

Prometheus in Arcadia

Lost Horizons of the American School



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Introduction: a book never read

philosophers tell us, it is the part of wisdom to disregard public opinion; which is a very consoling doctrine to an author who has written a book that nobody will read.

With these words Daniel Raymond, father of the American School of Political Economy, prefaced his work in 1820. A native of the state, he comes off in his work as something like a real-life Connecticut Yankee - as bewildered with the assumptions and abstractions of extant political economy as Twain's hero was with the court of King Arthur. Like that hero, he embodies that pragmatic American spirit, simple but incisive, judging trees by their fruit. In a way, the entire American School is now a book never read. Michael Hudson, in his survey, calls it "an intellectual black hole at the heart of U.S. economic development." The school has been dismissed by heavyweights of economic history like Joseph Schumpeter, as well as specialists of American economic thought. Largely, this is because the history of the American development and political economy flies in the face of prevailing orthodoxy. Today, as the largest economy in the world, America preaches free trade, defends IP law, and condemns state driven economics. But how did America become the world's largest economy? The story of American development begins with Alexander Hamilton's *Report on Manufactures*, a program of technology piracy, national protection, and state infrastructure. America got to the top and then pulled up the ladder. Instead of dwelling on this hypocrisy, this essay will focus on the forgotten spirit of the American school. The economists discussed below defended protectionism because it was in the immediate interest of the United States, and often enough, their own. But in rejecting the English model and its assumptions, they sought new principles. And in these principles, there is a throughline which runs back to the Utopian aspirations of the colonists and founding fathers, who believed they were creating a new type of society, made possible by the bounty of this continent and the genius of man, and forward, to the socialist ideal of man mastering industry, delivered from toil and want by machines powered with free energy. To these men, no abstraction, no tradition or institution, could stand between man and the liberation of all potentials.



"HANDS OFF! MY PERSON IS SACRED."

1. Prometheus in Arcadia

Cornucopia in the Desert

At the very moment when the ideal of the Virgilian shepherd crystalized before the Elizabethan poets, as religious strife and court intrigue peaked, Arcadia itself seemed to open up across the Atlantic. The silver poets called themselves shepherds. Philip Sidney captured the feeling:

Greater was that shepherds treasure, Then this false, fine, Courtly pleasure. [1]



ILLUSTRATIONS TO "SHEPHERD'S CALENDAR," 1597. JANUARY.

And before that bright soul died young in the Netherlands waging religious war, he longed to see America. As the tide of feudal rubbish swelled in Europe, the new world beckoned with pastoral promise: a return to the Golden Age, freedom from tyrants and politics and all forms of modern corruption, simple country living. And what a country!

If any man shall accuse these reports of partiall falshood, supposing them to be but Utopian, and legendarie fables, because he cannot conceive, that plentie and famine, a temperate climate, and distempered bodies, felicities, and miseries can be reconciled together, let him now reade with judgement, but let him not judge before he hath read. (A True Declaration of the estate of the Colonie in Virginia . . . London, 1610). [2]

Free land and trees laden with fruit as far as the eye could see. It appeared cornucopial and boundless, a garden of Eden with room to stretch your legs. The Indians were "noble savages," ignorant of every civilized vice, and in them Elizabethans saw the distance between themselves and the serene great men of Virgil's *Eclogues*.

Of course, this was not the America settlers found when they stumbled off their boats. America was brutal: it was disease, climate, hostility and starvation in a foot race to see which could kill

you fastest. It was a maelstrom of natural fury, before which the works of men trembled and crashed flat. It was as inhospitable as the desert.

Oddly enough, this was the other half of the appeal. It is true that the puritans came to this country seeking religious freedom, but when we think of 'religious freedom' today we think of the individual, bourgeois right to privately worship your own God. Nothing could be more foreign to the monomaniacal puritan, before whom this fallen world hovered like a terrible angel; in its concentric rings rotated all the spheres of this seeming life - the heavens and their meteors, parliament and its wars, the church, the family, the pettiest misfortunes and most absolute catastrophe, the unsounded depths of your soul – before the puritan all these were so many valences of a single, eternal test, at once cosmic and utterly personal.

To such a mind the separation of church and state is a bad joke. Nothing can be separated, nothing excused. To the serious puritan, religious freedom could only mean the freedom to establish a community founded on these ideals. And to this monomaniac, the hell across the Atlantic beckoned not like Eden, but like the desert. Like Moses, this second kind of Shepherd led his flock into desolation, seeing there a singular manifestation of the test this whole world was. Referring to the Utopian projects of the 19th century, Engels called America the “proving ground” of Communism. To the Puritans, it was the proving ground of their faith.



