

The Formation of the American Nation-State

Margit Mayer and Margaret A. Fay ✧

Introduction

The recent debate among West German Marxists over the nature of the capitalist state has tended to bypass the historical analysis of concrete situations and developments and has taken as its starting-point the abstract categories which Marx developed to reveal and analyze the internal self-contradictory dynamic of the capitalist system. These abstract categories and the inexorable logic of the laws governing the self-expansion of capital have served as the premises for deriving explanations of the functions, institutions, and structures of bourgeois government. The manifold forms of the capitalist state are explained in terms of certain necessary preconditions which must be fulfilled for the accumulation of capital to continue uninterrupted and for the class relations of capitalist production to be perpetuated (e.g., Altvater, Offe).

The problem with these explanations is that their premises and logic collapse when one is confronted with the task of understanding political structures which bear the characteristics of a capitalist state, but which emerge historically in a context where the appropriation of surplus labor has not yet taken the form of surplus value, where capital has not yet developed its own self-expanding dynamic, and where capitalist social relations do not yet exist to be perpetuated. Such is the dilemma of Gerstenberger (1973b), one of the recent serious attempts at an historical analysis of the formation of the bourgeois nation state. She fudges the dilemma by the conceptual ambiguity of the term "bourgeois state." At times she means the political superstructure which the inner structure of bourgeois society must itself bring to birth, at other times she means the preconditions of the actual birth. In other words, the baby becomes, by default of clarification, no different from the events and the conditions of the actual birth, and both are produced by deductions

* This article is the result of our joint reworking of la/largit's dissertation, *Zur Genese des Nationalstaats in Amerika* (Johann Wolfgang Goethe-Universität, Frankfurt am Main, 1976), where a fuller discussion of the historical data can be found. We are extremely grateful to the Bay Area Kapitalistate collective for their supportive discussions and commentary throughout our work-process, especially to Pat Morgan, Jens Christiansen, Jim O'Connor, and Pat O'Donnell, for their indispensable help in our final task of cutting and editing.

from abstract categories which are then arbitrarily imposed on the historical evidence. Consequently in her empirical work on the historical genesis of the American nation state, Gerstenberger (1973a) uncritically accepts Marx's assertion that "the state [of the North Americans], in contrast to all earlier formations, was from the beginning subordinate to bourgeois society, to its production" (Marx 1973, 884), without undertaking a serious examination of the historical evidence to discover just what this production consisted of. The view that the production-system of the 18th century North American provinces was essentially a unified one is shared by many Marxist historians (e.g., Dowd, Hacker), but is not supported by the historical evidence. The establishment of a centralized political apparatus in 1789 is in itself by no means proof of (in Gerstenberger's terms) "the coinciding conditions of production."

Our own examination of the historical record reveals that what existed on the North American continent in the eighteenth century was not a unified system of production, much less a capitalist system. Instead there was a conglomerate of different nodules of production, none of which can be accurately characterized as capitalist: for example, slave plantations in the South and independent farmers and petty commodity producers in the North. Yet the Constitution of 1787 is still with very minor changes the foundation of the U.S. political system of the 1970's which is accepted by both Marxists and non-Marxists alike as the most advanced capitalist state. Thus the problem arises for Marxist analysis: how did this capitalist superstructure emerge from a non-capitalist material base, from a non-unified, heterogeneous mixture of separate systems of production? In answering this question, we hope to demonstrate that it is possible to start with the concrete detail of history, without abandoning Marx's own conceptual framework.

What unified the conglomerate of diverse modes of production from which the capitalist social formation of the United States of America emerged was not industrial capital, but rather merchant capital,¹ the movement of which served to unify the separate and different regional spheres of production in the North American colonies into an integrated economic unit of trade, a mercantile system. This system can only be understood within the wider context of the world market and of the accelerated worldwide expansion of capitalism in the eighteenth century (of. Marx 1955, 10). This system developed both an internal dynamic of its own and at the same time was shaped by the external dynamics of the emerging world market. The boundaries and the structure of this system found political expression in the 1787 Constitution of the Union of the independent states of North America.

The first step in our analysis is to locate the origins of the North

American colonies in the seventeenth-century mercantile system and to examine the (eighteenth-century) development of the dominant modes of production, in order to identify the economic bases and interests of the respective dominant political groups. We will then analyze how these groups effected the establishing and centralizing of their own political organs after throwing off British rule; and how each tried to realize its own interests with the aid of their new state. We will discuss the character of the 1787 Constitution of the U.S. and show how its provisions corresponded to, and fulfilled the survival needs, both external and internal, of the young nation state. We conclude our historical analysis with the translation of these principles into the seemingly neutral state apparatus created by the nascent American bourgeoisie under the first Federalist and Republican governments. In our postscript we will briefly outline the implications of our case-study for the later development of the U.S. into an industrial capitalist nation and the active role of the U.S. state in this process.

1. THE DEVELOPMENT OF THE AMERICAN ECONOMY AND CLASS STRUCTURE BEFORE 1787

1. *The Origin Of the North American Colonies in the Seventeenth-Century Mercantile System*

The colonization of North America and the British West Indies originated from the interests of a merchant class in Great Britain who sought to create a trade network across the Atlantic in order to increase their profits (Hacker, 67 and 93-4). This commercial origin gave its imprint to the economic and political development of the American colonies and accounts for the extent to which the history of the American colonies differed from that of other British colonies, as well as from the experiences of the French and Spanish colonies. Because the most important British colonies were founded in the second half of the seventeenth century, i.e., before the British had organized their mercantile enterprises into a consolidated system, Britain did not succeed in establishing such rigid controls over her dominions as France and Spain. This left space for an indigenous accumulation of capital to develop (J.A. Williamson 1929; cf. Jensen 1968, 24).

The interests of the merchant capitalist class were formulated in the mercantile theory of British political economy, a theory which included the recognition that merchants, when denied the opportunity of outright plunder, could still profit from the colonization of North America by trading. What mattered was not only to secure the greatest possible natural riches, but also to profit from selling them

favorably to other nations (of. Marx III, 1909, 387). In general, the more varied the products that a nation could offer on the world market, the larger would be the number of potential buyers. Hence it was of advantage to the British mother country in its competition with Holland and France to encourage diversified staple and other extractive production in its mainland colonies where exploitation by plunder was unfeasible. However, in the special case of a region where a unique combination of natural resources provided the conditions for cultivating a product that was in high demand, but could not be supplied elsewhere, the optimum balance of trade could be gained by *the exclusive* cultivation of that product. Such conditions the British discovered in the West Indies. There was a large demand for sugar in the European market, and it could be readily and cheaply supplied on the rich soil of the West Indies whose sugar plantations were developed to become the most profitable enterprise and consequently the focus of the British colonial system as a whole (Newton 1933, 149). Sugar became the *exclusive* product of the West Indies. Contrast this with the colonies north of the Mason-Dixon line which had few staples of any value in the European markets, but a permanent surplus in a variety of food and lumber, and with the colonies from Maryland to Carolina which produced both staples and a less important surplus of certain foods.

This contrasting pattern of production implied an uneven development between the West Indian islands and the mainland colonies: the mainland plantations were small and backward in relation to the sugar estates of the islands where the economies of large-scale production were applied to maximize the productive capacities of the natural resources and of the labor force of the West Indies. Agriculture in the mainland colonies was characterized by a much less one-sided division of labor. During the eighteenth century the mainland colonies concentrated on the production of tobacco, but this was much less profitable than sugar. Specialization did not really take root in the mainland colonies until the cotton boom of the early nineteenth century, when productivity rapidly expanded. Because the West Indies developed a specialized one-product economy in response to the demands of the world market, they became much more dependent (for the satisfaction of their other needs through the exchange of sugar) on the international exchange context that the Empire provided. The West Indies themselves lacked an extensive internal market of diversified products.² On the mainland, however, the diversity of products that were cultivated both for export and for domestic exchange and consumption created an internal market and allowed for the evolution of an American merchant class. The colonies on the North American mainland were able to develop an indigenous class of traders and merchants who later became a power-

ful element in the international mercantile system. But the one-factor economy of the West Indies precluded this possibility.

2. *The Diversity Of the Socio-economic Formations in the Eighteenth-Century Colonies*

Before analyzing the historical data on the diverse modes of production which existed in the eighteenth-century colonies of North America, we would like to make four points to clarify our approach. First, the modes of production which we (provisionally) distinguish all bear the imprint of the world market context, in other words, production for commodity sale (at first on the monopolistically controlled, fixed market of the British empire) was the overriding consideration of agricultural activity in the colonies. Thus we shall emphasize that while these different modes of agricultural production cannot be characterized as capitalistic, nevertheless they were created and shaped in response to the requirements of the emerging and expanding world market, that was itself both a consequence and a promoter of the development of the capitalist system. Second, the fact that the products of the North American agriculture assumed the character of exchange values when they entered the sphere of circulation on the world market does not mean that they were already produced as such, that they were already commodities in production (of. Marx III, 386). The slave plantations of the South, for example, were clearly not a capitalist mode of production—they were not based on wage labor—even though the goal of their production was large-scale export for the world market dominated by European capital. Third, within each of the different reproduction contexts³ different modes of production were dominant (or rather became dominant, since it is almost impossible to treat the structure of production as static in this period.) As a consequence, different dominating classes can be identified corresponding to the dominant modes of production in each reproduction context. Furthermore since the economic interests of the dominant classes do, as a rule, find specific political expression, it should be possible to trace the origins of the different political fractions, which later faced each other in the federated state (and which to some extent influenced its structure), back to the diverse economic interests of the classes who dominated the separate reproduction contexts. Finally, the concrete shape of the central state that eventually arose depended on the forms of production and the class relations that had come to exist on the mainland.

(i) *Commercial Agriculture in the North*

In the seventeenth and eighteenth centuries, the vast cheap lands

of the North American colonies offered pioneering individuals the opportunity to obtain uncultivated land with relative ease and to settle down as self-reliant subsistence farmers. However, it has been established that right from the beginning all farms (with the *temporary* exception of the frontier farms) tendentially produced a surplus destined not only for local consumption, but also for sale in other colonies and for overseas export (Bruchey 1968, 27, Bidwell & Falconer). This surplus became the basis on which America developed her ever-expanding commercial agriculture (cf. Marx III, 383-5).

In New England, Great Britain encouraged the diversification of cash crops which were produced by small farmers with ownership rights to the land on which they worked. However, the framework of a market economy subjected the "free, independent, property-owning" farmers to competition with one another (a competition which was mediated and orchestrated by the middleman, the merchant capitalist) and forced them to rely on merchant capital to advance the necessary supply of instruments and stocks of raw materials for their market-oriented production. As petty commodity producers, the farmers had not yet been separated from the ownership of the means of their own labor process, but to the extent that their production took place for the market, they were dependent on "the buyer, the merchant, and ultimately produce[d] only for and through him" (Marx 1973, 510). Since the merchants pocketed the largest share of the surplus value (of. Marx III, 393-4), the farmers were left with no resources to develop their own mode of production independently of the merchants. The class of independent farmers was, in effect, the creature of merchant capital, a product of a specific stage of the world development of capitalism, necessary for this stage where the conditions did not allow any other way of extracting wealth (of. Marx 1973, 278).

The development of the land-holding pattern of the agrarian sector of New England is evidence of the increasing penetration of merchant capital. In spite of westward movement, the population grew annually about 1-5 percent. Land prices increased and competition among the farmers became more severe. The number of landless whites grew from 5 percent in 1700 to 12 percent in 1736 (Lemon & Nash, 1-24) and the size of average landholdings decreased from approximately 150 acres per adult male in the early seventeenth century to 43 acres in 1786 (Lockridge, 62-80). Wage-labor and the putting-out system slowly spread within the agrarian subsistence economy (Morris 1946). Thus the agricultural sector which employed 90 percent of the population cannot be interpreted as a static community of "self-reliant, small producers." It was indeed a non-capitalist mode of production, but one that reproduced itself on

the foundation of capital (of. Marx 1973, 579).

This pattern of landholding and its development can be traced not only in New England, but also in the South and along the frontier. In the middle colonies it differed from the one in New England only insofar as the distribution of land was more unequal (the result of the British Crown's land distribution): there were not only more large farms (manors) but also more landless free whites (Fox). In the case of New York state⁴ agriculture was even more market-oriented than in New England: it was highly diversified, and its exports went primarily to the West Indies.

Independent petty commodity production in North America was able to resist the penetration and eventual domination of the capital/wage-labor relationship for a relatively long time, as is evidenced by the many immigrants who started out as indentured servants or wage laborers, but were able to save enough of their earnings to buy up land and/or their own equipment and transform themselves into self-employed farmers (or craftsmen). However, the mode of independent petty commodity production which these ex-wage-workers entered was itself dependent on capital, and the long period of resistance only served to reinforce this dependence, thereby developing the conditions for the eventual abolition of the petty commodity mode of production (of. Marx 1973, 574). In another way, too, this system of independent petty production generated within itself its own negation for, by producing a surplus of their own specialties to exchange with one another, the farmers created an internal market that was to develop into a market for new, large-scale capital. Just *because* production was *not totally* oriented towards the world market, as became the case for the sugar colonies, an internal market could develop and the demands which had initially been met by subsistence production were now supplied by the heightened productivity of advancing specialization. With the accelerated expansion of these demands, as more and more immigrants flooded into America, the small independent farmers were superseded by more efficient large-scale farming, where more and more "farm-hands" were employed. This evolving internal market provided the basis not only for the later development of indigenous capitalist and wage-labor classes, but also for the earlier emergence of an indigenous class of merchants.

