As one of America’s Founding Fathers, an author of the Federalist Papers, and the nation’s first Treasury Secretary, Alexander Hamilton contributed greatly to the colonial cause and the formation of the United States. A lawyer by trade, Hamilton rose to prominence as a champion of Federalism and as one of George Washington’s most important advisors. Today, Hamilton is less well-known than the other Founders, but is broadly regarded as a financial genius and the architect of the early American economy. Michael Lind characterizes him as “the most practical nation builder among the Founding Fathers,”¹ and attributes the characteristics of the late twentieth century United States to Hamilton’s vision and efforts. The policies that he promoted long outlived the Treasury Secretary, the Federalist Party, and Hamilton’s own economic pet projects. Although the more recent impacts are often overlooked, Alexander Hamilton’s economic views and strategies laid the groundwork for much of American policy, and have strongly influenced American economic history.

Hamilton’s economic understanding, like that of many of his contemporaries, was heavily based in European mercantilism, which arose in the sixteenth century. In his book, A Short History of Mercantilism, J.W. Horrocks describes mercantilism as a “regime whereby the State, in different countries, has sought to control economic life in the interests of political strength and independence,” and attaches great importance to “the maintenance of a favorable money balance on foreign trade.”² The primary focus of mercantilism can be simplified to government policy that encourages exportation while discouraging importation, thereby benefitting the country. Murray N. Rothbard notes the

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² J.W. Horrocks, A Short History of Mercantilism, (New York: Bretano’s, 1925), 1.
fallacious nature of this kind of policy: “...what is the point of exports if not to purchase imports, and what is the point of piling up monetary bullion if the bullion is not used to purchase goods?” One of the foremost mercantilists was Jean Baptiste Colbert of France, whose intent was to create a system by which industry and commerce would be controlled in the interest of national power. As an English colonist, Hamilton would have been more specifically exposed to the British system of mercantilism, which Thomas DiLorenzo describes as “a system built on protectionism, government franchise monopolies, a state-run bank, and interventionism that benefitted the state and its supporters at the expense of the general public.”

Mercantilism was a highly pragmatic economic system. Rather than working out theory and practically applying it through policy, the mercantilist thinkers and theorists observed and imitated policies that successful economies of the time employed. The process essentially consisted of three questions: Who is successful, what are they doing, and can our country become successful by imitating their policies? Hamilton, like many contemporary writers on the subject, “held that economic policymakers should be guided by results rather than by dogmas....” Mercantilist policies typically targeted specific industries or companies as the beneficiaries of protectionist policy. Rothbard comments on the empirical mercantilist ‘method:’

Mercantilism cannot be viewed satisfactorily as merely an exercise in economic theory. The mercantilist writers, indeed, did not consider themselves economic

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4 Horrocks, 118.
6 Lind, 44.
theorists, but practical men of affairs who argued and pamphleteered for specific economic policies, generally for policies which would subsidize activities or companies in which those writers were interested.\(^7\)

This subsidizing activity centered on companies involved in the export trade and granted a special privilege of protection to companies by curtailing foreign competition. This amounts to a state grant of monopolistic privilege to domestic companies and industries.\(^8\)

Thomas DiLorenzo describes Alexander Hamilton as “an American mercantilist,”\(^9\) whose economic ideas were a combination of mercantilism, centralized power, imperialism, and dictatorial monarchy.\(^10\) The programs which Hamilton advocated came under the new heading of Federalism, and included high protectionist tariffs, domestic taxation, public works projects, and a high public debt, as well as a strong central bank.\(^11\) Hamilton’s ideas and proposals strongly mirror mercantilist tenets and theories.

