the context of nineteenth century economic liberalism had simply escaped Jefferson.

Moreover, the technological "lessons" of manufacturing fed back into agriculture, changing the nature of agricultural production and agricultural life. The increase in agricultural productivity decreased the ratio of the agrarian population relative to the rest of the population. Despite our abundance of land, agriculture as a way of life had become diminutive relative to manufacturing. Moreover, it became necessary for the farmer to employ mechanization, modes of transportation, and the financial institutions at his disposal in order to participate fully in the process of capitalization or face the possibility of economic ruin. The farmer, fully articulated with the market and caught up in the imperative of accumulation and growth precipitated by these changes, would have scant resemblance to the farmer of Jefferson's vision even by the latter half of the nineteenth century, much less to the corporate agriculture which dominates agriculture today. John R. Commons talked specifically about the agricultural sector in his discussion of property:

The transition in meanings of property and liberty applies to agriculture as well as manufactures, commerce and transportation, and to individuals, partnerships and associations as well as corporations. Farming has become a going-business, or a bankrupt business, like other businesses. The isolated, colonial, or frontier farmer might produce and consume things, attentive only to their use-value, but the modern farmer lives by producing "social-use-values: and buying other social-use-values produced and sold by other business men. In this way he also "produces" exchange-value, that is, assets. (1924, 21)

Jefferson's words stand as a stark reminder of what he did not anticipate. At the end of the passage in the *Notes on Virginia* outlining his agrarian ideal Jefferson finished with the following words: "but, generally speaking, the proportion which the aggregate of the other classes of citizens bears in any State to that of its husbandmen, is the proportion of

its unsound to its healthy parts, and is a good enough barometer whereby to measure its degree of corruption" (1781–1785, 678).

Finally, the reality of fully commodified land stands in sharp contrast to the Jeffersonian vision of land as the bedrock of our independence, democracy, and community. Perhaps Karl Polanyi provided the best discussion of this new reality:

What we call land is an element of nature inextricably interwoven with man's institutions. To isolate it and form a market out of it was perhaps the weirdest of all undertakings of our ancestors...One Big Market, on the other hand, is an arrangement of economic life which includes markets for factors of production. Since these markets happen to be indistinguishable from the elements of human institutions, man and nature, it can be readily seen that market economy involves a society the institutions of which are subordinated to the requirement of the market mechanism. . . . life (labor) and nature (land) form an articulate whole. Land is tied up with the organizations of kinship, neighborhood, craft, and creed—with tribe and temple, village, guild, and church. (1944, 178)

The erroneous notion that our new institutional arrangements give us complete control over and connect us to the land surrenders to the reality of our alienation from it. This has spiritual as well as material and social consequences. In Polanyi's words: "The economic function is but one of many vital functions of land. It invests man's life with stability; it is the site of his habituation; it is a condition of his physical safety; it is the landscape and the seasons. We might as well imagine his being born without hands and feet as carrying on his life without land" (1944, 178).

Surely we can forgive Jefferson his transgression. Both the necessity of being mindful of the past and the slow movement of technological change during Jefferson's lifetime added to the inherently difficult task of anticipating the future. By the 1830s, when the forces of technological change were more fully revealed, Jefferson's life came to a close. Without the benefit of the industrial revolution, "profit-pursuing private enterprise" looked rather benign to Jefferson: a mostly self-sufficient independent farmer tinkering with a little nail manufacturing on the side. Perhaps unwittingly then, Jefferson helped to establish the institutional foundations necessary for the full flowering of capitalism after the industrial revolution, a dynamic that would change the meaning and purpose of property and be the undoing of his agrarian promise.

By the latter nineteenth century these unanticipated consequences had become more completely and formally recognized. Commons described the changes in the judicial interpretation of property in the late nineteenth century which were the outgrowth of the expanding market economy. He told us that the courts had come to acknowledge a new claim to property that went beyond a claim to the means of consumption or the simple production of use values. He stated, "[T]he transition in the definition of property from physical objects to exchange value was completed. . . . The shift in the meaning of property . . . is a distinction between capital and capitalization, between things and

assets, between things owned and the powers of acquisition residing in the ownership of things, between use-value and exchange value" (1924, 164).⁶

Commons was not the only economist to explicitly recognize these changes in the meaning of property. Veblen discussed the fact that the evolution of market capitalism made obsolete the natural law foundations of property which grounded Smith's discussion of economic laws. Veblen's discussion could just as easily apply to Jefferson. In Veblen's words:

Adam Smith spoke the language of what was to him the historical present, that is to say the recent past of his time . . . But in the historical sequence of things he stood at the critical point of transition to a new order . . . What had gone before was the era of handicraft and the petty trade, the habitual outlook of which had become (second) nature to the thoughtful men of that time; what has followed after is the era of the machine industry and business enterprise, in which the "natural" laws and rights handed on from the era of handicraft are playing the role of a "dead hand." (Veblen 1923, 37)

Veblen continued with a description of the most salient feature of the new era, the recognition of which had been slow in coming: "Indeed, it has taken something like a hundred years for the formulas of the economists to adapt themselves to the new run of facts in business and industry . . . economists have begun to recognize that 'capital' means 'capitalization of earnings capacity'" (1923, 60).