(ii) *Plantation Slavery and Small Farming in the South*

In the southern colonies, two distinct forms of agriculture interpenetrated one another: large-scale commercial agriculture based on slave plantations (mainly along the coast and the rivers) and small independent farmers (on the hinterlands) who also participated in

the production of rice and tobacco for the world market (Bruchey 1968, 21). The slave plantation economy was dominant, but recent analyses of historical records and documents (e.g. Land 1965, Menard 1973) cast doubt on the traditional literary sources for the pre-revolutionary period, which give the impression that the tenure system of small holdings was not very widespread in the South: it now appears that at least 25 percent (the lowest stratum) of southern agrarian producers worked the land as tenant farmers. Though these two systems of agriculture were not manifestations of the same mode of production, they were vitally interrelated, and both owed their origins and development to merchant capital.

The monoculture of the large plantations had been established for the purpose of delivering large quantities of staples which could easily be transformed into wealth for Great Britain. The plantation workforce initially included large numbers of white indentured servants who immigrated from Europe in the hopes that when their work-contract was over, they would be able to settle down as independent farmers with their own land. Only 6 percent fulfilled this hope (Wertenbaker) and the frustrations of the rest broke out into open violence which disrupted production (e.g. Bacon's Rebellion in 1676 and the tobacco-cutting riots in 1682). Virginia, with its landless freemen, was thus confronted with the same problem she had been helping England to solve. Her own solution was to allow her wealthy magnates to keep their lands and to institutionalize slavery to provide the necessary labor force. The white laborers were liberated from plantation work and allowed to make their living from their own small plots of land. The violent conflict that had erupted between European landholders and landless was transformed into a symbiotic relationship between large and small landholders, but at the cost of depriving blacks of their basic civil rights (Morgan 1972, 24, Breen).

This relationship between the transformation of the plantations into a slave economy and the emergence of small landholders can be traced to the desire of British merchants to maximize the profits of trans-Atlantic trade. White labor, which had proved to be an unreliable workforce for the plantations, was replaced by coerced black labor and was now used to expand the production of export staples by bringing into cultivation soil on the hinterlands. The subsequent development of this class of free farmers was also shaped-as was the history of the class of independent farmers in the Northeast-by the dynamic which the production of staples for the world market generated.

The plantation system was never able to free itself from its original dependence on merchant capital (cf. Marx III, 382). By making guaranteed markets available for the plantation products, merchant capital perpetuated the one-sided division of labor based on coercion

and deprived the planters of any incentive to raise productivity by improving their land or means of production.⁵ Consequently the monoculture of the plantation became too dependent on such external factors as successful harvest and the conditions of the export market, and failed to develop an independent, self-developing dynamic of its own. As merchant capital expanded, the slave plantations grew an interdependence which was most dramatically illustrated by the later rise of cotton. In short, the planter-slave-holders of the South remained creatures of merchant capital and as such were subject to the inherent limits of this capital.

The participation of the small farmers in the production of staples for the world market rendered them increasingly dependent on the large plantation owners who took on the role of trade agents and money-lenders. **Thus** the more efficiently that the free farmers produced their commodities, the more they became dependent on the sale of their produce to repay their creditors for the advance of stocks, etc., and the more they had to subject themselves to the interests of the creditors themselves (cf. Marx 1973, 853).

The planters who had the resources to develop into land speculators, merchants, money lenders, and manufactures belonged to the wealthiest two percent who owned estates worth more than £1000. They were able to multiply the rent from their land- and slave-ownership by using this income as interest-bearing capital in the sphere of circulation. In this way an indigenous merchant class gradually developed in the South on the basis of simultaneous agrarian and mercantile businesses (of. Gray I). But as merchants they never replaced (before Independence) the London tobacco factor, which, through an agent resident in the colonies, furnished the planters with capital, sold their products, and shipped English commodities into the colonies (see Nettels 1962, 58). Nor did they ever present, after Independence, a serious challenge to the indigenous merchant class of the northeastern colonies.

Not only did the plantation system inhibit the growth of a class of independent merchants, but it also prevented the emergence of a class of independent artisans. The plantations reproduced themselves in relative autarky, relying on the skilled labor of a few slaves trained in craftwork, and the smaller farms produced what they needed through household manufactures. Until 1830, these household manufactures remained subordinated to the production of use-values (Tryong Gray I), and sheltered the southern modes of production from penetration by the capital wage-labor relationship (of. Marx 1973, 669)

In conclusion, we should note that even though the South provided an exportable surplus similar to that of the West Indies, part of the exports of the South were bought by the indigenous merchant class in the North and exported (together with the northern staples)

to offset the large quantity of manufactured goods imported to the mainland colonies from Britain. In contrast, the surplus produced in the West Indies was entirely under the control of the British. The diversity of the surplus exported by the North American colonies as a whole reflected the diversity of basic staples which were kept at home for internal trading. The combination of these different modes of production made the autonomous development of the North American colonies possible which was the basis of their successful struggle for political independence. The position of the U.S. "in the world depended not only in 1776 but thereafter on slave labor" (Morgan 1972, 6, cf. Jensen 1969, 107-24), but as the opposite course of development experienced by the West Indies, which relied on the exclusive cultivation of a single product by slave labor, shows, it was the coexistence and interrelation of the different modes of production and their diversified surplus that laid the basis for the national economic and political independence of the United States.

(iii) Merchant Capital

Until 1800, the character of American internal trade was quite restricted: it consisted mainly of exchange of local products of farms, plantations, saw mills and fisheries for local manufactures and imported goods (E.A.J. Johnson), but it provided an important foundation, on which an indigenous merchant class could begin to develop. There are several interrelated exogenous factors that facilitated the development of an indigenous merchant class on the mainland: the origin and the structure of the British Empire itself, the special relationship imposed by Britain on its North American colonies, and the financial relationship between Britain and its sugar colonies.

The British colonial system was founded upon successfully implemented trade regulations rather than direct political rule. This was possible because the European settlers themselves deemed their membership in the colonial system profitable. Indeed, the profits that the colonists could make in the (legal) trade with England almost made superfluous the English-imposed legislation restricting their exports to trade with the mother country only (Barrow, 252-5). Thus the colonists' continued voluntary participation in the Empire was based on a recognition of, and a desire to engage in, the profits of mercantile enterprises. The British trading empire fostered a general integrated economic development in the American colonies—despite the regional diversity of the separate modes of production—via bounties for certain colonial products, by military protection and the securing of markets, and by providing a source of finance (Nettels 1932; Bruchey 1968; North 1966). In addition, the special

relationship imposed upon the North American colonies by the mother country forced the colonists to earn, however indirectly, money in England to clear the debts they owed for consumer goods (Pares 1956, 158). While sugar (until 1700), served as ready money all over Europe, none of the agrarian products of the mainland were in a comparatively high demand. New England especially did not have an export staple which it could make the basis of credit arrangements with Great Britain. But since the Navigation Acts⁶ forced the colonies to import their finished goods from Great Britain, there developed a class of people whose exclusive business was to get the needed bills of exchange and foreign currency through trade with the West Indies, through slave (and other) trade with Africa and southern Europe, and by taking on intermediary functions as intercolonial carriers for the tobacco and rice exports of the southern colonies. As a consequence of the economic diversity of North America whose regions required each others' products, a system of exchange developed as a permanent institution and this exchange was mediated mainly by West Indian goods. The West India trade played a crucial role in consolidating the trading partnership between Britain and its American colonies. The British demand for sugar ensured that the colonies would be able to repay their debts to the merchant capitalists in the mother country, and perpetuate the conditions for a continuing flourishing trans-Atlantic trade (Pares 1956, 146). The pattern that had evolved by the eighteenth century (after the colonies which retained some degree of financial dependence had differentiated themselves from those which depended absolutely on the mother country) was that the North Americans sold their produce in the sugar islands, and, if they wanted a remittance to Europe, bought the sugar planters' bills of exchange on their factors (Pares 1956, 151-3).

The American merchants, while building up their trade with Britain, the West Indies, and other nations, also expanded their functions as middlemen within the developing American economy itself, to a large extent on British credit, but nevertheless carried out by Americans (Andrews 1914). Growing foreign and domestic trade established a network of credit relations (Nettels 1962, 304; Hammond 1957, 218) which frequently placed the American merchants at odds with the agricultural interests of local and provincial politics (Sachs 1955, 328). After 1740, when provincial legislators had opened all ports equally to West Indian produce (Pares 1956, 25-8) and therefore also to the simple processing industries for molasses and sugar, the opportunity was created for the accelerated expansion and dispersion of merchant capital throughout all the mainland seaport centers. This dispersion was created by, and in turn reinforced, the intensity of local and regional competition on the main-

land. The competition among merchants in different regions on the mainland became a competition over the possession of an industrial process (the colonial governments protected the products of the distilleries and refineries with duties) and contributed to the accelerated domestic economic development. However, since the trading basis of the British Empire put the colonial merchants in competition with British merchant capital, there was pressure on the North American merchants to deploy their profits in ways that would rapidly expand their mercantile capital; therefore, they could not be so much concerned with potentially damaging provincial competition (Sachs 1955, 326). They developed and maintained a geographically wide network of close business connections and utilized correspondents in other colonies and countries since-to secure bills of exchange at the lowest possible prices became vital for every importer and commission agent struggling to compete successfully~ they had to pay close attention to exchange rates in other commercial centers. Out of this competition of local merchants engaged in intercolonial and international commerce, a stratum of rich, resident merchants evolved, most notably in New England (North & Thomas, 98), who employed captains and agents, and who enlarged their capital by investing not only in shipbuilding, but also in private banks and insurance companies.⁷

In summary, the diversity of the existing modes of production in the North American colonies provided the basis for the development of an indigenous merchant class, a development that received impetus from the external conditions of the trading context of the British Empire, and the special role of the West Indies' monocultural economy. Thus it happened that, during the eighteenth century, the indigenous merchants' capital was able to continue to appropriate to itself the overwhelming portion of the surplus product (of. Marx III, 389). In New England especially, the merchant class exploited the opportunities for accumulation and quickly gained the dominant influential economic position, such that they were soon able to represent their own particular interests as the interests of New England. However, the more the merchants intensified their commercial activity across different regions, the more they undermined a major base of their own profits, namely those profits which were derived from the exploitation of the difference in prices of production in the various regions (of. Marx III, 386-8, 396). Thus the very success of the merchants' capital laid the basis for its ultimate and inevitable transformation into industrial capital, though this process was artificially slowed down by the mechanisms of the British Empire.

(iv) Manufacturing

Throughout the eighteenth century, the main part of American manufacturing was carried out in unincorporated home industries outside the big towns. The geographical dispersion of these "neighbourhood manufactures" (Clark) rendered the transportation costs of their products prohibitive and protected them from competition with one another with the result that production remained based on technologically undeveloped craft instruments (Ellsworth & Hindle, Morris 1944). Manufacturing also occurred in the sea towns, but here too, handicraft production remained dominant, and even the sale of products, which reached no further than the local market, was frequently undertaken by the artisans themselves (Bridenbaugh 1950; Lynd 1964, of. Marx 1973, 512). The only industries encouraged by the mother country were shipbuilding, which benefitted the British merchants by lowering their freight costs, and the production of goods such as iron, lumber, flour and textiles, which could serve as raw materials for British industry. The few processing industries that were established (sugar refineries, distilleries) worked only intermittently, for example at times when the price of raw sugar was attractive (Pares 1956, 138).

The tendency of merchant capital to prepare the way for capital to take hold of production itself (of. Marx III, 387-390) was slowed down in North America, not by feudal or guild laws, but by several factors that were inherent in the colonies' status within the mercantile system of the British Empire. The extraordinarily high "profits" that could be made in trade during this period diverted capital from entering the less profitable industrial enterprises; the ready availability of cheap land deprived the manufacturing sector of a free (i.e. lacking its own means of subsistence) labour force, and the cheap import of finished goods rendered domestic production superfluous. American mills and plants failed to produce enough to meet the domestic demand, but as long as it was cheaper to import, domestic production was not encouraged on a large scale by local legislatures. Already in 1650, the settlers had begun to make business a public concern: the colonial representatives took over responsibility for the settlement of certain craftsmen (by tax provision) and the procurement of credit for the erection of production plants, esp. metal and textile (Bailyn 1955, 61 ff.). Corporations were chartered to perform services such as banking, transportation facilities, and a water supply for the benefit of the community, and they included a few manufacturing companies. But the chartering of manufacturing companies on a larger scale had to await the later periods of interrupted trade (J. S. Davis II, 326-9; Handling & Handling 1947a, 435) and the war industry, generated by the struggle for independence. The cases of

interrupted foreign trade after 1775 all illustrate the advantages in the utilization of American capital, namely that it was easier to make a surplus in trade than in home production.

Despite the fact that self-employment was still by far the dominant way of working even as late as 1800, there is evidence that a wage-earning class of propertyless producers (which by 1800 had grown to 12%) emerged much earlier than is generally assumed. But in the context of the whole working population of the North American continent in the 1770s and 1780s, the embryonic productive enterprises were practically negligible and still confined to the large towns.

In conclusion, the primitive accumulation of capital on the North American continent before the establishment of the central state may be summarized thus: (1) capital was not yet deployed on industrialization—except in the manufacturing of assets for the deployment of merchant capital, (2) capital was concentrated in the hands of the merchant *class* and reinvested in their self-expansion, (3) this self-expansion was to eventually bring about the transformation of merchant capital into industrial capital, but this process was still in an embryonic stage in the 1780s, for the peculiar American conditions presented many impediments. Thus it was not the spreading of capitalist social relations, but the integrating force of merchant capital that impinged on all the various regional reproduction contexts. Consequently, the merchants, as the economically dominant class and the one with the most clearly articulated self-interests, gained a most influential position, which was only locally and/or temporarily shaken.