Believing in the rule of “the wealthy, the good, and the wise,” Hamilton desired to give new strength to the Union by attaching to it the interests of the moneyed aristocracy. This idea links the proposals made in his reports on public credit, on a national bank, and on manufactures. The reports on public credit aim at bracing the finances of the Union, with the debt acquiring near-money quality. The establishment of a national bank, partly financed by government debt, was to stimulate the economy of the country, visualized in the Report on Manufactures as a diversified and strong establishment, to be developed with government help granted chiefly in the form of subsidies but supplemented by protective duties.\(^12\)

As well as summarizing Hamilton’s economic plans and their connection to the aims of

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\(^7\) Rothbard, “Mercantilism,” 16-17.
\(^8\) Ibid, 17.
\(^9\) DiLorenzo, 24.
\(^10\) Ibid, 9.
mercantilism, this passage also demonstrates the connection between Hamiltonian mercantilism and the economic concerns of the twentieth and early twenty-first centuries. Notions of “bracing the finances of the Union” and “stimulating the economy” are familiar modern issues, and are firmly rooted in mercantilist economics.

In terms of a national bank, the First Bank of the United States was a dear project of Hamilton’s during his time as Treasury Secretary. Like the European mercantilists, Hamilton looked to a very successful neighbor for insights on how to make the United States economically successful: Great Britain. He drew on both the Bank of England and the unsuccessful First Bank of North America as models and precedents for his own bank project. Hamilton considered the establishment of an American national bank to be an issue of supreme urgency, writing to his mentor Robert Morris, “This I regard, in some shape or other, as an expedient essential to our safety and success.”

Debate over the national bank was fierce as Hamilton attempted to get his proposal through Congress. Senator William Maclay was particularly concerned about the bank, fearing that the bank had the potential to “be employed to the mischievous purposes of bad ministers.” Maclay’s fears were compounded by Hamilton’s assertion within the report that “it is to be considered that such a bank is not a mere matter of private property, but a political machine of greatest importance to the state.” Members of the House raised concerns as well, with the opposition centering on two main arguments; the economic value to the states of a national bank, and the constitutionality

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14 Ibid, 480.
15 Ibid.
and congressional power to grant corporate charters. James Madison presented lists of pros and cons to the bank, and concluded that the constitutionality of a congressionally granted corporate charter was ruled out because such a power could not be reconciled with any clause in the Constitution. Despite the vocal opposition, Hamilton’s proposal passed both houses of Congress, and the First Bank of the United States was chartered on February 25, 1791.16

Hamiltonian tax policy is well illustrated by the incident of the Whiskey Rebellion. In 1791, an internal excise tax on whiskey was introduced, strongly supported by Hamilton as a way to fund federal debt. Settlers on the frontier of modern Western Pennsylvania, for whom whiskey was a valuable product (and, in some cases, a functioning medium of exchange), refused to pay the excise, and some violence ensued. At Hamilton’s urging, President Washington marched to Pennsylvania to put down the rebellion. The Federal response famously involved sending a contingent of approximately 13,000 soldiers from Harrisburg over the Alleghenies. Alexander Hamilton himself rode with the militiamen to deal with the resistance to his tax. DiLorenzo explains that the dramatic reaction to a comparatively minor tax revolt demonstrates the role of a strong central government with “a standing army of tax collectors” in Hamilton’s “plans for imperial glory and national greatness.”17

The ability of the central government to tax in this way was not included in the Articles of Confederation that governed the earlier Continental Congress. This feature of the Articles had caused Hamilton to call for a new constitutional convention “to endow a

16 Ibid, 480-484.
17 DiLorenzo, 44.
central government with ‘complete sovereignty’ over the political, economic, and military life of the several states,” with that power “based on the coercive economic power of various forms of taxation….“ According to DiLorenzo, James Madison commented that Hamilton’s “excitement” over the matter of the whiskey-tax exposed his agenda of “the glories of a United States woven together by a system of tax collectors.”

DiLorenzo also notes that it was Madison who argued for the inclusion of the Second Amendment right to bear arms for the purpose of defending against just such an event.

These goals are highly mercantilistic, involving the use of state power to intervene with the economy, with the result of that intervention benefitting the state and some specific domestic companies or industries.