These religious undercurrents are important because political economy developed out of moral philosophy and natural law theory. Well into the 19th century, English political economy was taught at American universities as a branch of moral philosophy, aimed at eternal truths about right and nature. But in America, “nature” meant something different. So in order to understand American political economy, we must uncover this double articulation of the continent's promise. America was a cornucopian paradise, but also hell. To live here was a test, where what proved itself would prosper.

The English Question

By the 1830s, English industrialization posed two questions. The first was addressed to the rest of the world: who should industrialize and provide manufactured goods to the rest of the world in exchange for raw materials and food? The question was rhetorical – English political economists like Ricardo answered, *naturally*, that England should do it. America was the first to decidedly reject the English answer, to reject British free trade supremacy and emulate their technology. Hamilton's *Report on Manufactures* was something like a manifesto to this effect.

Internally, there was a second question, unfolding in a series of debates, anonymous pamphlets and riots which the founding fathers watched intently from across the Atlantic. This was the "machine question." In England, the peasants had been driven from the countryside into cities where they were thrust into factories, laboring for long hours under soul-crushing conditions. Women and children were not spared, upending the traditional family along with the ancient relationship between a people and the soil. Filth poured from drains and puffed from smokestacks, choking the land and its people. Man found himself an alien in the world he himself made.

“From this foul drain” Tocqueville wrote, visiting Manchester in 1835, “the greatest stream of human industry flows out to fertilize the whole world. From this filthy sewer pure gold flows. Here humanity attains its most complete development and its most brutish, here civilization works its miracles and civilized man is turned almost into a savage.”[3] It did not seem that one side of the industrial revolution could be separated from the other.

The sweeping social or spiritual consequences were mostly seen from above. Workers themselves were struck more by how well-paid craft labor was replaced with low wage factory

jobs, and how these were insecure, as machines put thousands out of work. The Luddites, who smashed machines, were the first instinct of a working class that found themselves aliens in a cold world, and blamed the machine itself.

Industrial Providence

This double question is the context of Hamilton and Coxe's Report on Manufactures, a visionary program for national development delivered to Congress 1791. America would not simply ape England's industry, but improve on it according to a unitary vision.

By the end of the 18th century England was the workshop of the world. Her political economists spread the good news of Free Trade, Ricardo kindly informing Portugal that she better just stick to wine and leave being an industrial superpower to England, lest she lose out on gains from “comparative advantage.” This is the “imperialism of free trade,” reinforced by an actual empire which systematically underdeveloped possessions like India and Ireland. American capitalists understood the revolution on these terms. Looking back in 1831, Secretary of State Edward Everett called the “restraint” upon “the labor of the country” the greatest evil of the colonial yoke, and wrote that “the first thought and effort of our fathers . . . [was to] encourage and protect the mechanical arts and manufactures.” During Independence Day celebrations in 1788 the manufacturing society of Pennsylvania entered a float in the Federal Procession draped in the banner: “May the Union Government Protect the Manufacturers of America.” [4] However, revolution alone could not clear this path. Only a comprehensive program of state support could get America's infant industries off the ground in the face of British competition.

This was the *Report on Manufactures*, presented to congress 1791. In the report Hamilton and Coxe called for systematic technology piracy, attracting technicians and inventions with stipends and flexible patent laws, under which English inventions could effectively be re-patented in America.[5] The report also called for protective tariffs and state sponsored infrastructure projects. Although never fully implemented, the report formed the foundation of the American system, developed in direct opposition to British free trade imperialism.

The American System was the first to draw systematic and practical conclusions from English political economy while simultaneously rejecting its dogmas. Capitalism was not treated as a fact or aberration of nature, but as a process, developing according to immanent and

empirically observable laws -- and by understanding these laws it could be managed, yoked to the young republic's will.

Hamilton's principal aim was to develop productive power in order to make America Strong. But this productivist vision was at odds with the pastoral ideal. In order to match Britain's productive power the free land grants would have to be replaced with factory jobs, and the women and children would have to join them. Machines would have to invade the garden. In England this was an ongoing nightmare. Jefferson abhorred the English factory system, but was too forward thinking and bright of a man to reject the machine. He consoled himself with the idea that the vast American countryside could absorb and diffuse the machines, purifying them and avoiding the British path. Hamilton had no such scruples. His report is utterly prosaic, even brutal in its unflinching productivism.

Though he wrote it, the report was not his alone. It was based on interviews with New England Manufacturers carried out by Hamilton's assistant, **Tench Coxe**. Coxe was himself involved in manufacturing circles, leading the Manufacturing Society of Philadelphia. Where Hamilton endorsed full bore productivism, and Jefferson a sort of idealized balance, Coxe recombines these themes in a novel way which reflects the religious double articulation of the American project.