11. POLITICAL STRUCTURES AND THE EMERGENCE OF THE 1787 CONSTITUTION

In the previous sections we have emphasized the diversity of the modes of production in the North American mainland during the eighteenth century in order to refute the assumption (ungrounded in historical evidence) that the political unison of the American provinces after Independence can be explained by the 'coinciding conditions of production' (Gerstenberger 1973a, 81). In the following sections we will substantiate our own hypothesis that the political unison of the diverse socio-economic formations existing in America at the end of the eighteenth century was promoted by the interests with which the representatives of the dominant modes of production within each socio-economic formation participated in the world market. In each of the several different regional production contexts the economically dominant groups succeeded in usurping political leadership and in gaining the loyalty and support of

other strata for the realization of their own interests. The internal markets of the North American colonies, which had already been evolving tendentially during the pre-Independence period of British rule provided the foundation on which the formation of a national society, and therefore the development of political unison, *could* take place. The political unification of this society into one nation state finally became a historical necessity precipitated by the conflict with England and by the consequences of the exclusion of the ex-colonies from the British Empire. The results of this exclusion developed among all the economically dominant groups the awareness that without a strong central authority the internal dynamic of centrifugal forces would rob the newly independent provinces of the chance of competing on the world market and hence jeopardize their newly won independence.

1. Political Structures Before Independence

Two features common to the development of the modern nation-state and the rise of a national bourgeoisie in the countries of Europe were conspicuously absent from the social development and early political structures of North America: a feudal aristocracy and a landless, disenfranchised population of "liberated" ex-serfs (cf. Moore, 140). During the period of British rule, the official government resided in a territorially distant authority in London—the British Crown and Parliament. The functions of government entrusted to the individual provincial governments were from the very beginning limited and remained at a low stage of development. The British State retained the important functions of trade and military policy, including the provision of military defense. Hence the colonial states had no need to establish a standing military organization. Also they did not develop a system of regular taxation since they could cover their non-military expenses from interest-payments and land banks (Ferguson 1961, 5). The administrative apparatus remained not only cheap, but also relatively undeveloped (Andrews IV, Steele).

Within the framework of the British imperial system the American colonies developed and implemented *de facto* political structures of local self-determination. By 1760, the Popular Assemblies (the elected lower Houses of Assembly) had come to exercise the major influence on inner-colonial legislation. The originally intended relationship between the lower Houses and the British-appointed provincial governors, i.e., a "parity of power", receded and the governors were in effect reduced to the secondary status of accessory intermediate agencies (Jensen 1968, 30).

The political influence of the economically dominant groups

manifested itself mainly at the level of provincial government. In the North it was the merchants who controlled the provincial government which was always located in the East. Even when, as a result of westward expansion, the growing population of backcountry farmers secured a majority of seats in the House of Representatives and began to articulate their specific interests in opposition to the politically predominant coastal merchants, the merchants were still able to retain control of the business of the House by excluding the farmers' representatives from committee assignments (Zemsky, 502-520). The opposition between the interests of inland agriculture and the commercial interests of the coastal *areas* and the domination of the latter interests were thus reproduced at the political level of the provincial government (of. Hoerder). In the South the great plantation owners were just as firmly established in the southern provincial government as the merchants were in the North. Here, however, westward expansion did not intensify the economic and political differences between coast and inland, because the process of expansion only involved the successive reproduction of the social relations of production in the earlier established eastern plantations. Both on the coast and in the expanding inland areas, the slaveholders/planters were not only the economically dominant group, but also the political ruling class. The fact that the political representatives of the South were recruited from the wealthiest two percent of plantation owners, who were able to deploy their capital in the sphere of circulation as land speculators, money-lenders and trade-agents (Bailey 1971), is further evidence of the influence of merchant capital on the political institutions of the emergent U.S. state.

The relatively autonomous, local self-governments gave political expression to the economic independence of the mass (70-80 percent) of free citizens (see Steeg). These small, self-employed producers had little interest in the provincial legislatures beyond keeping provincial taxes as low as possible (Zuckerman, oh. 1), and they made use of the local political apparatus to implement their own interests. It was at the local level that most of the "economically regulating functions," which ranged from road construction to the levying of taxes, were implemented (Morris 1965, 78, R. J. Taylor, 33-7). As a result, a real fear developed among the wealthy few that local government activity would strengthen the political influence of the lower strata and result in mob rule (Morris 1946, 52). Hence, during the revision procedures of the individual state constitutions, every state (except Pennsylvania, Georgia and Vermont) chose to institutionalize the division of the legislative into two houses, an upper house representing property and a lower one representing the people (Bailyn 1965, 186; Ramsay 1789, I, 351). This division was justified on "natural distinctions of rank" which, in turn, rested

on supposed "superior degrees of industry and capacity" ("Ludlow", in *Pa Journal*, May 28, 1777, Letter II). Thus the diverging, even conflicting, interests within each of the colonies were given explicit recognition by the colonial constitutions themselves.

During the struggle for independence, the immediate tasks of defying the British and coping with the difficulties imposed by the war were the primary determinants in the citizens' decisions over what functions to allocate to state power. With the onset of war, the emergent American bourgeoisie, well anchored in the provincial structures of domination, were able to mobilize and unify the support of the other classes in sustaining their attack on imperial rule. They organized a network of inter-colonial committees and conventions to carry out the necessary co-ordinating functions for national defense. These initial functions quickly mushroomed to transform the ad hoc co-ordinating committees into functioning state agencies (Hacker 1940, 1'7-4).

2. *The Impact of the World Market: Polity across State Lines*

With the declaration of Independence in 1776, the central authority embodied in the British government disappeared from the American scene and the internal class relations within the now independent provinces found their political crystallization in the separate state governments. The Continental Congress, established in 1775 in response to the crisis conditions of war, was only supposed to provide diplomatic and external representation and ensure the coordination of military maneuvers. Its functions did not extend beyond the implementation of these militarily required measures. However, it soon became clear that more coordination among the individual sovereign states was necessary to ensure that the provinces' newly-won political independence would not fall victim to its economic malintegration. Other mercantile states were able, as centralized nation-states, to promote their own national process of primitive accumulation at the expense of their competitors and to maintain and strengthen their position in the world market, where Britain still reigned supreme. The North American states, lacking any political agency that could guide and promote their common interest vis-a-vis other nations, were especially vulnerable to the threat of economic domination by Britain (Jensen 1963, 241). "So the Americans discovered that with independence they became a relatively backward, underdeveloped, and weak nation" (W. A. Williams 1966, 119).

Consequently, the Continental Congress decreed the Articles of Confederation which became effective in 1781. These soon proved to be inadequate. The Articles did not deprive the individual state

governments of their rights to pass impost acts, navigation laws, and price fixing regulations, all of which varied from state to state according to the balance of forces between merchants, mechanics, planters and farmers. The Confederation itself was powerless to supersede the variegated protective legislation, which had its source in narrow regional economic interests, with a unified policy of national self-protection. It was not only the diversity of economic interests that initially prevented the establishment of a stronger central organ, but also the recent political experience of the colonies under the rule of the British government, which created resistance on the part of the local governments to any loss of their own autonomy. After Independence, the state governments jealously guarded the power which they had come to exercise during the period of remote British rule. In particular, they defended their right to levy taxes and continued to resist the surrender of the substance of power to another remote and uncontrollable government (Wood, 268). The distrust of any "governmental authority set above the people, including their own representatives" (Jensen 1940, 239-240), had grown so strong that the very idea of a new central government with coercive power receded from the public arena of political discussion.

Consequently, the rights and powers granted to the new central government by the Articles of Confederation were severely limited. Congress had no power to tax or to control interstate or foreign trade and it was too weak politically to pursue a consistent economic policy for creating the conditions for the indigenous accumulation of capital which might have rescued the nation from its vulnerability to the vicissitudes of the world market. When Congress was forced to take emergency measures to ward off any immediate threats, the succession of actions was typically extremely disruptive and conflicting. For example, in 1779 Congress lifted all restrictions on interstate trade, but then decided, reacting to the pressure for price controls, that the individual states should each establish their own price committees (Warner, 186). These different regulations presented a major obstacle to the free flow of the market-seeking commodities and, in some cases, as for example when Pennsylvania's Council of Safety prohibited the export of all food stuffs (Warner, 185), brought it to a complete halt. As a result of this disruption, the local price committees themselves soon demanded more centralized measures to regulate prices and duties (Lynd 1964, 92). Thus it became clear that the efforts of the individual states to remedy the ailing economy had such a centrifugal effect that these very remedial measures aggravated the critical problems of repaying the heavy debt incurred during the War of Independence,⁸ of regulating currency and finance and of restricting competition from foreign trade. It was above all the chronic financial calamity that forced the recently

independent American people though reluctantly to accept a central political agency with powers of coercion over the national citizen-body and the individual state governments.

During the post-Independence period of political vacuum when Congress still lacked the power to regulate and promote trade and the individual state governments took over no diplomatic responsibilities, it was the merchant class who determined the *de facto* course of the nation's external relations and the merchants' activities were themselves determined by the conditions of the world market. Immediately after the war, Great Britain courted the American merchants with credit offers and other privileges in an effort to recapture American trade, and, despite the recent hostilities between the two nations, most merchants preferred to reestablish trade with Great Britain instead of France and made the utmost use of the British credits (Gray I, 597-600, Ferguson 1961, 83-4). The consequence of this was an extremely unfavorable balance of trade and growing indebtedness to England that reached an unprecedented peak during the years 1783-8 (Nettels 1962, 49). The individual states could not meet the excessive importation of European commodities with adequate returns (Nettels 1962, 49-60). Worse still, the different fragmented efforts of the individual states to stop the drain of specie and to limit imports by duties in practice cancelled one another out. Some states (above all New Jersey) even went so far as to exploit the worsening balance of payments deficit for their own advantage and continued to compete for British ships and goods (cf. Jensen 1950, 298, ff.). A co-ordinated reorganization of commercial relations was urgently needed and the demand for the unified measures was increasingly articulated by groups whose interests began to transcend state boundaries and who expressed unanimous preference for a more powerful central government (Jensen 1950, 344). After 1783, the joint efforts of these "advocates of central authority," to prevent a "recovery [. . .] based on the creation of an unbalanced, quasi-colonial relationship with Great Britain" (W. A. Williams 1966, 138; of. 164), functioned in lieu of a national party to unify interests across state lines. "A small group of political leaders, with a consciousness of the United States' *international impotence*, provided the matrix for the movement" (Roche, 801, italics ours).

Conflicts between the different regions, such as the dispute between the North and the South over the disposal of western lands (of. W. A. Williams 1966, 136), receded into the background in face of the urgent need to cope with America's slipping position in the international arena "where each nation was trying to capture gains for itself" (Jefferson, quoted in Lipscomb, III, 273-4, of. North & Thomas, 152).

In summary, if the Union wanted to continue to exist as an autonomous national power, it needed to create conditions for the enforcement of its own primitive accumulation. The world market was generating pressures which forced an internal development toward a unified political restructuring. These pressures were perceived by the commercially concerned groups throughout the nation as the preconditions for economic survival and the problem of political independence was articulated by them as the urgent need to establish a stronger central authority.

3. *Economic Interests in the Establishment Of the U.S. Nation-State*

Each of the four major economic groups—northern merchant capital, southern agrarian capital, mechanics and industrial capital, and the independent farmers—developed specific interests in the establishment of a strong central state. The political demands of these groups can be traced to the economic functions they performed in their respective reproduction contexts and to the effect of the world market situation on these functions. Hence, though their interests converged on *the founding* of a strong central authority to protect America's slipping position on the world market, there were significant divergences among these groups concerning the precise powers, structures and functions to be assigned to this new political organ. Furthermore, these divergences were the result of the differential impact which America's participation in the world market had on each of the modes of production and on their exchange context.

(i) *Northern Merchant Capital*

The anarchic conditions, generated by the diverse legislation of the individual states and unchecked by the impotent Articles of Confederation, provoked a demand among the merchants for the centralized control of commerce (of. Tench Coxe quoted in North & Thomas, 153-4). These demands became especially fervent in the northeastern states which succumbed to pressures from the emergent manufacturing interests and imposed tariffs to protect domestically produced goods (of. Jensen 1950, 403; W. A. Williams 1966, 151). However, the merchant class as a whole was not hurt until the specific problems under the Confederation such as interstate trade barriers, inflated prices, and exclusion from both the British West Indies and from the French fishing waters began to be felt in every branch of trade. A politically vocal group of Boston shippers began to articulate the interest of the merchant class as a whole, calling for a strong national government, the creation of a national navy, an orderly and uniform tariff system, and naval legislation to challenge British and

French discrimination against American traders (Elkins & LaKitrick, 236-7; Jensen 1950, 344). However, efforts to persuade Congress to implement nationwide legislation to stabilize *intrac*ontinental commerce and to protect it from foreign traders who benefitted from dealing with each state independently, were continually frustrated by interregional rivalry. The southern tobacco and rice plantation owners, for whom the export of their staples to Europe was vital, stoutly resisted any measures such as uniform tariffs which would have discouraged the competition of foreign shippers and raised the freight costs of the South's exports.

(ii) *Southern Agrarian Capital*

Despite their opposition to a uniform nationwide tariff system, the southern plantation owners did develop an interest in establishing a strong central authority. This sprang primarily from their additional functions as land speculators, trade agents, and money-lenders (functions performed in the North by the independent merchant class). They recognized that only a strong military power could enforce the measures needed to maintain or enhance the value of their land investments which were continually threatened by problems with Indians and squatters (Robertson 111 ff.) and by the resistance of private debtors. Furthermore, the southern planters had invested their capital not only in land, but also in government loans. These investments were the source of the merchants' and planters' common interest in guaranteeing the continued validity of the public debt (a validity which only a strong government could give) and in securing a stable payment of interest on government bonds. The need for a guaranteed financial and credit stability was the decisive common interest which united southern agrarian capital and northern merchant capital. Too many times creditors had been disappointed by the governments of the individual states which were open to pressure from below and frequently yielded to the demands of indebted farmers and others for the emission of paper money, the creation of land banks, reduction of taxes, etc. Public creditors, both in the North and in the South, emerged as a cohesive and very forceful group which energetically struggled for endowing central authority with its own powers of taxation and coercion (Jensen 1943; Nettels 1962, 149-50).