Although many of Alexander Hamilton’s plans came to fruition, he was not without opposition. The conflict and infighting between Hamilton and Secretary of State Thomas Jefferson during the Washington presidency is infamous. “Thomas Jefferson held the exact opposite position… and the two great men—who were also arch political rivals—clashed repeatedly.” Jefferson, in contrast to Hamilton’s desire for a strong centralized government, advocated a limited and decentralized system, with localized government to better ensure individual liberty. According to Stephen Knott, it was “questions over commerce and banking, constitutional interpretation, federalism, and

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19 DiLorenzo, 35.
20 Ibid.
21 Ibid, 2.
American policy toward Great Britain and France drove the two men apart.” James Madison, one of Hamilton’s co-authors on the Federalist Papers, was a staunch opponent of the national bank plan. 

Madison had earlier been in favor of a more expansive interpretation of the Constitution, but on the question of the bank he accepted Jefferson’s position and used his arguments in Congress to oppose the bank. Apparently Hamilton’s wild and dangerous schemes persuaded Madison that not taking a strict approach to the Constitution had been mistaken.

Another legendary enemy was Aaron Burr, the duel with whom marked the end of Hamilton’s life in 1804. These two men were lifelong rivals in law and in politics. 

Although mercantilism per se fell out of fashion in the early nineteenth century, largely due to the refutation of the system by Adam Smith, concepts and ideas that owed much to Hamilton’s brand of mercantilism and Federalism continued to influence American policy under new terminology and with new advocates. The American System espoused by Henry Clay was based on protectionist tariffs, a strong national bank, and subsidized internal improvements and public works projects; all rooted in the old Hamiltonian agenda. Indeed, Hamilton himself coined the term “the American System” over twenty-five years before Clay began to champion his policies. DiLorenzo notes that, far from being “American” at all, the system was still based on the same British mercantilism that had inspired Hamilton. Through Clay, mercantilism continued to influence later American leaders. According to DiLorenzo, “Abraham Lincoln always

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23 DiLorenzo, 60.
25 DiLorenzo, 117.
declared himself to be ‘an old Henry Clay Whig.’”

John Patrick Diggins marks the Federalist and Whig foundations of Lincoln’s philosophy.

[Abraham Lincoln] too was a nationalist and saw the American economy as a unifying force…. Like Hamilton, Lincoln saw a role for government in the country’s economic development, and he was a supporter of state-financed internal improvements from canals to railroads. …he recognized that there were limits to solitary striving and thus he acknowledged that America cannot wholly rely upon the people themselves to move the country ahead, lead honest lives, or advance their own position in society without a helping hand.

Although Adam Smith and the classical economists had done much to refute mercantilism as an academic theory, it clearly remained as a practical basis for the popular policies of the nineteenth century. Clearly, “the departure was louder in profession than in practice.”

Although he does not share the popular status of many of the other Founders, such as Thomas Jefferson, George Washington, and Benjamin Franklin, it is Alexander Hamilton’s theories and policies that have endured, and continue to find support among Americans. Although Hamiltonian mercantilist ideas remain popular, they are still problematic economically. Time has not altered the shortfalls of protectionism, a large national debt, and government intervention. The support for mercantilism and related policies has not been constant in American history; in his article “Mercantilism: A Lesson for Our Times?” Rothbard explains that, for much of the nineteenth century, mercantilism was “properly regarded” as a fallacious system that worked predominately

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26 Ibid, 126.
to promote the state and special privilege.\textsuperscript{29} This view is attributed to Adam Smith’s refutation of the system and the rise of classical economics. The shift back to a favorable view of mercantilism came in the late nineteenth and early twentieth century, with the introduction of new economic and social theories.

John Keynesians hail mercantilists as prefiguring their own economic insights; Marxists, constitutionally unable to distinguish between free enterprise and special privilege, hail mercantilism as a “progressive” step in the historical development of capitalism; socialists and interventionists salute mercantilism as anticipating modern state building and central planning.\textsuperscript{30}

Indeed, there are many similarities between Hamilton’s mercantilism and the ideas and policies advocated by Keynesians, Marxists, socialists, and interventionists, which proponents of these systems readily acknowledge, finding a basis for their ideas within the fabric of American Revolutionary history.