For Coxe, it is precisely *through industrialization* that the cornucopian promise of this land can be realized. In describing this potential, he recapitulates the motif of natural providence, but extends it to our capacity for industry. This land is one great fallow field, waiting to be sown with the seeds of industry.

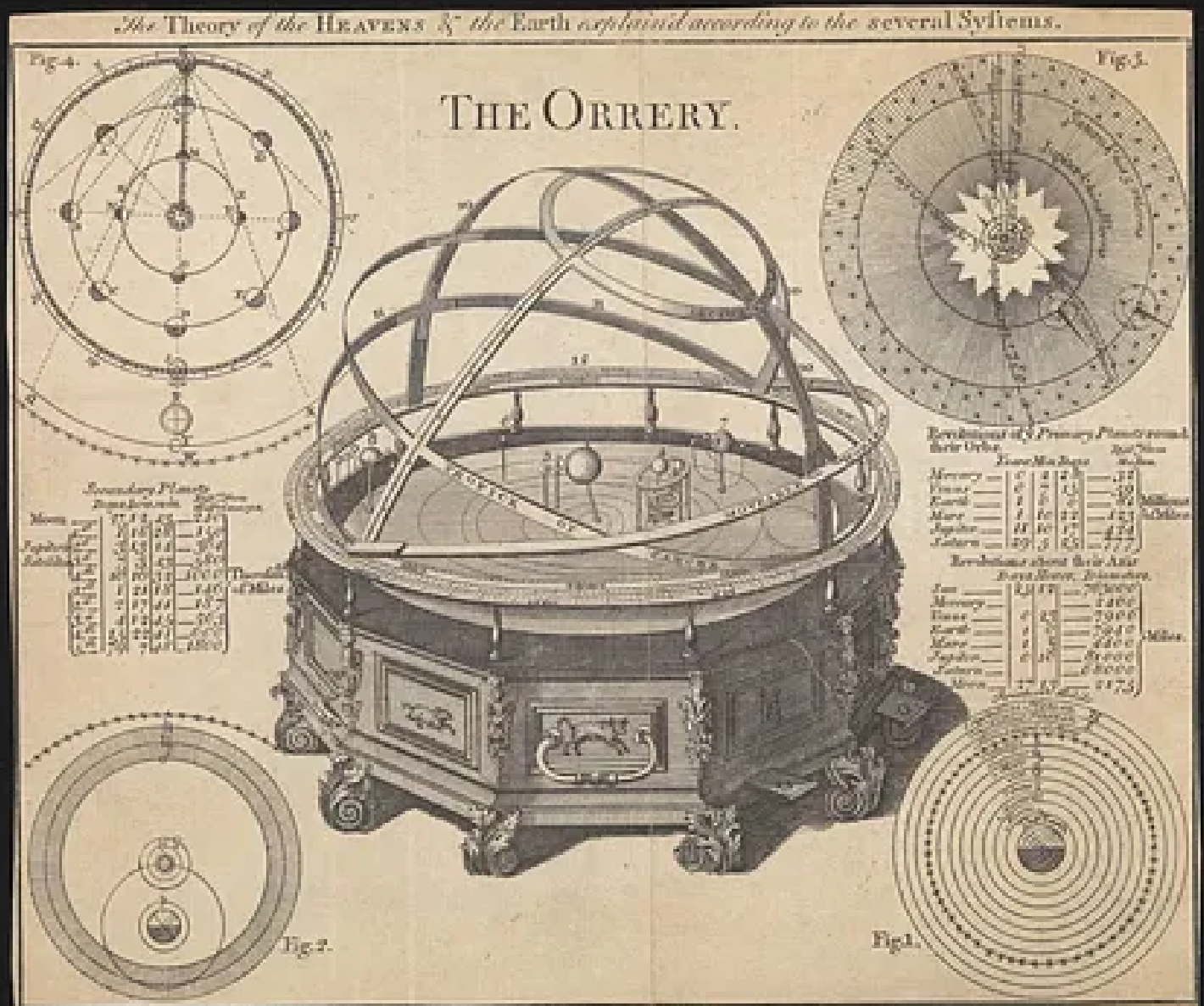
Providence has bestowed upon the United States of America *means of happiness*, as great and numerous, as are enjoyed by any country in the world. A soil fruitful and diversified — a healthful climate — mighty rivers and adjacent seas abounding with fish are the great advantages for which we are indebted to a beneficent creator. Agriculture, manufactures and commerce, naturally arising from these sources, afford to our industrious citizens certain subsistence and innumerable opportunities of acquiring wealth.