(iii) *Mechanics and Industrial Capital*

Under the Confederation government, concessions had been granted to mechanics and manufacturers: they had been freed from taxation, given credits and free land, and protected from cheap

importation by state duties (Bancroft, 138-9, Jensen 1950, 288). While the legislation of the individual states usually served to protect the interests of the mechanics, it increasingly became a fetter on the creation of a nationwide market for indigenous industrial products. The mechanics' awareness of the need for more centralized and uniform governmental activity was heightened by the expansion of manufacturing enterprises created by the war industry. Thus the manufacturers came to share with the trading and shipping groups a common concern to establish a central government that would impose uniform regulations and legislation.⁹

But the mechanics' essential motivation for advocating a strong central government remained different from that of the merchants. The mechanics wanted government protection from British manufactures, while the merchants profited immensely from trade with Britain. Therefore, the alliance between the importing merchants and the mechanics remained precarious and fragile. This fragility was revealed in the repeatedly broken, and subsequently patched-up, political alliances between the two groups (of. Lynd 1964; Young 1964). The interests of the merchants always dominated the political goals of this coalition because, in the last analysis, the industrial producers, craftsmen, and artisans were all dependent for their profits on the successful marketing of their goods. To the degree that their own interests were promoted by flourishing trade, the mechanics accepted the merchants' interests as representative of all who participated, however indirectly, in the market (Nettels 1962, 126 ff.).

In short, each of these first three groups shared a common interest in establishing a strong central authority, but the tasks that each group anticipated would be undertaken by the strong central authority were narrowly defined in accordance with their desires to protect and facilitate their own economic interests, and as such they conflicted with one another.

(iv) Independent Farmers

Unlike the first three groups, the interests of the mass of small farmers did not suffer from the weakness of the Confederation government. As debtors and as vendors of their own produce, they benefitted from the inflationary conditions of the period because the higher prices that they could get from the sale of their commodities served to pay off their debts which were simultaneously reduced in real terms by the inflation. Second, the massive importation of cheap British finished products, which the small farmers themselves could not provide, was of advantage to them. Third, the system of state and local governments worked to their advantage, for they were able

to exert substantial control over the local centers of self-administration. The success of the small farmers in influencing these governments to protect their own economic interests was evidenced by the passage, in many states, of legislation which guaranteed egalitarian land policies, cancelled or reduced debts, and resulted in the issuing of paper money. Such legislation was, of course, fervently attacked by the public creditors and reinforced their opposition to the power of the state legislatures (Nettels 1962, 91).

The anarchy of individual state regulation of commerce, however, did generate some difficulties for small farmers as interstate trade restrictions. Furthermore, in certain states the funding of the war debt through land and poll taxes placed a severe financial strain on the farmers. Consequently, they too began to support the idea of a central government which not only would assume the individual states' war debts, but also would do away with duties on interstate commerce (Elkins & LaKitrick 1969, 237). Furthermore, the Federalists promised that the securities of a new central government would serve to raise the price of the farmers' produce. The expected benefits from larger markets and the promise of the abolition of high land taxes helped to win the farmers over to the idea of a strong central state (Nettels 1962, 93).

In summary, the historical experiences of the four major groups during the Confederation period generated in each a growing awareness of the need for a strong central authority to protect and promote its own interests. This period of post-revolutionary chaos and governmental weakness was an important factor in overcoming the obstacles (posed by the division of the different economic groups into regionally scattered fractions) to the creation of a centralized nation-state and in consolidating widespread support behind the interests of the merchant and finance bourgeoisie. The central organs, which had been established since 1775, failed to ensure the economic viability of the newly independent American provinces vis-a-vis other nations or to reverse their slipping position on the world market. By 1787, there was general agreement on the need to establish a strong central authority which would: 1) guarantee the stability of the nation's credit system, including the public debt incurred during the War of Independence; 2) protect private property; 3) enforce contractual obligations, 4) promote the free circulation of commodities without the internal impediments of state duties, and 5) evolve some mechanism for institutionalizing compromises among the differing and often conflicting demands of the respective dominant groups. All of these functions may be summarized as establishing and promoting the preconditions for the successful primitive accumulation of indigenous American capital.

III. THE FUNCTIONS AND STRUCTURES OF THE AMERICAN NATION-STATE

1. *The 1787 Constitution and the Primitive Accumulation of American Capital*

The Constitution of 1787 conferred upon the new central authority an important extension in powers and functions which had previously been deemed unsafe and inappropriate to assign to any political organ above the individual states.

These new rights and powers were: (i) safeguarding the validity of the state debt; (ii) the protection of private property; and (iii) military and diplomatic representation abroad.

(i) The Validity of the State Debt

The new constitution gave the federal government the right "to lay and collect Taxes, Duties, Imposts and Excises, to pay the Debts and provide for the common Defence and general Welfare of the United States" (Article I, Section 8, 61). Thus the central state was no longer dependent for its revenues on the voluntary contributions of individual states. The Tariff Act and the Tonnage Act in 1789, the Funding Act of 1790, and the Excise Tax Bill in 1791 translated this constitutional right into effective government revenue-raising activity (of. Ashley, Taussig) and diversified the sources of government revenues so that the national budget would not just depend, for example, on the tariff system, which would have discouraged mercantile activity, at this time the major source of profits and of the indigenous accumulation of capital.

The Assumption Act of 1790, which transferred the debts incurred by the thirteen individual states during the War of Independence to the central state, and thereby consolidated the public debt into a single national system, also served to guarantee the stability of the whole financial system of the U.S.¹⁰ The Funding Act, also passed in 1790, transformed circulating bills of credit, previously issued by individual state governments, into interest-bearing bonds of the new government and authorized the central government to emit these securities (Nettels 1962, 115; Chambers 1963, 37) This Act provided the impetus not only for the founding of the First National Bank in 1791, but also for the founding of more state banks. The material validity of the public debt was further secured in 1792, when the passing of the Coinage Act translated the federal government's constitutional right to coin money into an institutionalized activity (Nettels 1962, 120-1).

As a result of these measures and arrangements for ensuring the

validity of the nation's public debt, large sums of foreign investment flowed into the United States—an important mechanism for expanding the nation's supply of capital funds (Bruchey, 112). Until 1811, foreign investments pushed up the prices of securities (Hammond, 218) and eased the burden which the central state had assumed in taking over the individual states' debts (Ferguson 1961, 172). Thus the central state established in 1789 not only directly fulfilled the expectations and interest of the security holders (mainly finance and merchant capital), but also laid the preconditions for the development of a capital market (North & Thomas, 156).

(ii) Protection Of Private Property

The Constitution gave the federal government the right to protect private property against, for example, the annulment of debts passed by the individual state governments during the Confederation period (Article I, Section 10, §1). The constitutional protection of "different and unequal properties" (Madison) effectively perpetuated the economic inequality and vertical stratification of American society. Private property was rendered secure in two ways: 1) through the federal guarantee of the sanctity of contractual relations among all citizens (Article VI, §1), a sanctity which the individual states were now prohibited from interfering with (Article I, Section 10, §1; cf. Shaw, 107), and 2) through the creation of a national army (Article I, Section 8, §12, 15, 16), which served as a coercive *apparatus* to back up the sanctity of contractual relations. The central state's guarantee for the protection of private property and the sanctity of contracts reduced, of course, the risks involved in commercial enterprises (North & Thomas, 156) and thus established the basic preconditions for the capitalist mode of production.

(iii) Military and Diplomatic Representation Abroad

Third, and most importantly, the Constitution gave the federal government the authority to represent the nation in the international context both militarily and diplomatically (Article I, Section 8; Article II, Section 2, 51-2). This meant that there was now a superior guarantor of mutual negotiations, treaties, and business transactions at both the national and the international level. No longer was it necessary to rely on personal relations of confidence between two trading houses crediting each other. Since the central state now assumed this guarantee, neither individuals nor individual states could henceforth obstruct the interests of the nation's merchant class.

As a result of the 1787 Constitution, the credit of the United

States rose quickly. The stabilization of the nation's financial and credit arrangements attracted foreign loans and investment, particularly from England (Habakkuk, 71, Jenks, 66; Smith & Cole, 42). At the same time the thoroughly regressive taxation system which served to finance the government's operations discriminated against the buyers of imported goods and thus hindered the flow of capital out of the country. Thus the new authority of the central state generated an orderly nationwide financial system at home and guaranteed the nation's creditworthiness and strength abroad. Both were necessary preconditions for the successful accumulation of American capital, and neither could have occurred on the initiative of private enterprises alone. What the strong central state of 1789 achieved were the preconditions for *the primitive* accumulation of capital, and not the preconditions for the self-expansion of capital (capital accumulation per se). The profits made and the capital accumulated were, for the most part, derived from the exchange of products on the world market, and not from the indigenous production process which was still a conglomeration of heterogeneous modes of production. That the American production processes were not themselves the major source of profit is well illustrated by the nation's remarkable economic growth after 1793, when the outbreak of war in Europe enabled American merchants to again earn great profits from their activities as neutral carriers of supplies, even when these supplies had not been produced in America. At the end of the eighteenth century, American capitalism was the activity of merchant capital and the primitive accumulation of indigenous capital. Foreign capital was primarily absorbed by industries related to trade, it was not yet used for industrial capital and capital accumulation per se.

Though the individual states were deprived of the opportunity to influence the fiscal policy of the new government and the development of the nation's economic infrastructure, nevertheless they retained some of the functions which they had exercised earlier, and these became a vital part of the national program to accelerate the process of primitive accumulation. The most important state functions were the founding of trade and finance corporations, the chartering of private banks and joint-stock companies, and the encouragement and protection of enterprises which undertook infrastructural projects. None of these functions could be accomplished by private enterprises, but they were not carried out by the central state either, (though without the credit-worthiness of the new central state and its guarantees of the sanctity of contracts backed up by military force, they could not have been fulfilled by the individual states).

Chartered corporations, which had already existed in the colonial

era, directly promoted state activity and intervention in the economy. But the stated purpose of most corporations was, until 1809, the promotion of trade rather than industry. The central state indirectly supported the states' intensified use of the corporations through its economic policy of exclusive support for the most profitable (i.e., mercantile) activity. This policy generated investment at home and attracted the additional funds from abroad needed to finance the activities of the corporations. The corporations, in turn, were largely responsible for the success of the central government's economic policy and an important ingredient in the rapid growth of the new nation's economy.

In brief, the task of directly intervening in the economy fell to the individual state governments:11 they not only promoted the corporations, but also intervened in the domestic economy by regulating, financing, and protecting intrastate activity. The role of the federal government was confined to the creation and maintenance of the general preconditions for economic growth. This division of functions between the individual states and the central state was especially appropriate for the heterogeneous economic substructure of the newly independent nation. In an economy where regional reproduction contexts more or less corresponded to the boundaries of grouped individual states, the federal system of government was well adapted to regional conditions and requirements. At the same time, the structure, policies, and activities of the central government ensured the coordination of the diverse economic activities, carried out by each individual state, into a concentrated national drive for the primitive accumulation of capital.

2. *The American Constitution and Internal Political Stability*

The historical context of any and all intervention by the American state into the economy was the international competition of the world market. The economic strength of the United States vis-a-vis other nations necessarily presupposed social order and political stability at home because, without this, none of the measures to promote investment would have been either successful or profitable. Hence the two preconditions of American independence, external economic strength and internal political stability were not unrelated, and the structures of the state apparatus which were institutionalized to secure the former also served to secure the latter. In this and the next sections, we will *again* examine the Constitution and the governing apparatus which was built to implement the constitutional rights and powers assigned to the new central authority in order to understand how the internal stability of the United States was established and safeguarded.

The dynamic of the world market defined the internal conditions of the newly independent American provinces in the following ways: (i) it shaped the material interests of each of the economically dominant groups and their means for achieving them; (ii) it determined the interrelationships among these groups especially the relative power of each vis-a-vis the others, the possibilities for political *alliance*, despite their diverse and often conflicting economic interests, and the degree to which each group sought to use its power to promote its own interests by influencing the formation and the subsequent functioning of the central state apparatus; and (iii) it determined the shifting constellations of dominant and disadvantaged groups.

The power constellation of interclass relationships, both within the dominant classes and between the dominant and disadvantaged classes structured the political and ideological struggles over the final formulation of the Constitution and over the organizational form of the state apparatus which *was to carry* into effect the powers and rights granted to the new central authority by the Constitution. These struggles are documented in the recorded debates among the delegates to the Constitutional Convention in Philadelphia held from 1785 to 1787 (Gales, Farrand 1937), and in the ratification debates in the conventions held in the individual states from 1787 to 1789. The Federalist Papers, written by Hamilton, Madison, and Jay, for the debate in New York State provide an excellent contemporary commentary. In particular, Hamilton and Madison exhibit in their political conceptions, theories, and discussions a clear grasp of the relationship between the concrete interests of the different socio-economic groups and the political structures and organizational forms of government.

The final ratification and signing of the Constitution by all thirteen states took place in 1789. The establishment of the United States and its governing apparatus gave the American bourgeoisie the potential to act as a single unit, despite its regional fragmentation and the uneven development of its different economic bases. Thus the structure of the new government reflected on the one hand the consensus of the ruling classes, centered on the security and expansion of private property, and on the other hand the creation and maintenance of a balance of conflicting interests both among the fractions of the bourgeoisie and between the bourgeoisie and the oppressed classes.