A major feature of Hamilton’s mercantilism was the view of a public debt as a benefit, not a detriment, to society. Dorfman and Tugwell describe the primary function of import duties as “to supply funds for backing the public debt which might in this way be made fully negotiable; and if it were it could then serve as a circulating medium and as capital.”\textsuperscript{31} They continue to explain that the national debt would be a blessing for two reasons: its holders would be able to incorporate as a bank, and, in the interest of meeting tax payments, people would be forced to work harder and be more productive. In his book \textit{Heritage from Hamilton}, Broadus Mitchell comments on Hamilton’s revolutionary concept of beneficial debt:

\textsuperscript{29} Rothbard, “Mercantilism,” 16.
\textsuperscript{30} Ibid.
When he said that the public debt, consolidated and with provision for its redemption, could be to us a public blessing, he had in mind more than a political cement. Public pledges, inviolably fortified and perfectly negotiable, would furnish the basis of private credit, of circulating media, and be in themselves to a degree money. Safe public debt would be the wellspring of proliferating economic activity.  

Mitchell continues to laud the proposition, considering it Hamilton’s “glory of mind and heart.” Conversely, Thomas Jefferson and Adam Smith shared a negative view of public debt, understanding that the nation as a whole is not exempt from the economic laws that cause a household that spends more than it earns to go bankrupt. What works at the individual level does not change at the national level.

Diggins notes that Hamilton’s arguments “almost anticipate” those of John Maynard Keynes in the assertion that “a nation’s debt… is no curse if used for economic growth, and with the will to face it in prosperous times and pay it off.” The fact that a U.S. public debt exceeding fifteen trillion dollars would have been inconceivable in Hamilton’s time prompts the question of whether the first Treasury Secretary would be concerned about the current American situation. Keynes himself looked favorably on mercantilist economics, offering a defense of the system in his General Theory, lamenting that he was raised “to believe that [mercantilism] was little better than nonsense,” and criticizing the perceived “inadequacy of the theoretical foundations of

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32 Mitchell, 53.
33 Ibid, 54.
34 Diggins, 275.
the laissez-faire doctrine on which [he] was brought up.‖

A further legacy of Hamiltonian mercantilism is the history of national banking in the United States. Although Hamilton’s own project, the First Bank of the United States, was not rechartered, the venture created further precedent for a central bank in America, and the mercantilist reasoning behind its inception went on to form the basis of later central banking schemes, including the current Federal Reserve system. Central banking and a strong connection between the central government and the bank is a concept that can be traced directly to Hamilton’s proposals for the First Bank of the U.S. To Hamilton’s mind, this connection would ultimately strengthen the nation politically and economically.

Rather than strengthening the nation, central banking invariably introduces economic instability as the central bank and the government have a strong incentive to inflate and debase the currency. Through the activities of the central bank, politicians and special interest groups benefit at the expense of others by virtue of receiving “new money” first, before the inflationary effects impact prices. DiLorenzo comments that this activity is essentially “legalized counterfeiting.”

The ability to print paper money is even more of a politician’s dream than the ability to incur government debt, for no direct taxation is involved in the government’s efforts to secure resources from the public. It all seems painless to the taxpayers—as long as they remain ignorant about the effects of inflation.

Through the use of the central bank, if the public debt and the activities of the “standing army of tax collectors” fail, the government is still able to draw almost unlimited funds in

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37 Ibid, 339.
38 DiLorenzo, 73.
this manner at the expense of most of society.

The “losers” of central bank inflation are those who are either not politically-connected enough to do more than break even, or are on a relatively fixed income, and are therefore subject to inflated prices at the original nominal income. In this way, inflation behaves as a “hidden tax,” and “encourages personal debt and discourages savings or thrift, for any amount of money that is lent will be repaid in future dollars that are of reduced value thanks to inflation.”\footnote{Ibid, 74.} Decreased savings means that there is less investment in production, and thus productivity and employment decrease over time. People are left paying inflated prices for a reduced supply of goods.\footnote{Ibid, 75.}