Plenitude does not hang before us as from so many fruit trees. Ours is a potential inheritance. God in his providence has given us not merely a gift but a challenge: Arcadia must be built, and built with machines. “Unless business of this kind is carried on,” he tells us, “certain great

natural powers of the country will remain inactive and useless. Our numerous mill seats . . . would be given by Providence in vain.” [6]

To Coxe, no essential distinction can be made between the natural and artificial. His model is the orrery, which reproduced in clockwork miniature the ordered movements of the celestial bodies. At the end of his book on the introduction of machinery to America, he celebrates the device. Leo Marx reflects on the meaning:

His entire argument for what we would call industrialization rests on the assumption that celestial mechanics, the orrery, the new engines of production, even the factory system — all embody the same ultimate laws of nature. What is more, and this is perhaps the most difficult attitude to grasp in retrospect, it is the same "mechanism" to which we respond, aesthetically, in the presence of the natural landscape. The identification of visual nature with the celestial "machine" is difficult to grasp because of our own feeling, learned from the romantics, that "organic" nature is the opposite of things "mechanical." But it is impossible to appreciate the dominant American attitude toward technology if we project this sense of contradiction too far back into the past. In other words, Coxe, who anticipates the popular view, is writing in the tradition of James Thomson, whose feeling for the beauty of the countryside was inseparable from his reverence for the Newtonian world machine. [7]





"INHERITED IDEAS ARE A CURIOUS THING."

The American School of political economy encompasses diverse thinkers and spans a century, from Hamilton and Coxe's explosive ROM through the New England protectionists, theorists of abundance via energy, and even explicit socialists, before falling into ignoble disrepute by the early 20th century -- but running through this lost horizon one can trace a single theme: the rejection of the British free trade orthodoxy in favor of economics as a practical science, oriented toward the development of productive forces, aimed ultimately not at profit but at augmenting the material well being of society as a whole.

However, not all American economists shared this vision. It is important to acknowledge the multitude of regional schools present in America during the early 19th century.

[...] the Northeastern clerical school, tied closely to British laissez faire orthodoxy; the Southern school, inspired initially by Jefferson and then degenerating into the Cooper school; the Middle Atlantic protectionist school led by Care pere et fils; and the Boston school of protectionist as a kind of hybrid of the latter two schools.[8]

Michael Hudson has undertaken a comprehensive study of all four schools. We will focus solely on what he has called "the most uniquely American," the mid-Atlantic protectionists. In particular, we will focus on the most systematic thinkers of this school: Daniel Raymond, the founder, and the final two contributors, Peshine Smith and Simon Patten. Generally, economists of the American school were not academics, and stood in opposition to the political economy taught in the universities. Political economy was then taught as a branch of moral philosophy, and was about as dogmatic as one might therefore expect. Hudson describes it as "an amalgam of British moral philosophy, the economic theories of David Ricardo and Malthusian population theory." [9]

Political economy was not originally a separate subject, but was taught as a branch of moral philosophy, typically by men trained in theology or law. It usually covered one of three terms in the senior year, after the moral philosophy course ... books described how economic growth should occur under a "natural" free trade order leading to the existing status quo, and how income was distributed under current production conditions. [10]

English principles of free trade and unalienable property were not merely scientific but moral. This led to stagnant theories of political economy, against which Marx, the German

Historicists, and the American School counterposed dynamic theories accounting for historical and social development.