The events in the struggle towards this "bundle of compromises" (Morgan 1956, 135) have been extensively described in the historical literature. The vehement four-months long debates have been repeatedly quoted and the frequent concessions from the different sides, resulting in a succession of compromises between the "extreme

positions" (Farrand 1962, 202), reverently praised (e.g., Farrand 1904; McLaughlin 1935; van Doren). But these descriptions of the evolution of the Constitution fail to trace the elements of that bundle of compromises back to their original source, namely the diverse class interests which gave rise to and determined not only the "extreme positions" but also the concessions and compromises by which they were "reconciled." Hence in investigating the material circumstances which shaped the framing of the Constitution, we are calling into question the ideological claims both of the political actors at that time and of later historians. More important, however, than the formation of compromises which created the Constitution of 1787 was the subsequent anchoring of these compromises in the state administrative apparatus so that they were repeatedly activated and confirmed in governmental practice. The focus of our analysis will therefore be the structural principles which shaped the formation of the state apparatus, guided its subsequent development, and determined the way in which any additional functions were implemented and institutionalized, and how they secured the two functions which were absolutely indispensable for securing the internal social stability of the new nation: (i) institutionalizing the peaceful resolution of conflicts of interest among the economically dominant groups and (ii) processing (i.e., deselecting or rendering ineffective) the counter-claims of those excluded from the dominant groups—the oppressed classes. The structural principles which we will discuss are the principles of (1) federalism, (2) representation, and (3) the separation and mutual control of powers.

(i) *The Structure Of the State Apparatus and the Ruling Classes*
(1) *Federalism*

Federalism is "a system of government in which powers are divided among a central government and several local ones" (Roche, 177) and in which this division of powers and functions is clearly defined so that the limits of each political unit vis-a-vis the others are unambiguous. This principle was already implicit in the Confederation and was a precondition for any unification of the American states, because the individual states were the existing political structures on the North American continent after the rejection of the British central authority and any proposed political structure which implied the removal of their autonomy would have been unacceptable. Only the principle of federalism which guaranteed the individual states at least a limited autonomy could make the union of the thirteen states possible, and it was immediately agreed upon.

The principle of federalism gave each of the individual states the autonomy to formulate and execute economic policies without

having to go through the central state apparatus. One of the most important effects of this principle was to perpetuate the autonomous reproduction of the diverse elements of the national bourgeoisie. They were left relatively free to sustain and develop the regional economic and social conditions for promoting their own interests through their influence on the individual state governments. The central government, on the other hand, was given control over foreign and interstate commerce (Article I, Section 8, §3) and was thus authorized "to institute protective and discriminatory laws in favor of American interests, and to create a wide sweep for free trade throughout the whole American empire" (Beard in Levy 1969, 13; of. Article I, Section 10, § 2-3). In this way a balance of the competing regional interests was created at the level of central state policy, and the diverse economically dominant groups were enabled to act as a unified ruling class.¹²

The debate over the possible abuse of the principle of federalism—the danger asserted by Madison and Hamilton that the individual states would exercise their powers to interfere with the functioning of the central state—developed into a fierce struggle, which resulted in the curtailment of the powers of the individual states (Diamond, 26, W. A. Williams 1966, 159-61). This struggle illuminates the process by which the central state appropriated the monopoly of repressive force, a process determined by criteria other than the formal appropriation of functions and codification of competencies provided by the Constitution (see Article I, Sections 8 and 10) and described in *the Federalist Papers* (23-31, 36, 41-6). The criteria which ultimately determined the concrete functions and powers of the central state vis-a-vis the individual state governments were the nation's needs to consolidate and accelerate its process of primitive accumulation in order to maintain and strengthen its position on the world market. This could not be done if the central state lacked the power to define and execute effectively the measures required for this process, much less if it was threatened by armed rebels whom the state militias were powerless to crush (as had happened in Shay's Rebellion when the rebel-leaders were part of the local militia). Consequently, the nation's economic growth required that the local militia, which were retained by, and under the immediate control of, the individual states (Article I, Section 10, §16), be subordinated to the repressive apparatus of the central state. Once the resort to violence as a means of "solving" class conflicts was excluded, the other principles which structured the governing apparatus of the United States and which were explicitly intended to produce a "system of checks and balances," served to maximize the conditions for reaching and maintaining a peaceful balance of compromise among competing interests.

(2) Representation

The principle of representation meant not only (in Hamilton's words) "the dependency of the servants of the state on the people," but also the representation and protection of property. The franchise was restricted to property-holders only and the legislative branch of the governing apparatus was divided into two parts: the House of Representatives, representing the "people," and the Senate, representing "property."

An early compromise attempted to allay the fears of the small states and the small citizen-bodies of the large southern states in order to win their support for the Union. It laid down two different forms of representation and electoral procedures for the dual legislature. The Representatives were to be elected directly by the citizens of the individual states and their number per state was determined by the size of the state populations (proportional representation), the Senators were to be elected by the legislatures of the individual states and restricted to two per state (equal representation) (Article I, Section 3, § 1). However, the southern states still feared that they would be underrepresented and that the northern states would be able to use the central state to promote their own mercantile interests at the expense of the agrarian interests of the southern bourgeoisie. Consequently, a further compromise was necessary, the Great Compromise of 1787, which allowed slaves (the property of the southern bourgeoisie) to be counted as "people"—each slave representing a 3/5 citizen (Article I, Section 1, pa 3). This fraction was itself determined by no ideological principle but by the pragmatic balancing of the South's own conflicting interests, since the population base was the same for representation in the federal legislature and for the apportionment of taxes levied by the central state on the individual states. If the slave population counted for nothing, the southern states suffered the disadvantage of underrepresentation in the House of Representatives, if it counted as equivalent to the citizen body, then the southern states feared they would be over-taxed.

(3) Separation and Mutual Control Of Powers

The separation of powers meant that the authority of the central state to act as a single authority was split into several distinct powers and divided among separate and autonomous agencies (of. *Federalist* 51). Thus the Constitution placed the sovereignty of the American people in three separate "departments": the Legislative, which was elected by the individual states and was subdivided into the House of Representatives and the Senate, the Executive, i.e., the office of the

President and the agencies under the President; and the Judiciary, whose members were appointed for life by the President, subject to confirmation by the Senate.

The separation of powers and the departments' different bases for the recruitment of their members were explicitly introduced to regulate the complex relations between the different interest groups in the nation. The political apparatus of decision-making and administration was intended to produce a dynamic balance of forces at the level of government, in Madison's words, "a fruitful rivalry" among the departments, but a rivalry which would never result in any one of the factions in the electorate seizing control of the whole state apparatus.

The specialized competencies of each agency interlocked with the competencies of the others and therefore each agency exercised a limiting control and influence on the others' spheres of power. Furthermore, the Constitution prescribed additional checks on the departments' exercise of their own specialized competencies by requiring the explicit approval of another department before certain decisions could be carried into effect.

This system of checks and balances served not only as a precaution against the domination of a single interest group ("the power of faction"), but also performed the "positive" function of sifting out the "common good." This public good, in principle, corresponded to the interests of no single class in American society, and the internal structure of the governing apparatus sought to perpetuate and realize in practice the effective representation of a manifold diversity of interests. But, given the world market conditions of those times, the national interest inevitably coincided with, and depended on, the interests of merchant capital. Consequently, as long as the political structures of the U.S. nation-state guaranteed the sifting-out of the public good, the merchants were assured of the state's support and promotion of their interests *without themselves having to participate directly in the government*.¹³ Contrast this with the period before Independence, - when the only way that any economically dominant group could ensure public protection and support was to exercise direct control over the provincial legislatures by usurping the leading political positions. **Later** when the conditions for the accumulation of capital changed, the same structures of the U.S. state-apparatus, which in and of themselves had promoted the interests of mercantile capital in the eighteenth century, performed the same function for the development and domination of industrial capital in the second half of the nineteenth century and the twentieth century.

The capacity of the nation's political structures to operate in this way, without the dominant economic group itself exercising direct control over these structures, is what we mean by the relative auto-

romy of the capitalist state. By analyzing the gradual, historical development of the formal structures of the American state, and its accretion and institutionalization of functions, it is possible to grasp and understand the "autonormization of the capitalist state" -- a process which typically appears only as an abstract theoretical category in Marxist debates as a concrete, historically determined, complex process.

(ii) *The Structure Of the State Apparatus and the Oppressed Classes*

In the previous section we examined the structural principles of the American state apparatus by which the Founding Fathers sought to permanently institutionalize a balance of compromises among the dominant economic groups and so to prevent the outbreak of open conflict among the most powerful groups in the society. Here we will reexamine these same principles to see how they functioned as mechanisms for suppressing the clans and interests of the economically least powerful groups. This repressive function of the central state was already implicit in our previous level of analysis since the constitutional attempts to remove dissension from the ranks of the national bourgeoisie and to generate a political consensus diminished the possibility that they would weaken themselves vis-a-vis the oppressed classes by internal disunity.

The repression of the oppressed masses, an essential means of maintaining political stability and social order, was accomplished not by assigning the task of law and order to any specialized agency, but by promoting the nation's primitive accumulation of capital and by the very structure of the governing apparatus as a whole. In other words, the structural principles which guided the state's promotion of, and intervention in, the nation's growing economy and which served to secure a balance of compromise among the ruling fractions, also served to secure and legitimate the domination of the other social groups.

The history of the American colonies, in particular the peculiar colonial relationship to their mother country and their recent struggle for independence, made the legitimation problems of the new central authority especially acute :

The activities of independence had unleashed a destructiveness which the Framers properly recognized could not continue once the republic was established. Thus, the problem of the foundation was not how to preserve the power and the spirit of the towns and voluntary organizations, but, on the contrary, how to defuse them. (Yarborough, 21-2)

The structural principles of the state apparatus were explicitly introduced not only to produce a balance of compromises among

dominant interest groups, but also to check "the turbulence and dominant interest groups, but also to check "the turbulence and follies of democracy" (Randolph quoted in Hacker, 187) and "the leveling spirit" (Hamilton in Syrett III, 609), in short, to filter out the interests and counter-claims of the oppressed classes (of. W. A. Williams 1966, 129; Beard 1913, 58; Hacker 184).

(1) *Federalism*

The principle of federalism, which applied only to the constitution.

The principle of federalism, which applied only to the constitutional division of power between a central government and the governments of the individual states, failed to provide any constitutional guarantees for the lowest level of government, the municipalities. It was at this level, ever since the colonial period, that the political enthusiasm and activity of the American citizens had developed and flourished. The federal structure of the new nation-state reduced town politics to insignificance and few of those who had been previously active had any incentive to continue their participation in municipal affairs now that they only dealt with minor issues. This dampening of the political enthusiasm and activity of the ordinary citizen was not unintentional. Important powers under

The individual states' retention of certain important powers under the principle of federalism, especially their powers to intervene in the economy, was part of the conscious design to perpetuate the then-existing diverse bases of American pluralistic politics (cf. Goodman, 1972) in the anticipation that a proliferation of competing interests would cancel one another out and minimize the disruptive effects of class antagonisms on the political structures. The crystallization of class relations between dominant and oppressed groups was confined within the boundaries of the individual states and the state governments retained the responsibility for regulating and controlling them.

The division of functions between the individual states and the central state removed the immediate interests of the oppressed classes from the central state's realm of competence and molded the expectations of the citizen-masses: they counted on the central state to provide general economic protection and the individual state governments to respond to demands for aid, tax relief, and other forms of intervention to protect their immediate interests. In this way the central state apparatus was reserved as an arena for the crystallization and balancing of the interests of the dominant economic groups only.

The interpretation of the principle of federalism, which resulted in the monopolization of coercive force by the central state, deprived the oppressed classes of their ultimate means of protest against repressive government measures—the resort to violence, which had, on occasion, yielded success in the past. The local

militia, which the individual states retained, were now subject to orders from the central state "to execute the laws of the Union, suppress insurrections and repel invasions" (Article I, Section 8, §15); and the superior military force of the central state, over which the disadvantaged classes had no influence, could in turn be used to protect the individual states "against invasion, and [. . .] against domestic violence" (Article IV, Section 4), as indeed it was in the Whiskey Rebellion of 1794. Hence, in situations where the policies of the individual states failed to contain the discontent of the masses, any local uprising not only would be hindered from spreading beyond state boundaries, but also could be immediately suppressed before it could exercise any disruptive effect on the smooth functioning of the economy as a whole. The repressive apparatus of the new central state ensured the nation's credit-worthiness abroad and at the same time secured the preconditions at home for promoting the interests of the economically dominant groups at the expense of those of the oppressed classes.

(2) *Representation*

(2) *Representation*

The struggle for independence and freedom, which had succeeded thanks to the active loyalty and participation of most American settlers, meant that the new nation could not deny representation of the masses in their own central governing apparatus. However, every effort was made to conjure up frightening images of the tyranny which would be exercised by a purely plebiscitary legislature and to convince the citizens of the need to defend the newly independent nation against the "turbulence and follies of democracy." The republican principle of representation, as opposed to "pure democracy" which Madison defined as "a society consisting of a small number of citizens who assemble and administer the government in person" (*Federalist* 10, 133-4), seemed to the Founding Fathers to be the best means of preventing "sheer majority rule or democratic despotism" (Dietze, 69). Thus the extension of the republic, based on the principle of representation meant both a concession to the demands for democracy and equality and a restriction on those

The division of the Representative branch of government (the Legislature) into an upper and lower house and the Senate's power of veto over the initiatives of the House of Representatives (Article I, Section 7, §1) gave the representatives of property equal power with the representatives of the people and ensured that the demands of the propertyless classes would always confront greater disadvantages than the interests of the propertied classes. The indirect election of Senators through the legislatures of the individual states and

their longer period of office they were elected for six years, in contrast to the Representatives who had to seek reelection after only two *years* (Article 1, Section 2, § 1 and Section 3, 51)--were specifically intended as a safeguard against the "illegal usurpation of power" by the people's representatives (*Federalist* 62, of Farrand I (1937), 51, 58). The indirect election of the President through electoral colleges (Article II, § 2) was also intended as an immunizing mechanism against the "emotions of the masses" (*Federalist* 67-77). The House of Representatives was persistently regarded by the Founding Fathers as a potentially dangerous source of "radicalizing" and "leveling" tendencies which, if unleashed, would overthrow the republic.