A connected issue is the process of the boom-bust cycle that is prompted by expansionary central banking. The activities of the central bank cause distortions in the economy as artificially low interest rates encourage investment in ventures which would otherwise be deemed unprofitable. Entrepreneurs misinterpret the artificially low interest rate as a signal of a profitable investment opportunity, and many make the same mistake, leading to what Rothbard terms a “cluster of error.”\footnote{Murray N. Rothbard, \textit{Man, Economy, and State, with Power and Market} (Auburn, AL: Ludwig von Mises Institute, 2004), 853.} As these wasteful errors in investment are discovered, the entrepreneurs are forced to liquidate and reallocate their investments into truly profitable ventures. This reallocation process is the “bust” phase of the cycle, and is often referred to as a recession or depression. Such events have occurred periodically throughout American history, most notably during the times in which a strong central banking system has been in place. Most recently, this system has been the
institution of the Federal Reserve.

Another hallmark of Hamiltonian policy is protectionism and the use of government authority to encourage the formation of businesses and industries. The goal of protectionist policies is, through subsidization and grants of monopoly privilege, to promote an industry that would otherwise not be economically viable. The popular argument in favor of protectionist policies is that the measures will level the field between domestic and foreign industries, specifically in favor of domestic “infant industries.” As the beneficiaries of subsidies and privileges, infant industries are theoretically made competitive until they can stand on their own, competing in the marketplace without government aid.

Attractive as protectionism might sound, the problem, as DiLorenzo explains, is that the infant industries “tend to never grow up.”\(^{42}\) Because they are started and operated under protected conditions, these industries are never forced to innovate and become efficient relative to foreign competition. “All… ‘protections’ are merely a means of transferring income from consumers to businesses, with the added effect of making the businesses sloppier, less efficient, and less competitive in world markets.”\(^{43}\) If the subsidies are removed and the industries are compelled to compete on the free market, it is soon discovered that they are comparatively inefficient and unprofitable. In some cases, the only reason for the viability of the industry is subsidization, without which it would soon go out of business.

\(^{42}\) DiLorenzo, 107.
\(^{43}\) Ibid.
As an illustration, DiLorenzo discusses the U.S. steel industry. From its foundation, the steel industry has existed in a protected environment. Measures such as tariffs and import quotas have always controlled the amount of foreign competition against American steel, and the industry has never been forced to match or outdo the innovations and efficiency of foreign steel manufacturers. The protectionist policies have continued into the twenty-first century; one of George W. Bush’s first actions as president was to place a fifty percent tariff on imported steel. It is unknown whether the American steel industry is truly an economically viable enterprise without the crutch of government subsidization. Protectionism essentially creates a market where none truly exists, and, similarly to artificially lowered interest rates, cause investment to occur where it would not on the unhampered market. In many ways, America’s first Treasury Secretary “seemed to have little faith in the competitive marketplace without his all-knowing, not-so-invisible, guiding hand.”

Another vestige of Alexander Hamilton’s influence is the concept of broad Constitutional interpretation. Jefferson and like-minded thinkers viewed the Constitution as a document that would bind the new government to certain very specific functions and prevent its intrusion into other areas of life. Hamilton and the Federalists, however, saw the Constitution, with suitable interpretation, as an enabler of government activity. This disagreement certainly fueled the infamous feud between Hamilton and Jefferson.

Hamilton’s methods of expansive Constitutional interpretation were adopted by later groups desiring legitimacy of activities that would be Constitutionally questionable under

\[\text{Ibid.}\]
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a Jeffersonian interpretation.

Progressives argued that the Constitution explicitly grants Congress the power to lay and collect taxes, to regulate foreign and interstate commerce, and to do what is “necessary and proper” in order “to provide for the common defense and general welfare of the nation.” They used this constitutional authority to tackle a whole range of social problems associated with industrialization—from workplace safety and labor regulations to protection of the nation’s food and medical supply and our natural resources.\footnote{Conor Williams and John Halpin, \textit{The Progressivism of America’s Founding: Part Five of The Progressive Tradition Series} (Center for American Progress: October 2010), 2. \texttt{<http://www.americanprogress.org/issues/2010/10/pdf/progressive_traditions5.pdf>} Accessed December 3, 2011.}

The correct framework for Constitutional interpretation has, of course, been a matter of intense, enduring debate since the document’s ratification, and that remains the case today. Nevertheless, the fact remains that it is the Hamiltonian legacy of broadly interpreted Constitution that has allowed myriad programs to be undertaken that a stricter reading of the document would have prohibited.