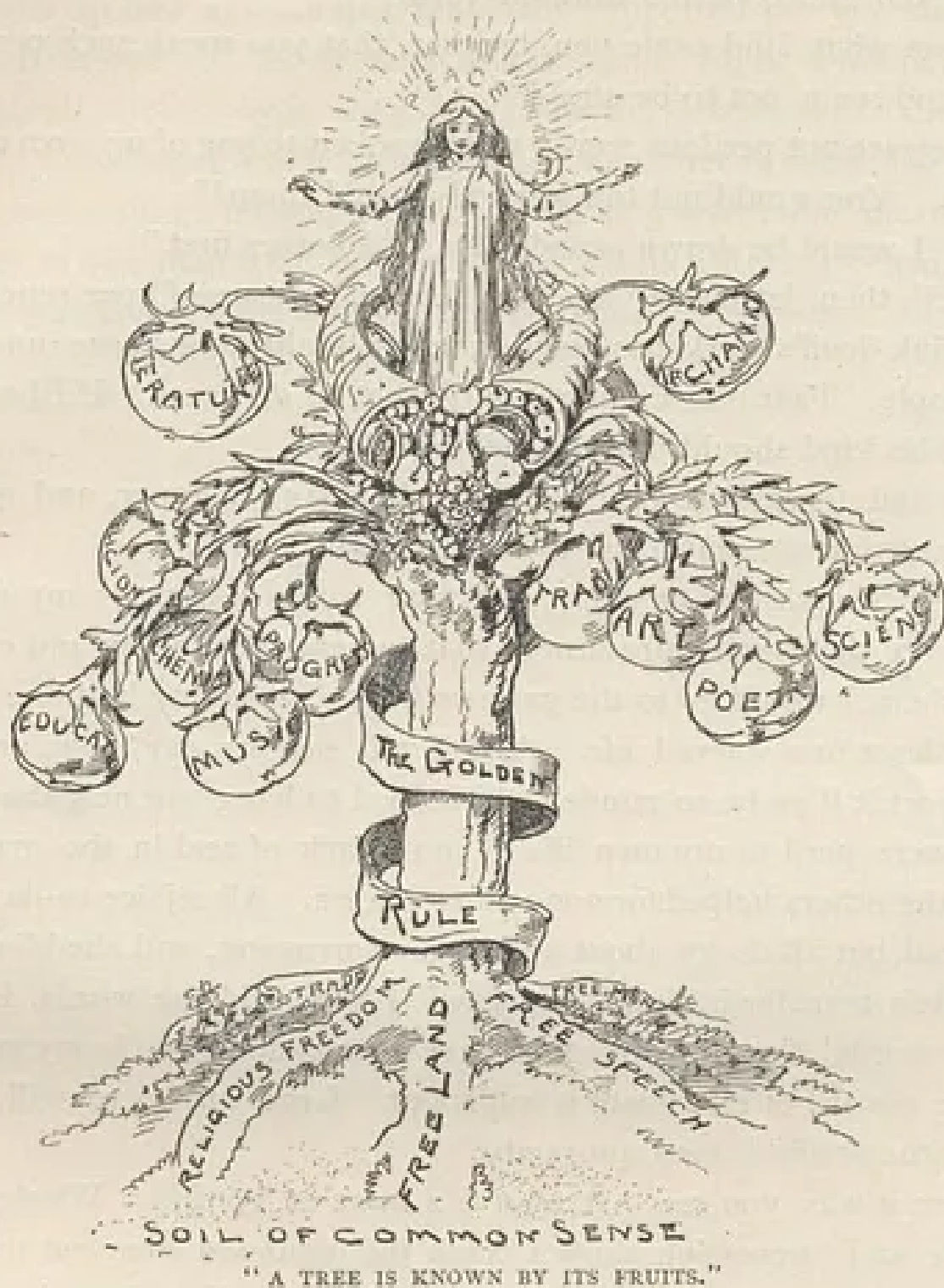
With academia dominated by English orthodoxy, the American school developed outside the university. Its idealogues were a motley band of political figures (Henry Clay, Andrew Steward), journalists (Mathew and Henry Carey and Horace Greely), ministers (Calvin Colton, Stephen Colwell and Robert Ellis Thompson), lawyers (Daniel Raymond, Peshine Smith), and late in the tariff controversy industrialists like Erastus Bigelow, Joseph Warton, and others.[11] These men were anything but disinterested; more often than not they were directly tied to industrial interests, and often enough their method was to take a given tariff policy and work backward to a theory in order to justify it. Of course, their ivoryed opposition were not without their own base motives: the British school of political economy takes the British empire as a premise, and in America that school appealed to the northeast and slave south because of their commercial ties to England. From the South, cotton made its way to the mills of Manchester and Lancashire and on ships that returned laden with manufactured goods. Planters saw no need to industrialize, and violently opposed the tariffs levied to protect northern industries. In 1832 this reached a boiling point when South Carolina declared recent tariffs unconstitutional and rejected them. During the ensuing nullification crisis South Carolina barred those who would not take an oath affirming nullification from militias and state offices. Up until civil war erupted in 1861, Tariffs were consistently the fault-line dividing industrial north and slave south. The "American system" stood on one side of a battle for the soul of the nation.

What was this system? - the phrase "American system" (as opposed to American school, which later historians use to describe the wider sphere of thought) was coined by Henry Clay during the 1820s to describe his platform of high tariffs, a national bank, and federally funded infrastructure. It was an industrial development program modeled on that of Alexander Hamilton; subsequent programs shared the name and much of the substance. What varied was the theoretical justification.

Some wrote only pamphlets and polemics, whereas others attempted systematic refutations of the British school. Daniel Raymond was the first of these, and is therefore rightfully called the father of the American School. In his preface Raymond calls Hamilton "one of the greatest men that ever lived," and calls the report "the only American book that has the semblance of a treatise on political economy." However, the report is limited in scope: "he does not profess to

treat of political economy generally, but only of detached parts of it.” In his *Thoughts on Political Economy*, published 1820, he attempted to systematize Hamilton’s insights, combining his productivist vision with his own puritan background, mobilizing the machine to build the city on the hill.

3. Daniel Raymond



National Wealth, What?

Raymond's central criticism of existing political economy was that it confounded national and individual wealth. "The great source of error on this subject, has been the confounding of national with individual wealth, than which no two things can be more different or distinct."