The much-praised "foresight" of the Founding Fathers in protecting the new-born republic against "radical" and "leveling" tendencies, both then and in the future (see, for example, Madison in Farrand I (1937), 422-42; *Federalist* 10), is evidence not only that they had no intention of removing the sources of economic inequality,¹⁶ but also that they fully anticipated that economic growth and prosperity would *aggravate* and exacerbate the sources of destabilizing tendencies among the propertyless classes and the disadvantaged groups namely poverty, economic inequality, social injustice and frustrated expectations (cf. Hamilton in Lodge III, 390).

(3) *Separation and Mutual Control Of Powers*

To the extent that the principle of the separation and mutual control of powers structured the internal differentiation and organization of the central state apparatus, and not the relationship between the individual state governments and the central state (as did the principle of federalism) nor between the individual citizens and their structures of self-governance (as did the principle of representation), it operated at a level where most of the interests and counter-claims of the oppressed groups had already been filtered out. However, if any such demands did succeed in entering the decision-making apparatus of the federal government, they were subjected to the differentiation and specialized competencies of the separate state departments and agencies. Both the Senate and the independent office of the President were conceived of as explicit counterweights to the dreaded rule of the masses and given the specific function of balancing the furies of democracy. All measures passed by the House of Representatives required the concurrence of the Senate and the President's signature of approval (Article I, Section 7, § 2). These procedures, laid down by the Constitution, were further built-in mechanisms to weaken or overpower the possible influence of the masses, though in practice most of their demands would already have

been accommodated or suppressed at the level of the individual state governments.

In addition, the powers of the third autonomous department of the central state, the judicial branch, were confirmed and extended with the conscious and unambiguous design of rendering the "right to revolution" superfluous (Copper-Rundstadt, 102, Dietze, 280). The judiciary was the only department of the people's sovereignty which was not dependent on, nor subject to recall by popular election and whose members were guaranteed their offices for life. Its function was to safeguard the Constitution against all interest groups. By separating off and locating the protection of the rights of every American citizen to liberty, equality, security, and property, in a department independent of, and superior to, the other two elected branches, the Founding Fathers claimed that the Constitution was adequately safeguarded from the abuse of power by an elected government and that this invalidated the citizens' right to take up arms against an unjust central authority.

In summary, the constitutional structure of the central state apparatus, which was characterized by a manifold splintering of the powers and functions of the people's sovereign authority and by a system of mutual checks and balances to prevent "the power of faction," was the necessary precondition for the political stabilization of the class structure of American society, a structure which the Founding Fathers had no intention of uprooting. The vertically and horizontally segmented political system of the new state gave every class access to some part of the state apparatus and an institutionalized channel for promoting its own interests. This apparatus was designed to accommodate the demands of the diverse socio-economic groups in two ways: (i) by facilitating the political expression and articulation of the interests of the dominant economic groups into a balanced consensus of compromises at the level of the federal government, thus encouraging the development of a cohesive national bourgeoisie out of the regionally-based, diverse ruling classes, and (ii) by accommodating the interests of the economically disadvantaged masses at the level of the individual state governments, and thus splintering, repressing, and filtering out the political demands of the nation's oppressed classes, whose claims on the central state were atomized into the rights of individual citizens. This formally neutral political apparatus, dedicated to the pursuit of the "public interest," was not the creation nor the instrument of any single class. Once established, it developed a dynamic autonomous institution, which could indeed function in a way which promoted the interests of a single class, but only if the interests of that class coincided with economic needs of the nation as a whole, i.e., sustaining the nation's economic growth and strengthening its position vis-a-vis other

nations. Our last section will document the historical evidence for the development of this autonomous dynamic.

3. *The Influence Of the Classes on the Functions and Development Of the U.S. Nation-State*

(i) *The Coalition Of the Federalists*

The ratification of the Constitution in 1789 gave the Federalist coalition the authority to translate the powers granted to the new central state into an active governing apparatus. This coalition sought to unite the interests of all those who participated in the world market, either directly or indirectly. It was supported by all the dominant economic groups. The merchants, because of their immediate involvement in the world market, occupied the leading position in this coalition. The mechanics and manufacturers, who anticipated that the Federalist program to intensify trade would expand their own basis of reproduction, initially identified the merchants' interests as their own. The mass of small independent farmers were attracted by the promise that the Federalists' economic policies would bring higher prices for their export products. Finally, the strongest agrarian support for the Federalists came from the large planters and slaveholders (Chambers, 120).

Throughout the first Congress (1789-1792), the Federalists consciously sought to accommodate the interests of all the supporters of the Constitution by such compromise measures as the juggling of the tariffs, the bargain with Jefferson insuring the passage of the Assumption Act,¹⁷ and the settlement policies of the West which were designed to allay the South's fears that the new nation-state would interfere with slavery, the economic basis of the southern bourgeoisie. All of these measures reflect not only the conflicts and contradictions in the governing "power-bloc," but also the dominance within that bloc of the merchant class which, because of its direct participation in the world market, succeeded on every occasion in implementing its preferences as representative of the nation's interests. Though the mechanics and the owners of manufacturing enterprises consistently applied pressure on the government to use its powers to redirect the nation's growing prosperity towards expansion of indigenous manufactures, such a policy could not promise the same high profits which were flowing in from trade. The tariff granted to manufacturing in 1789 was subsequently modified in 1792 and again later. Secretary of the Treasury Hamilton refused to tax commerce as a major source of public revenue, rejected the imposition of tariffs aimed at protecting American manufactures *against* the competition of British imports, and refused to prohibit

selected imports. He justified this economic policy on the grounds that domestic manufactures could best be encouraged by bounties paid by the local and state governments to selected enterprises, but the mechanics themselves were fully aware that such measures failed to provide any effective protection against the flood of low-priced imports. The struggle over the allocation of the government's resources between the demands of merchant capital and the needs of the still weak productive capital was determined by the nation's economic growth which hinged on the exceptional profitability of the activity of its merchant class. The Secretary of the Treasury became the spokesman of merchant capital and the mechanics became disillusioned with the idea that a political alliance with the strong merchant class could be effective in promoting their own interests.

(ii) *The Emergence Of the Two-Party System*

The dependence of the national interest on merchant capital and the succession of national policies favoring the merchant class generated a gradual disintegration of the widespread support initially given to the hegemonial group. The frustrated interests of the other economically dominant groups united them around positions diametrically opposed to the Federalists'. Thus, a few years after the ratification of the Constitution whose provisions made it a "constitution against parties" (Hofstadter), the American electorate split into a "ruling party" and an "opposition party."

The origins of the anti-Federalist movement can be clearly traced to the economic groups who were most hurt by the Federalists' policies. Hamilton's consistent policy of raising state revenues from internal taxation, including the revenues needed to consolidate the public debt, not only alienated the mechanics, but also imposed a massive burden on the backwoods farmers. Ever since Hamilton proposed his new excise tax on distilled liquors, there were repeated protests from rural *areas* lying along roads to market centers. These agrarian uprisings culminated in the Whiskey Rebellion of 1794, which was overpowered by the newly-created national force dispatched by Washington (Nettels 1962, 127). Besides such excise taxes, direct land and property taxes contributed to the collapse of the Federalists' popularity in rural areas which had once provided significant support. The nation's freehold farmers became the great bedrock of the new opposition Republican party.

The southern plantation owners also began to affiliate themselves with the Republican Party, even though they did not feel attracted to the "democratic" leanings of Jefferson and his followers. In opposition to the Federalists' principle of "loose construction,"

implied in the government's measures to implement and extend the powers of the central state, the planters had always favored "strict construction"-i.e., no public debt, a frugal government, and the restriction of the activities of the central state to the powers and functions enumerated in the Constitution. The southern bourgeoisie upheld this interpretation of the U.S. government partly because the southern states had already paid off their war debts, partly because they feared federal interference with the institution of slavery, and partly because they themselves had little need for liquid capital and consequently derived little benefit from the federal government's efforts to establish a stable credit system and to attract foreign investment. In 1792-3, the Virginians in Congress formed the anti-Administration Congressional faction and initiated the establishment of "Republican Societies" at the state and local level (Chambers, 57-61).

But the changing world situation in 1793 postponed the collapse of the Federalists' pluralist base. The outbreak of war between England and France undermined the restrictions which had excluded American products from importation into Europe. During the war, the Federalists promoted the international role of the U.S. as a neutral trader and carrier, supplying needed agricultural products to the belligerent countries, whatever side of the conflict they were on (North 1961b, 183-5). Consequently, the U.S. as a whole enjoyed a most prosperous development during the hostilities in Europe; but the nation's expanded capital remained subordinated to mercantile activity.

Though all the classes benefitted indirectly from the expanding economy of the U.S., their relative deprivation vis-a-vis the merchant class caused growing discontent with the consistent use of the nation's administrative apparatus to promote the exclusive interests of merchant and finance capital. When the Federalist government concluded the Jay Treaty in 1794—a treaty which established British trade with the U.S. on a most-favored nation basis (Chambers, 77)—it was immediately attacked as discriminating in favor of merchants, banks, and insurance companies. The Republicans tailored their political program to the economic grievances of all those who did not profit from these trade functions: they insisted on the need to secure markets beyond the British Empire; they committed themselves to tariff protection on behalf of the mechanics (Young 1964); and they condemned the imposition of land taxes, necessitated by the provocation of hostilities between the U.S. and France (Chambers, 134, Goodman, 75). Furthermore, the Republicans exploited the ideological contradiction in the Federalists' foreign policy: **the U.S.**, after achieving its own successful revolution and republican constitution, was now choosing to support their former colonial master, the

British monarchy, against the U.S.'s "natural ally," the new republic of France (W. A. Williams 1966, 167, Goodman, 1c4).

The Federalists' response to growing public criticism was the passing of the Alien and Sedition Acts in 1798 (Chambers, 185-6; Levy 1960). These laws, which clearly restricted personal liberty and freedom of speech and the press, generated widespread opposition and provoked some of the Constitution's most ardent supporters (including Madison himself) to oppose the Federalists' principle of "loose construction."

By 1800, the Republicans had rallied enough support to win the national elections. Their victory was due not only to the support of the agrarian sector, but also to the less prosperous craftsmen and journeymen of many trades and those manufacturers who were most in need of protection against British imports. By 1801, Hamilton's overly confident claim that

mechanics and manufacturers will always be inclined, with few exceptions, to give their votes to merchants, in preference to persons of their own professions and trades (*Federalist* 35 (ed. Earle), 213)

had been overturned. The Federalist Party could count among its loyal supporters only old-established merchants, wealthier mechanics, craftsmen who were least in need of protection, and poorer tradesmen who depended directly on the merchants.

Not surprisingly, several historians have interpreted the Republican Party as representative of the interests of the still weak productive capital which was being threatened by the Federalist measures to intensify trade during the 1790s (Young 1964). But this interpretation is oversimplified. It fails to take into account the Republican Party's betrayal of their electoral promises, once they took over the government. The Republicans' political victory in 1800 was in fact a result of the very strength of the American merchants on the world market, a strength which had generated the strictly mercantile policies of the Federalists. These policies indirectly resulted in the growth of manufacturing by creating the infrastructure for national commerce and by expanding the markets for American manufactured goods. At the same time they sharpened the opposition between the interests of merchant capital and the interests of manufacturing capital; and they revealed the importance of controlling state policies in order to promote specific class interests. The blatant identity between the politics of the state and the interests of merchant capital (which was possible because of the strong position of American merchant capital on the world market) was the major catalyst that triggered off sufficient political opposition to transform the "bloc in power."

In summary, despite all the safeguards contained in the U.S.

"Constitution against parties" and in the structure of the state-apparatus which was designed to produce a political consensus among fractions of the ruling class, within a decade of the birth of the American nation-state, one interest, that of merchant capital, gained dominant influence in all branches of the central political organ. The political structures themselves, geared as they were to maximizing the economic growth of the nation and the national process of primitive accumulation, sifted out the interests of the highly profitable mercantile activity as the national interest. This historical development, which was counter to the conscious intentions of the Founding Fathers, is strong evidence of the determining influence of the world market in the formation and development of the American nation-state. It was the dynamic of the world market that rapidly established and consolidated the merchants' political supremacy and allowed the public interest to be identified for so long with the interests of a single class. The political opposition which this identification generated was, as we shall see in the next section, unable to change the course of the economic and political development of the United States. Instead, it merely created yet another permanent mechanism--the party system--for the "peaceful and orderly" organization and accommodation of the complex rivalries of different interests.

(iii) The Political Theory Of the Republican Opposition (and its Material Con traclietions)

In direct opposition to Hamilton's Federalist principles, the Republicans adopted the slogan of Jeffersonian democracy: to promote the interests of the "many" against the "few." But their idealization of a "nation of independent farmers" contradicted their utopia of self-government by the "many."¹⁸ Survival based on independent small farming is a time-consuming activity. So too is the responsible exercise of government. There are only twenty-four hours in the day, not enough time to allow for the fulfillment of all the tasks necessary for both economic survival and political self-determination. In practice, Jeffersonian democracy rested not on a citizenry of self-reliant farmers, but on a leisured class, supported by the labor of others and therefore possessing enough time to participate in and control the government. The material basis for such a class did indeed exist in the United States among the southern plantation-owners who lived off slave labor. The Republicans' principle of frugal government coincided with the southern bourgeoisie's interpretation of the Constitution: the principle of "strict construction."

In his Inaugural Address, Jefferson demanded the curtailment of the state apparatus. There was no need, he argued, in a nation of free

and independent property-owners who had their own interests in preserving law and order, for a complex of agencies to act as "a check against factions," nor for government intervention in the economy. The functions of government should be limited to preserving the codified political and economic rights of the citizens (liberty and property) and to representing the interests of the U.S. abroad.