Thus both Commons and Veblen recognized that property under this new economic era had taken on a new meaning. Before the industrial revolution and the introduction of modern systems of finance, when the primary source of productive property resided in an individual's labor, property could more easily be perceived as a reward for labor and the source of our independence. But under market capitalism, wedded to the industrial revolution and its financial institutions, productive property inevitably extended beyond productive labor to the right and imperative to capitalization in the drive for efficiency and maximization of profits. In this new era productive property became the ticket to participation in "the runaway potential of capitalization" (Surette 2001).

In retrospect, Jefferson's misunderstanding about the dynamic of capital and the changing nature of property constitute the quintessential example of a lack of clarity. We lament the disintegration of community, uneconomic growth, loss of the family farm, decline of rural America, the concentration of wealth and power, and erosion of democratic society and often make the mistake of resurrecting Jefferson for guidance. It would be more productive at this juncture in our history to stop clinging to Jefferson's outdated and confused vision and heed Jefferson on what he got right: "[L]aws and institutions must go hand in hand with the progress of the human mind. As that becomes more developed, more enlightened, as new discoveries are made, new truths disclosed, and manners and opinions change with the change of circumstances, institutions must advance also, and keep pace with the times" (1816, 291). While we might question Jef-

erson's vision of the "progress of the human mind" we can at least concede that our institutions must be reevaluated from time to time to reflect the changes in our material circumstances. Private property is one such institution.

Notes

1. When Jefferson wrote the Declaration of Independence he substituted the words "pursuit of happiness" for "property." One could interpret this change as an equivocation on the natural right to property, but it is important to understand several things. First, the Declaration of Independence was a revolutionary document and Jefferson was surely cognizant of the importance of rhetoric when he wrote it. His purpose was to inspire a revolution. Moreover, with a vast and unsettled continent visible on Jefferson's western horizon it is clear that he saw infinite possibilities for individual self-fulfillment grounded in property. This was more than a lofty goal or theoretical proposition for Jefferson. The availability of land reinforced the already socially entrenched notion that industrious citizens could claim the rights to property through hard work and that they could count on the government to support this right. Jefferson stated in 1775: "The political institutions of America, its various soils and climates opened a certain resource to the unfortunate and to the enterprising of every country, and ensured to them the acquisition of free possession of property" (23). We are told by A. Whitney Griswold that the sanctity of property and the government's support of it was sanctioned by civil society at the time and was further reinforced with the revolutionary fervor surrounding the problem of taxation without representation which was seen as an infringement on the right to property. Griswold made the following comment about Jefferson and his substitution of the words "pursuit of happiness" for "property" in the Declaration of Independence: "The right to private property was taken for granted, and the duty of government to protect it assumed, by Jefferson when he sat down to compose the Declaration of Independence. His substitution of the more euphemistic "pursuit of happiness" for the word "property" in that document proved his skill as a propagandist rather than any deviation from these principles" (1946, 674). That is not to say that Jefferson wouldn't have later equivocated on property as a natural right, especially if it did not bring about possibilities for self-fulfillment and happiness but instead ran counter to these goals. The evolution of property during the nineteenth and twentieth century which changed its meaning and purpose might have created an equivocation on the issue of the natural rights to property on Jefferson's part, but at the time he was writing he clearly supported property as a natural right.
2. When I speak of property I am not concerned with personal property but rather with productive property. Productive property is not static. It evolves with changing technological and economic circumstances. It is therefore different in the era of petty commodity and handicraft production than it is in the era following the industrial revolution and the full "flowering" of laissez-faire capitalism.
3. Marx distinguished between the world of petty commodity production and the world of advanced market capitalism by using the notation C-M-C to describe the world of petty commodity production and M-C-M' notation to describe the world of more advanced capitalism. Marx claimed that in the former people sell in order to buy, but in the latter people buy in order to sell (1979, 146-166). Dudley Dillard correctly claimed that Veblen's distinction between business and industry, in which the former comes to dominate the latter, similarly captures this fundamental change in the economy (1998, 209-221).
4. Until this time surveying had been done piecemeal, and inadequate surveys abounded, presenting serious problems for states in specifying land ownership. In the northern colonies townships were mapped out using rectangular surveys of sorts, although base and meridian lines might not extend north and south. In the South a system of metes and bound domi-

nated. The passage of the Northwest Ordinance standardized the surveying of land and placed the task of surveying government lands that were to be sold under the jurisdiction of the federal government. Eventually this included nearly all of the United States.

5. My interpretation of J. B. Say with respect to his influence on Jefferson is that he was a popularizer of Adam Smith.
6. It is somewhat ironic that as the judicial interpretation of property expanded to meet the reality of the late nineteenth century, the problems of monopolization and concentration of capital were increasingly becoming a matter also demanding legal and legislative resolution.

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