Despite the power and influence that Hamilton and his mercantilist policies had in the early operation of the United States, counterarguments soon came against him. Hamilton’s most famous sparring partner was Thomas Jefferson, a staunch supporter of decentralized, minimalist government restrained by a strict interpretation of the constitution. Like-minded theorists have rallied under Jefferson’s name from the beginning as a counter force to Hamilton’s mercantilism. DiLorenzo writes that, given Hamilton’s opinions regarding the roles of government, economy, and Constitutional interpretation, that it is “no wonder [that] Jefferson, Madison, and other devotees of the Constitution thought of Hamilton as a deadly enemy of the free society.”\footnote{DiLorenzo, 32.} Rather than arguing against Hamilton and Federalism, Adam Smith targeted their mercantilist...
underpinnings, refuting the fallacious economics involved and the method of penalizing competitive neighbors to promote domestic manufacture. The goal is ultimately “to extend our own manufactures, not by their own improvement, but by the depression of all of our neighbors…”47 In this way, Smith argues against the system of special privilege as well as the erroneous theory that characterized early-modern mercantilism.

The idea that Alexander Hamilton, his theories, methods, and ideals, have had a profound influence on subsequent American policy is not an idea that is held by the intellectual heirs of the Jeffersonian tradition alone. As noted above, John Maynard Keynes was an explicit defender of mercantilism, and the Keynesian system shares much with its earlier ancestor. As Rothbard describes:

Mercantilism was not only a policy of intricate government regulations; it was also a pre-Keynesian policy of inflation, of lowering interest rates artificially, and of increasing “effective demand” by heavy government spending and sponsorship of measures to increase the quantity of money. Like the Keynesians, the mercantilists thundered against “hoarding,” and urged the rapid circulation of money through the economy; furthermore, they habitually pointed to an alleged “scarcity of money” as the cause of depressed trade or unemployment.48

These similarities are remarkable, and serve to show that, despite Smith’s academic refutation of mercantilist theory, the spirit of the system survived to inspire later theorists.

Proponents of Progressivism have also adopted Hamilton as a forerunner, identifying with him as an example of how “democratic institutions can actively work with the common good in mind.”49 Williams and Halpin address the Progressive worry that Hamilton preferred political and social hierarchy to egalitarian democracy, a concern that is well founded. It is clear that Hamilton did have aristocratic leanings based on his

47 Adam Smith, qtd. in Rothbard, “Mercantilism,” 18.
49 Williams and Halpin

Given his increasingly patrician stance and his considered skepticism for democracy, Hamilton sought to exclude rather than include the people in political power, preferring instead to risk, as [Karl-Friedrich] Walling puts it, an “enlightened despotism of an ambitious few over a lethargic many.”

Despite Progressive concern over this aspect of Hamilton’s politics, the two remain interestingly compatible. Progressivism stresses the pursuit of such notions as “the common good,” “the national purpose,” and “the public interests;” related concepts apparently at odds with skepticism in regard to democratic process. However, the Progressive movement shares with Hamilton an underlying assumption that policies promoting “the public interest” will be designed and enacted by a select group of able and enlightened leaders: a sort of Progressive aristocracy. Indeed, “public interest” concepts and terminologies were largely introduced to American thought by Alexander Hamilton. DiLorenzo notes Hamilton’s characterization as “the Rousseau of the Right” by Cecelia Kenyon, a label resulting from the Treasury Secretary’s fixation on “the public interest.”

In the New Deal era, one of the most Progressive points in American history, Alexander Hamilton’s influence on twentieth-century economics and policy is clear. The New Deal emerged as a sort of grand convergence of Hamiltonian ideas and Progressive thought; Broadus Mitchell’s description of foundational New Deal precepts echoes

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51 DiLorenzo, 23.