A minimum of government and a maximum of civil liberties were the twin principles of the Republican political theory. These principles were the electoral slogans which brought them to power. But the Republicans' opposition to excessive centralization and state interventionism failed to manifest itself after they moved into Congress and their candidate, Jefferson, was elected President. The Republicans continued the Federalists' system of regressive taxation, retained the central banking system, and imposed more revenue-raising (rather than protective) tariffs (Chambers, 173 ff., 187). Gallatin's fiscal policies were essentially no different from Hamilton's. The powers of the Executive branch of the central state, far from being curtailed, were extended. Jefferson secretly negotiated with the French to purchase the territory of Louisiana solely on his own initiative without consultation with the other branches of government. This usurpation of American popular sovereignty was confirmed by the Enabling Act, which the Republican Congress passed in 1803, giving the President total civil and military control of the new state of Louisiana, even though such powers of the Executive branch were nowhere specified in the Constitution and hence violated the Republicans' principle of "strict construction." By transforming the office of the President into the embodiment of the national interest, Jefferson expanded the role of the President far beyond either of his predecessors and fortified the power of the Executive branch of the central state apparatus against the prerogatives of the individual state governments (White 1951 (1956), 35, 551, Cunningham 1963, 93, Peterson, 691).⁹

Not only were the rights of the states curtailed, but so too was the liberty of private citizens. When Congress passed the Embargo Act in 1807, which forbade any vessel to set out from the United States for any foreign port, the merchants simply ignored it. Faced with this massive non-compliance, the Republicans in the next year passed the Enforcement Act, making full use of the repressive potential of the state apparatus. This act conceded to the central government powers of intervention considerably greater than those contained in the Alien and Sedition Acts passed by the Federalists in 1798.

The Republicans' assumption of political power had implied that significant changes would occur in the state apparatus. But what is remarkable is the failure of the new power-bloc to alter either the structure of the state or the functions it had acquired as a conse-

quence of the Federalists' program. This "incomprehensible betrayal" of Jeffersonianism is much described in American historiography, but little explained.²⁰ Our own analysis, which has systematically recognized the determining influence of the dynamic of the world market in the formation and development of the U.S. nation-state, offers a solution to this riddle.

Conclusion

The U.S. nation-state was established in response to the growing awareness on the part of all the diverse dominant economic groups that the existing decentralized political structures inherited from the British were inadequate to promote their respective economic interests or to protect their country's newly-won political independence. What the Constitution of 1787 represented was the transfer to a strong central organ of powers that were necessary for the effective realization of the interests of the major economic groups which, whatever the source of their wealth, were ultimately dependent on America's position within the world market. The indispensable preconditions for standing one's ground in the international competition for marketing outlets were: (1) a certain amount of privately accumulated merchant capital; and (2) a central authority that was relatively strong financially, or at least had a good credit standing. The Constitution of 1787 provided the basic possibility for the fulfillment of these two preconditions. The policies pursued by the Federalist government under Hamilton, in particular the decision to postpone the development of manufactures, successfully implemented them.

The formally neutral political apparatus, dedicated to the pursuit of the common interest and beyond the control of any single class, once established in 1789, developed a dynamic of its own, so that it attained the status of a relatively autonomous institution. But this dynamic was still in the last analysis shaped by the constellation of economic interests that had initially created the conditions for the birth of the U.S. nation-state, namely the differential participation of the dominant economic groups in the world market. Consequently, the formally neutral political apparatus could be used to promote the interests of a single class, but only if the interests of that class coincided with the interests of the nation as a whole—in particular by strengthening the nation's economic competitiveness vis-a-vis other nations. Neither the class of independent farmers, the bedrock of the Republican Party, nor the southern slave-owning planters, who formulated its policy, could promote their own interests, to the detriment of the merchants, without damaging the nation's economic growth and its position in the world market.

The Republicans came to power on the basis of an electoral program which promised not only to reverse the Federalists' consistent support of the interests of merchant capital, but also to curb the power and activities of the central state in general. Both of these principles of government were in direct contradiction to the indispensable preconditions for the economic independence of America, given the competitive international context of the world market. It is hardly surprising that the Republicans, when faced with the reality of government and of retaining the political and economic independence of their country, were forced to contradict their electoral promises and to succumb to the historically-imposed necessity of sustaining the preconditions for the national accumulation of indigenous capital. Even the most fervent advocates of rural democracy had to submit to the unavoidable crystallization of activities which only the central state could undertake. Far from pruning this runaway monster down to its strict 1787 constitutional size, the Republicans were themselves forced to extend the repressive apparatus of the state and its intervention in the economy.

Hence one of the great riddles of American history—the Republican government's "betrayal" not only of their electoral promises, but also of their political theory—is the most dramatic evidence that confirms our own hypothesis: that the origin, formation, and development of the American nation-state was determined by the dynamic of the world market situation through the participation of the U.S. as a whole and of the separate economically-dominant groups of American producers and traders in the then-existing system of international trade.

Postscript: Implications for the Later Development Of U.S. Capitalism

Throughout our analysis of the formation of the American nation-state we have emphasized the role of mercantile capital. This was because the historical conditions during the period which we were examining determined the domination of merchant capital over the economic and political development of the U.S. Since American merchant capital was at this time still operating on the basis of the staple-producing agrarian economy (i.e., the division of labor which had emerged during the colonial system), the privileged promotion of merchant capital (and not of productive manufacturing capital) through the Federalist program, in the final analysis, effected a consolidation of the agrarian property relations. In other words, the comparative advantage in world trade still rested heavily on land-using types of economic activity, and the deliberate program of the Federalists to promote America's competitive position on the world

market presupposed the continued production of these marketable staples and the relations of production in which this took place. Thus the Federalists' own program laid the foundation for a permanent and structural impediment to the capitalist mode of production by consolidating the precapitalist modes of production. The less these had disintegrated (as was particularly the case in the South), the more the governmentally-mediated enforcement of the accumulation process contributed to the petrification of precapitalist class relations. Yet, paradoxically, under these same conditions of government-supported petrification, the successful establishment of the capitalist mode of production depended more than ever on massive interventions of the state.

The process of the effective establishment of the capitalist relations of production in the United States was to last throughout the nineteenth century. One of the most crucial factors in its development was to become the importation of a wage labor force sufficiently "free" to have to sell its labor power. This process does not set in on a massive scale until the 1840s. However, the regressive taxation system implemented by the Federalists in their attempt to shift the burden of raising public revenues from the tariff-system only (detrimental to the interests of the merchant class) served indirectly to accelerate the spread of wage labor. The small self-reliant farmers and petty commodity producers, which at the end of the eighteenth century still possessed their own means of production, when faced with paying the same taxes as the wealthier merchant and planter groups, frequently fell into debt and had to bail themselves out by selling their labor power. Their survival from then on depended on the sale of their labor to whomever would employ them, i.e., to the capitalist owners of the means of production, whose source of profits, unlike the merchants', was the command over the process of production. Thus the revenue-raising system of the first American governments tendentially served to proletarianize the labor force and thereby pave the way for the shift to industrial capitalism (cf. Marx I, 839).

Despite these embryonic developments during the period which we have examined, the dominance of merchant capital and the process of primitive accumulation was to last for more than half a century after the establishment of the central state. Our analysis of the initial phases of the economic and political development of the United States, which laid the historical foundations on which the development of industrial *capital* was to occur, serves to explain both in what ways this development was already in motion and why it could not progress according to its "natural" course, but required instead the active intervention of the state in providing adequate preconditions.

Footnotes

1. Merchant capital and industrial capital share the common goal of extracting and appropriating a surplus and of maximizing their own profitable returns. But they differ in that merchant capital is deployed in the sphere of circulation for the purposes of transporting products to and from different markets, while industrial capital is deployed in the sphere of production, processing materials and developing the means of production. Accumulation to the industrial capitalist means accumulating direct social control over more producers or employees, enhancing their productivity by reorganizing the production process itself, and thereby generating more surplus value. Accumulation to the merchant means gaining more control over goods already produced. Hence the merchant perceives the source of surplus value from the partial and blindered viewpoint of the sphere of circulation: the surplus presents itself in the form of a favorable balance of trade, i.e., buying where supply is high and hence prices are low, and selling where both demand and prices are high. The more that the merchant can extend his control over a specialized line of commodities, the easier it is for him to set his own sale-price and act as a monopolist, ignoring the market conditions of supply and demand.

2. A further factor in the West Indies' failure to develop an internal market was the elimination of small-scale cane-farming through technological advances. Sugar plantations, requiring large-scale capital outlay, soon destroyed the small producers who might have provided a basis for local exchange.

3. "Reproduction context" is a vague term meaning a geographically limited entity which is governed by certain economic laws. With this category it becomes possible to separate the double connotation inherent in the term "nation" which, in Marx's time, was the reproduction context within which the law of value was realized (and to which the general categories developed by Marx, like "average rate of profit," "tendential fall of the rate of profit," etc., applied.) Since "nation" is both a political and an economic category, it is crucial to distinguish and separate these connotations at the outset of any analysis of the historical formation of a nation-state.

4. In certain parts of New York, the *métairie* system prevailed. In this system, a transitional stage between the original form of rent and the capitalist form of rent (Marx III, 932-3, of. 785), the tenant provides, besides his labor, a part of the capital stock, and the landowner provides, besides the land, the other part of the stock, and the product is then shared in certain proportions, typically advantageous to the landowner.

5. The slave-owners as such lacked any incentive to invest in labor-saving devices since their wealth was largely invested in workers whose bodies took the place of machines (cf. Nettels 1962, 191). Also it should be noted that in general incentives to invest in the productive sphere do not emerge until rent and profit have become separate forms of appropriation-or, in other words, not until the process of accumulating capital has become independent of land-ownership.

6. These legislative restraints were introduced in 1661-67, because without **them**, the Americans would have traded with the Dutch who at that time could pay most, sell cheapest, and carry goods most economically-and who did in fact seek investments in the colonies (Andrews II, 263-4).

7. Very few of the great American shippers tried to take over the enterprise of locally producing the goods they were shipping. But the increasingly specialized nature of their trade led to an identification of the merchant with the shipper and to the investment of mercantile profits in the shipbuilding industries (Pares 1956, 13).

8. The policies by which the national debt (initiated in 1775) was serviced took very different forms in different states, and the measures by which the individual states undertook to combat the problem of rapidly-growing inflation were equally varied. These policies and measures had a decisive influence on the conditions under which finance capital in America developed, but it would be too lengthy to provide an adequate explanation of the various policies and their various effects here. In brief, the series of attempts by the Confederation govern-

men to meet its need for revenues failed miserably. Already by 1784 the American national government had become unable to pay its interest on foreign and domestic loans. By 1787, it was practically bankrupt. The domestic debt played an important rôle in that it united the various creditors as strong "centralizing nationalists" (Lynd 1967, 118) and the foreign debt united both the northern and southern capital fractions in the demand for reorganization of the federal system without which the United States could not have kept its foreign credit alive (of. Ferguson 1961).

9. In addition, some of the larger (and more influential) manufacturers shared the merchants' concern for effective protection on the oceans and for negotiated commercial treaties to guarantee safe transportation for their wares and to secure marketing outlets **on the** world trading routes.

10. All the southern state governments, except South Carolina, had already absorbed their war costs and were opposed to Hamilton's assumption scheme because it meant that they would now have to share the burden of paying the interest on the unpaid debts of the other states (Bruchey, 115).

11. All case-studies of individual states (e.g., Handling & Handling 1947 on Massachusetts; Heath on Georgia; and Hartz 1968 on Pennsylvania) document not only the extent of the states' intervention but also "the fact that respective states held the center of the stage" and that until the Civil War "government intervention was concentrated at the state level" (Bronde, 120, Redford, 7).

12. The whole diversified system of revenue-raising to cover the expenditures of the central state was also an expression of the principle of federalism which demanded that every government agency should be adequate to the functions assigned to it (*Federalist* 30, 34); hence, the central state apparatus could not be dependent for its funding on the individual states.

13. This concept of hegemonial position should be distinguished **from** that of historians such as Beard whose economic procedures in analyzing the social status of those who participated in forging out the Constitution confine the concept of hegemonial position to those economic groups who *directly* sought to realize **their** interests **by** the creation and manipulation of a central state.

14. During the Confederacy period, there were conscious attempts at both the individual state level and the confederate level to institutionalize the formal separation of the "selected representatives of the people" from those who held economic **power** and to delegate political **power to an** "autonomous institution" (Jensen 1950, 366-71). But the formal separation of political and economic power was not effectively established until the founding of the strong central state in 1789 introduced a political structure, superior to those **of the** individual states and designed to **share power** among all **the** dominant economic interests, so that no one economic group (the southern slave-holders or the northern merchants, for example) could directly manipulate the state apparatus and policies **in their own** interests.

15. **These do not include Indians and slaves who, as individuals, were mere "persons"** (Article I, Section 2, § 3) and had no citizen rights.

16. They fully recognized that the major source of social antagonisms was economic inequality (*Federalist* 10, 131), but they regarded this inequality as inherent in the human condition (in Madison's words, "the diversity in the faculties of men, from which the rights of property originate"), which no social reorganization could remove.

17. **The southern states, which, with the exception of South Carolina, had** already absorbed their war costs, were opposed to Hamilton's assumption scheme because it meant that they would now have to share the burden of paying the interest on the unpaid debts of the other states (Bruchey, 115). This opposition was contained by Hamilton's concession that the U.S. capital and seat of government would be located in the South (Washington, D.C.).

18. A perceptive and detailed analysis of this and other contradictions in Republican political theory (such as that between the perpetuation of independent property-holders and **the** objective necessity **to** accelerate the process of primitive accumulation for the sake of ensuring national independence) can be found in Gerstenberger (1973a).

19. After their defeat at the elections, the Federalists used the last days of their administration to strengthen the powers of the Judiciary and to fill the newly-created positions with their own supporters. Jefferson sought to subordinate these strengthened powers of the Judiciary to the office of the President (Mendelson, 20; Warren) and to use it against both the legislative branch of the central state and the individual state legislatures.

20. See, for example, Bruchey, 120-2 and Beard 1915, 445-7. Other interpretations of this shift from Republican theory to Republican practice vary from the reproach that the Jeffersonian elite immorally discarded all its principles to the insight that it never had any in the first place. This line of explanation appears superficially persuasive when the gap between Jeffersonian theory and practice is praised as "practical realism" (of. Boorstin 1964, Koch).