For instance, by a wealthy individual, we mean someone who possesses a quantity of wealth, in exchange for which they can obtain the necessities and luxuries of life without themselves performing labor. But this meaning is not applicable to nations. Nations exist at a scale where no conceivable hoard of treasure could relieve a nation of the need to produce for itself. "No nation ever did, or ever will possess property, for the use of which, it can obtain the necessaries of life for a single day, much less for months and years." [12]

Moreover, equivocation on this point has spawned a pernicious illusion: that a nation can support itself "by loaning its money to other nations, neither can it by renting or selling its lands to them. The very operation of such an act, would be the destruction of the nation."

Today, in the age of neocolonialism, offshore finance, and deindustrialization, this 200 year old judgement remains forceful.

This does not mean that national wealth is not a meaningful category. Leading into his own definition Raymond grows rhapsodic, blending themes from Hamiltonian industrial policy, the Jeffersonian-yeoman ideal of self-sufficiency, and the puritan morality of his New England upbringing. A nation is wealthy

[...] in that sense of the word, in which an industrious mechanic is rich, who has a good trade, but no property; -in that sense of the word in which a man is rich, who has a piece of land, sufficient to grow him all the necessaries of life, but which he is obliged, from necessity, to cultivate with his own hands; -rich in that sense of the word, in which God made man rich, when he placed him in a situation where he had the power of "eating bread in the sweat of his face." [13]

Here we have peak Raymond: quintessentially American, synthesizing Hamilton and Jefferson with the deep and white-hot vein of religious utopian enthusiasm which runs forgotten through the bedrock of this nation. Calling, in effect, for the realization of religious Utopia through Hamiltonian state-led development. Not as an isolated community, but as a nation, through the development of national wealth. This he defines as "A CAPACITY FOR ACQUIRING THE NECESSARIES AND COMFORTS OF LIFE." His description of how this capacity may be increased evinces clear parallels with the ROM:

If one nation has made greater improvement in the arts and sciences—in agriculture; if its lands are in a higher state of cultivation, if its roads, bridges, canals, mills, buildings, and

improvements, are in a greater state of perfection than those another nation, it has, for all these reasons, a greater capacity for acquiring the necessities and comforts of life, and possesses a greater stock of national wealth. So, if it has a better government, if its territory be more extensive, in proportion to its population, if it be more advantageously situated for commerce if its citizens enjoy exclusive privileges, in consequence of colonial monopolies, navigation laws, or any other laws, that give the nation advantages over other nations, it has, for all these reasons, a greater capacity for acquiring the necessities and comforts of life, and therefore, possesses greater national wealth than a nation that does not enjoy these privileges and advantages. [14]

This is national wealth, and in essence it is not unlike what Marx would describe decades later as the forces of production, although for Raymond, national wealth cannot be disconnected from its distribution throughout society as a whole. Also like Marx, Raymond defines man on the basis of these productive forces, and calls unconditionally for their development.

This power of invention distinguishes man from the brute creation, and it is the exercise of this power which has raised him from a savage to a civilized state; and *to say that this power ought to be abridged, or restrained, in any respect whatever, is not only an outrage on man himself, but it is also an impeachment of the wisdom of his Creator*, in bestowing upon him these faculties. [15]

The earlier tension, between the pastoral ideal and industrial modernity, dissolves into Raymond's conviction that technology belongs to man. What in England and elsewhere posed itself as the "machine question," an existential confrontation between men and the machines in which they were degraded as parts, appears surmountable to Raymond. Like Marx, he has no sympathy for romantic reaction. If technology has become a problem, the fault belongs to the social and institutional forms which make it so, not the technology itself.

>Whenever it is found that inventions in labour-saving machines, produce an injury to a community, the cause of the injury is to be sought for, in some previous and unnatural institution of the country, and not in the exercise of the ingenuity of man in the invention.[15]

Raymond takes a significant step when he makes social relations, rather than modernity or technology itself, the object of criticism. He then moves to explicitly replace the machine question with the property question.

Unity

Like his contemporary, Malthus, Raymond is trying to combine the insights of Smith and Say with the paradigm of the earlier mercantilist school. From Smith and Say, the focus on wealth as capital rather than metal; from the mercantilists, the responsibility of the sovereign to regulate the whole economy. In this vein, his second criticism is that the nation has not been properly conceived *as a unity*.