52 Ibid.
Hamiltonian mercantilist theory at its most pervasive. Famously, New Deal proponents called for positive government action to counter the Depression, a strong and decisive executive branch working with a compliant legislature, and broad Constitutional interpretation in the interest of that Hamiltonian concept of the general welfare; “it was as though an unseen Brain Truster counseled Franklin Roosevelt; a ghostly chair was drawn to his cabinet table.” These aspects of New Deal legislation were highly influenced by Hamiltonian mercantilist blueprints. According to Mitchell, given the common ground between the policies of the New Deal and Hamilton’s thought as well as Keynes’ status as the “doctrinal patron” of the New Deal, the parallel between Keynes and Hamilton can be “taken for granted.” Alexander Hamilton’s twentieth century supporters look to such parallels as evidence of his prescience and vision.

The connection between Hamilton and central banking theory is enthusiastically embraced by the current Federal Reserve System. One article from the Federal Reserve Bank of Minneapolis describes how the modern Federal Reserve arose from earlier American experiments with central banking, noting the similarities between the modern system and Hamilton’s First Bank of the United States. The Federal Reserve System “owes an intellectual debt to Alexander Hamilton.” In this same document, Hamilton’s tone and writings following Senate approval of his bank bill is favorably compared to that of a modern Fed chairman, demonstrating the continuing view of Hamilton as an economic visionary.

53 Mitchell, 36.
54 Ibid, 37.
Perception of Alexander Hamilton has ranged dramatically throughout American History. In his own time, Hamilton appears as a polarizing figure with clear friends and clearer enemies. Few were ambivalent about his plans and policies, either supporting Hamilton in his endeavor to set up an American mercantilist system or vehemently opposing his efforts. In the nineteenth century, Hamilton the man faded from the spotlight, but his plans and ideals survived in new packaging. The American System became popular in the first half of the nineteenth century, with firm support in the persons of Henry Clay and Abraham Lincoln. As DiLorenzo describes, Hamilton’s banking scheme was realized in stages as Americans slowly accepted the First and Second Banks of the U.S., the National Currency Acts of the mid-nineteenth century, and ultimately the Federal Reserve Act, signed into law on December 23rd, 1913.

As noted above, the Progressive movement rallied around Hamiltonian theory and policy as a means to the achievement of their ends. Like Keynes and the central bankers, the Progressives widely laud Hamilton as a political and economic visionary. Indeed, Herbert Croly sought to realize characteristically Jeffersonian democracy through the activity of Hamilton’s strong central government: “Hamiltonian means to Jeffersonian ends.”56 While some of Hamilton’s modern supporters, like Croly, look to both Hamilton and Jefferson for inspiration,57 others blame the Treasury Secretary’s poor press and historical overshadowing on an ongoing Jeffersonian smear campaign, and look for Hamilton’s reputation to improve with the American public in the future as Jefferson’s

57 Williams and Halpin.
declines.\textsuperscript{58} Other scholars, such as Thomas DiLorenzo, maintain an alternative view that understands the negative economic impact that ideas first introduced and promoted in America by Hamilton have had on policy.

Despite his personal overshadowing, Alexander Hamilton’s economics and political philosophy have been profoundly successful in the United States. Hamilton’s mercantilism has survived both academic refutation by Smith and political defeat by Jefferson, but returned in the guise of the American System to become a major force in the nineteenth century. The same tariff, banking, and internal improvement policies have been a constant presence throughout American history, even if they were not as often presented alongside Hamilton’s name or mercantilist theory. Through Hamilton’s efforts, central banking gained a foothold in the U.S., and this idea has expanded over time into a modern fractional reserve central banking system that has historically been detrimental to the health of the economy. Through his focus on broad Constitutional interpretation and concepts like “the public good,” Hamilton created the means by which his economic plans might be achieved in spite of the political safeguards against strong, centralized government. Although his greatest monument is printed on the American ten dollar bill, it is perhaps this nearly-forgotten Founder who has most deeply influenced American history.

\textsuperscript{58} Knott, 30 and 48.
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