BIBLIOGRAPHY

- Andrews, Charles M. *The Colonial Period of American History*, II and IV. New Haven, 1938.
- . "Colonial Commerce." *The American Historical Review*, vol. XX (1914), 43-51. Reprinted in R. M. Robertson and J. L. Pate, eds., *Readings in United States Economic and Business History*. Boston, 1966.
- Aptheker, Herbert. *The Colonial Era*. 1959; New York, 1966.
- Ashley, Percy. *Modern Tariff History*. New York, 1920.
- Bailey, Thomas A. *Probing America's Past: A Critical Examination of Major Myths and Misconceptions*, I. Lexington, Mass., 1973.
- Bailyn, Bernard, ed. *Pamphlets of the American Revolution*, I. Cambridge, Mass., 1965.
- . "Politics and Social Structure in Virginia." In St. N. Katz, ed. *Colonial America: Essays in Political and Soeial Development*. Boston, 1971.
- . *The New England Merchants in the Seventeenth Century*. Cambridge, Mass., 1955.
- Bancroft, George. *History of the Formation of the Constitution of the United States of America*. New York, 1896.
- Barrow, Thomas C. *Trade and Empire: The British Customs Service in Colonial America, 1660-1775*. Cambridge, Mass., 1967.
- Beard, Charles A. *An Economic Interpretation of the Constitution of the United States*. New York, 1913.
- . *Economic Origins of Jeffersonian Democracy*. New York, 1915.
- Bidwell, Percy W. and John I. Falconer. *History of Agriculture in the Northern United States, 1620-1860*. Washington, 1925.
- Boorstin, Daniel J. *The Lost World of Thomas Jefferson*. Boston, 1964.
- Breen, T. H. "A Changing Labor Force and Race Relations in Virginia, 1660-1710." *Journal of Social History*, 711 (1973).
- Bronde, H. W. "The Role of the State in American Economic Development." In H. N. Scheiber, ed. *United States Economic History*. New York, 1964.
- Bruchey, Stuart. *The Roots of American Economic Growth, 1607-1861: An Essay in Soeial Causation*. 1965; New York, 1968.
- Chambers, William Nisbert. *Political Parties in a New Nation: The American Experience, 1776-1809*. New York, 1963.
- Clark, Victor Seldon. *History of Manufactures in the United States, 1607-1860*. New York, 1949.
- Cunningham, Noble E., Jr. *The Jeffersonian Republicans in Power: Party Operations, 1801-1809*. Chapel Hill, 1963.
- . *The Jeffersonian Republicans: The Formation of Party Organization, 1789-1801*. Chapel Hill, 1957.
- Davis, Joseph S. *Essays in the Earlier History of American Corporations*, I and II. Cambridge, Mass., 1917.
- Diamond, Martin. "What the Framers Meant by Federalism." In Robert A. Goldwyn, ed. *A Nation of States*. Chicago, 1961.

- Dietze, Gottfried. *The Federalist: A Classic on Federalism and Free Government*. Baltimore, 1960.
- Doren, Carl van. *The Great Rehearsal: The Story of the Making and Ratifying of the Constitution of the United States*. New York, 1948.
- Dowd, Douglas F. *The Twisted Dream: Capitalist Development in the United States since 1776*. Cambridge, Mass., 1974.
- Elkins, Stanley M. and Eric McKittrick. "The Founding Fathers: Young Men of the Revolution." *Political Science Quarterly*, 76 (1961), 181-216. Reprinted in L. W. Levy, ed. *Essays on the Making of the Constitution*. New York, 1969.
- Ellsworth, Lucius F. and Brooke Hindle. *Technology in Early America*. New York, 1966.
- Farrand, Max. "Compromises on the Constitution." *American Historical Review*, 9 3 (1904).
- . *The Framing of the Constitution of the United States. 1913; New Haven, 1962*.
- , ed. *The Records of the Federal Convention*. 4 Vols. New Haven, 1937.
- Ferguson, James F. *The Power of the Purse: A History of Public Finance, 1776-1790*. Chapel Hill, 1961.
- Fox, Dixon Ryan. *The Decline of Aristocracy in the Politics of New York, 1801-1840*. New York, 1965.
- Gales, Joseph, ed. *The Debates and Proceedings in the Congress of the United States*. Washington, D. C., 1834.
- Gerstenberger, Heide. *Zur politischen Ökonomie der bürgerlichen Gesellschaft; Die historischen Bedingungen ihrer Konstitution in den USA*. Frankfurt, 1973.
- . "Zur Theorie der historischen Konstitution des bürgerlichen Staates." *Prokla* 8 9 (1973).
- Goodman, Paul. "The First American Party System." In W. N. Chambers and W. D. Burnham, Hg. *The American Party System: Stages of Political Development*. New York, 1967.
- Gray, Lewis C. *History of Agriculture in the Southern United States to 1860*, I and II. Gloucester, Mass., 1958.
- Habakkuk, H. J. *American and British Technology in the Nineteenth Century: The Search for Labour-Saving Inventions*. Cambridge, 1962.
- Hacker, Louis. *The Triumph of American Capitalism*. New York, 1940.
- Hamilton, Alexander. *The Works of Alexander Hamilton*. ed. H. C. Lodge. New York, 1904.
- . *The Papers of Alexander Hamilton*, III. ed. Harold C. Syrett. New York, 1961.
- , James Madison, and John Jay. *The Federalist*. ed. J. E. Cooke. Middletown, Ct., 1961.
- Hammond, Bray. *Banks and Politics in America from the Revolution to the Civil War*. Princeton, 1957.
- Handling, Oscar and Mary. *Commonwealth. A Study of the Role of Government in the American Economy: Massachusetts, 1774 1861*. New York, 1947.
- Hartz, Louis. *Economic Policy and Democratic Thought: Pennsylvania, 1776-1860*. 1948. Chicago, 1968.
- Heath, Milton S. *Constructive Liberalism: The Role of the State in Economic Development in Georgia to 1860*. Cambridge, Mass., 1954.
- Hoerder, Dirk. "Mobs, a Sort of Them at least, are Constitutional The American Revolution, Popular Participation, and Social Change." *Amerikastudien*, 21 2 (1976).
- Hofstadter, Richard. *The Idea of a Party System: The Rise of Legitimate Opposition in the United States, 1780-1840*. Berkeley, 1969.
- Jefferson, Thomas. *The Writings of Thomas Jefferson*. ed. Andrew A. Lipscomb. 12 Vols. Washington, D.C., 1913.
- Jenks, Leland Hamilton. *The Migration of British Capital to 1875*. New York, 1927.
- Jensen, Merrill. *The Articles of Confederation: An Interpretation of the Social-*

- Constitutional History of the American Revolution, 1774-1781*. 1940; Madison, Wis., 1963.
- . "The Colonial Phase." In C. Vann Woodward, Hg. *The Comparative Approach to American History*. New York and London, 1968.
- . "The Ideal of a National Government during the American Revolution." *Political Science Quarterly*, 58 3 (1943). Reprinted in L. W. Levy, ed. *Essays on the Making of the Constitution*. New York, 1969.
- . *The New Nation: A History of the United States during the Confederation, 1781 1789*. New York, 1950.
- Johnson, E. A. J. "Federalism, Pluralism, and Public Policy." *JEH*, 22 (1962).
- Koch, Adrienne. *Jefferson and Madison: The Great Collaboration*. New York, 1950.
- Land, Aubrey C. "Economic Base and Social Structure: The Northern Chesapeake in the 18th Century." *JEH*, 25 (1965). Reprinted in Gary B. Nash. *Class and Society in Early America*. Englewood Cliffs, N.J., 1970.
- Lemon, James T. and Gary B. Nash. "The Distribution of Wealth in Eighteenth Century America: A Century of Change in Chester County, Pennsylvania, 1693-1802." *Journal of Social History*, 2 (1968), 1-24. Reprinted in Gary B. Nash. *Class and Society in Early America*. Englewood Cliffs, N.J., 1970.
- Levy, Leonard W., ed. *Essays on the Making of the Constitution*. New York, 1969.
- Lockridge, Kenneth. "Land, Population, and the Evolution of New England Society, 1630-1790." *Past and Present*, 39 (1968). Reprinted in Gary B. Nash. *Class and Society in Early America*. Englewood Cliffs, N.J., 1970.
- Lynd, Staughton. *Class Conflict, Slavery, and the United States Constitution*. New York, 1967.
- . "The Mechanics in New York Politics, 1774-1788." *Labor History*, 5 (1964), 215-46.
- Marx, Karl. *Grundrisse. Foundations of the Critique of Political Economy (Rough Draft)*. Harmondsworth, 1973.
- . *Capital. Vol. I*. New York and London, 1972.
- . *Capital. Vol. III*. Chicago, 1909.
- and Friedrich Engels. *The Communist Manifesto*. ed. Samuel Beer. New York, 1955.
- McLaughlin, Andrew C. *A Constitutional History of the United States*. New York, 1935. Reprinted in L. W. Levy, ed. *Essays on the Making of the Constitution*. New York, 1969.
- Menard, Russel. "From Servant to Freeholder: Status Mobility and Property Accumulation in 17th Century Virginia." *William and Mary Quarterly*, 30 (1973).
- Mendelson, Wallace. *Capitalism, Democracy, and the Supreme Court*. New York, 1960.
- Moore, Barrington. *Social Origins of Dictatorship and Democracy*. New York, 1971.
- Morgan, Edmund S. "Slavery and Freedom: The American Paradox." *Journal of American History*, 59 1 (1972).
- . *The Birth of the Republic, 1768 1789*. Chicago, 1956.
- Morris, Richard B. *Government and Labor in Early America*. New York, 1946.
- . "Labor and Mercantilism in the Revolutionary Era." In Morris, ed. *The Era of the American Revolution*. 1939, New York, 1965.
- . "The Organization of Production during the Colonial Period." In H. F. Williams, ed. *The Growth of the American Economy*. New York, 1944.
- Nettels, Curtis P. *The Emergence of a National Economy, 1775-1815*. New York, 1962.
- . *The Money Supply of the American Colonies before 1720*. Madison, Wis., 1932.
- Newton, A. P. *The European Nations in the West Indies, 1498 1688*. London, 1933.
- North, Douglas C. *Growth and Welfare in the American Past: A New Economic History*. Englewood Cliffs, 1966.

- . *The Economic Growth of the United States, 1790-1860*. 1961; New York, 1966.
- . "The United States in the International Economy, 1790-1950." In S. E. Harris. *American Economic History*. New York, 1961.
- and Robert Paul Thomas, eds. *The Growth of the American Economy to 1860*. New York, 1968.
- Offe, Claus. *Strukturprobleme des kapitalistischen Staats*. Frankfurt, 1972.
- Copper-Rundstedt, Catharina von. *Die Interpretation der amerikanischen Verfassung in Federalist*. Bonn, 1970.
- Pares, Richard. *Yankees and Creoles. The Trade between North America and the West Indies before the American Revolution*. London and New York, 1956.
- Peterson, Merrill. *The Jefferson Image in the American Mind*. New York, 1960.
- Ramsay, David. *History of the American Revolution*, I and II. Philadelphia, 1789.
- Redford, Ernmette S. *The Role of Government in the American Economy*. New York and London, 1966.
- Robertson, Ross M. *History of the American Economy*. New York, 1973.
- Roche, John P. "The Founding Fathers: A Reform Caucus in Action." *The American Political Science Review*, 60 4 (1961).
- Sachs, William S. "Interurban Correspondents and the Development of a National Economy before the Revolution: New York as a Case Study." *New York History*, 34 (1955).
- Smith, W. B. and A. H. Cole. *Fluctuations in American Business, 1790-1860*. Cambridge, Mass., 1935.
- Starobin, Robert S. *Industrial Slavery and the Old South*. New York, 1970.
- Steege, Clarence. *The Formative Years, 1607-1763*. New York, 1964.
- Steele, J. K. *Politics of Colonial Policy: The Board of Trade in Colonial Administration, 1696-1720*. Oxford, 1968.
- Taussig, F. W. *The Tariff History of the United States*. New York, 1931.
- Taylor, R. J. *Western Massachusetts in the Revolution*. Providence, N.J., 1954.
- Tryon, Rolla M. *Household Manufactures in the United States, 1640-1860*. 1917; New York, 1966.
- Warner, Sam Bass. *The Private City*. Philadelphia, 1968. Reprinted as "Philadelphia in the Era of the Revolution." In H. G. Gutman and G. S. Kealey, eds. *Many Pasts: Readings in American Social History, 1600-1876*. Englewood Cliffs, N.J., 1973.
- Warren, Charles. *Congress, the Constitution, and the Supreme Court*. Boston, 1925.
- Wertenbaker, T. J. *The Planters of Colonial Virginia*. Princeton, 1922.
- Whyte, Leonard D. *The Federalists: A Study in Administrative History*. New York, 1956.
- Williams, William A. *The Contours of American History*. Chicago, 1966.
- Williamson, James A. "The Beginnings of an Imperial Policy, 1649-1660." In J. H. Rose et al., ed. *The Cambridge History of the British Empire*. Cambridge, 1929.
- Yarborough, Jean. "Federalism in the Foundation and Preservation of the American Republic." Mimeo: paper presented at *Annual Meeting of the American Political Science Association*. San Francisco, 1975.
- Young, Alfred F. "The Mechanics and the Jeffersonians: New York 1789-1801." *Labor History*, 5 (1964). Reprinted in H. G. Gutman and G. S. Kealey, eds. *Many Pasts: Readings in American Social History, 1600-1876*. Englewood Cliffs, N.J., 1973.
- Zemsky, R. M. "Power, Influence, and Status: Leadership Patterns in the Massachusetts Assembly, 1740-1755." *WMQ*, 26 (1969).
- Zuckerman, Michael. *Peasable Kingdoms: New England Towns in the 18th Century*. New York, 1970.