If the whole territory, and all the property of a nation is engrossed by a few, while a much greater number are sunk into a state of hopeless poverty and wretchedness, it matters not how great the sum total of individual wealth may be, provided the nation is to be considered as a unity composed of all its citizens, it can never be said to enjoy a high degree of national wealth. [17]

Political economy has catered to this few at the expense of the unity, and this reflects a set of assumptions which Raymond rejects. He develops this rejection in a polemic against Malthus. In 1820 Malthus was at his apogee, as his writings dominated the debate raging in England over the Poor Laws. Raymond felt compelled to respond. "No subject relating to the science of political economy, has excited so much interest ... in England, as that of pauperism; and in this country it is beginning to make a conspicuous figure in our political discussions." [18] He gives a straightforward interpretation of the main contention as he sees it:

The most prevalent opinion at present in England, seems to be, that the pauperism of that country has been mainly produced by a couple of statutes, passed in the reign of Elizabeth, providing a compulsory assessment, upon the different parishes in the kingdom, for the support of the poor These statutes, they tell us, by making provision for a compulsory assessment upon the property of the parishes for the support of the poor, "have relaxed the natural excitements to industry and foresight, and thus multiplied the instances of wretchedness."

Raymond has no doubt that the poor laws as they exist in England cannot solve the problem of pauperism in that country, and even concedes that they "may, in some measure, increase the quantity of the disease." To be clear, by pauperism, Raymond (in keeping with the

contemporary sense) means those who live on the welfare of others, rather than by their own labor or own property. Raymond thinks that a certain level of pauperism is natural in any country, but that certain conditions in England (not the poor laws themselves) exacerbate it. Raymond historicizes the problem, tracing it (as did Marx) to the mass expropriations of the 16th century, a "system of political economy" which made it "the indispensable duty of the English government to adopt some compulsory system for the support of the poor." What Malthus abstracted from its historical circumstances, Raymond takes concretely. Why were the poor laws passed during the enclosure movement, the looting of the guilds and monasteries, and the breakdown of the patrimonial economy? Because it was at that time civil society began to dissolve into the market, and an untenable division of property began, one which gradually dissolved the landed peasantry and deposited them in cities, leaving them with only their labor power as a means of sustenance. As usual, Raymond does not mince words: "The unequal division of property, in England, is the cause of the pauperism in that country." He continues, no less clearly: "The prevailing errors of the day on the subject of pauperism originated with Mr. Malthus, in his treatise on population." Founded "upon the principles of nature," he finds Malthus' argument "ingenious and plausible." But his conclusions are nonetheless false, because he has not been concrete, has not "treated the subject in conjunction with others, with which it is necessarily connected." As a theory of animal life, the theory is ironclad, and if we take the argument along with Malthus' own presuppositions, there is no reason not to apply it to that curious species: the English pauper. But Raymond does not share these presuppositions.

Malthus' theory presupposes that the present proprietors of the surface of the earth, the property holders of the kingdom, have a perfect, absolute, and exclusive right to their property.

Property

Like his 18th century predecessors, Raymond's political economy developed out of the Natural Law tradition, according to which man is endowed with certain rights by God, nature, or reason. Among these rights, property was considered fundamental. Private and exclusive ownership was the essential test of a sovereign's respect for the inviolate sphere of the

individual, whose relationship to his property was the microcosm of God to world, King to subject, all these spheres in harmony.

However, not all property is considered natural, an ambiguity which plagues the natural law tradition. Raymond followed John Locke and the early Puritans in restricting natural property to actual use and necessity, primarily the cultivation of land to feed oneself. But unlike Locke and his successors, Raymond saw no possibility of harmony between natural property and the forms of property recognized in an advanced society. The poor and starving all have a *natural* right to cultivate the land without an obligation of rent; the landlord has *no* natural right to property on which he merely collects rent without cultivating. But the practical application of these principles would lead to the perpetual dissolution of all claims, in a word anarchy.

This deadlock we have reached is his point. Raymond moves to reconceive property, not as a natural right, *but as a privilege granted by the state*. The question of property, then, is not one of eternal justice, but practical expediency. Seeking to maximize national wealth as defined above, how should the sovereign balance individual incentive with collective well being? Clearly, he writes, the absolute right of private property will have to be abrogated. Entail, primogeniture, and corporate laws have tended to further and further concentrate property in the hands of generational owners, while the greater and greater majority make their living by labor alone. If the class of owners choose, as is their right, not to employ this majority, then they must starve. This, not abstract population dynamics, has given rise to the situation of the paupers in England.

Tentatively, Raymond makes two suggestions on these grounds. In an earlier chapter, he recommends that all surpluses be distributed by the state.

If the product of our industry was annually clean consumed, the poor would neither be in want of labour, or bread. The rich would neither want for the necessities or comforts of life. Industry would not flag, for the want of motives for exertion; new life, energy, and activity would be infused into every portion of society.

His diagnosis of chronic overproduction and his prescription have been compared to the doctrine put forward by Keynes a century later. But in the chapter on Malthus, he takes a far more radical line. *Private property itself must be periodically suspended*, dissolved, and redistributed to the people.

Let those laws be repealed, which have had the effect to produce the present unnatural division of property; let those laws of primogeniture, entail, limitations of real property, and devises, be repealed; and *let the whole property in the kingdom, at least once in every generation, be resolved into the general mass, and be again divided among the people*. Let them pay off the public debt, a principal evil of which has been to produce the present unequal division of property. Let their private monopolies, money corporations, and peculiar privileges, be abolished. In short, let every law be repealed, the effect of which is, to give individuals enormous and unnatural revenues. Let this be done, and in the course of a century, the kingdom may be relieved of the principal portion of its pauperescent distress in England. [19]

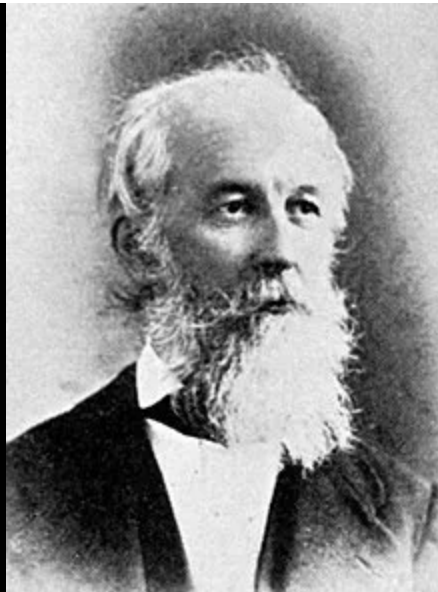
4. The Later American School

After 1848 the American school shifted from political agitation to systematic theory, and in doing so they seized upon the machine. With protectionism we were to develop industry, and with all the productivity gains wages would go up.

Before the 1820s, protectionists argued tariffs would keep wages down, but the advent of popular male suffrage in the 1820s introduced a populist incentive, and volte face they began to argue that they would keep wages high or increase them. In the 20th century American neoliberal economists again turned around, Paul Samuelson introducing the “price-factor equalization theorem,” purported to show the third world how dismantling their national protections would increase domestic wage levels by the magic of free trade. Hudson deems this a kind of blindness or hypocrisy, given the clear record of American development, which tells the exact opposite story.

Regardless, it wasn't until after 1848 that a new generation of American political economists sought to systematize the school, establishing principles to back up what had until then been largely an ad hoc collection of political rhetoric.

Peshine Smith's techno-theological optimism



Dissatisfied with the inconsistencies and unsound arguments of earlier protectionists, **Peshine Smith** (1814-1882) sought a new foundation for the school, writing that “young men cannot well have a faith made up of shreds and patches. It must be a consistent whole.” Command over energy proved to be this foundation. He took this potential to be infinite, as opposed to the scarcity economics of English orthodoxy, and in keeping with an American techno-providential optimism we can trace from Coxe up to the technocrats of the 20th century. On labor, machines, and energy, he broke with Ricardo. On his different concept of labor, Hudson writes:

>*Ricardo had viewed the work performance of labor as a fixed productive entity, an inherent ability independent of nutritional or related consumption standards. Implicit in this view was the conclusion that pauper labor, fed and clothed at a minimum subsistence level, was capable of contributing as great an output of work effort as labor which enjoyed superior living standards. It followed to Ricardo that high profits were incompatible with high wage levels. Peshine Smith, by contrast, found them complementary: not only was highly-paid manual labor superior in strength and exertions to poorly paid manual labor, but, as society's productive powers increased over time, capitalists introduced increasingly sophisticated forms of capital, which in turn required increasingly skilled labor to operate it. The American system of political economy, he wrote in 1852, “rests upon the belief that in order to make labor cheap, the laborer must be well-fed, well clothed, well-lodged, well-instructed, not only in the details of his handicraft, but in all general knowledge that can in any way be made subsidiary to it. All these cost money to the employer and repay it with interest.”*

Of course, this high paid class of engineer-workers required industrial power. This development would be fostered by protections - a powerful argument for winning labor to the cause of national industry. This optimism about machines was based upon a different view of energy, one cosmological in scope. For Ricardo the capture of natural energy, since it entailed no labor cost, was dismissed as "free" and therefore not within consideration. But for Peshine "it was precisely this ratio of industrial energy to human labor effort ... that represented the key to society's wealth-producing power." [20]

"The entire universe then is motion," he wrote to Carey in an 1857 letter, brimming with techno-providential optimism reminiscent of Coxe, "and the only point is how much of the universal and ceaseless motion shall we utilize and how much shall we permit to be working against us." It was up to man's "wit and will" to extend technological capture of this ceaseless motion and transform man's condition in this world. [21]

His use of the phrase "wit and will" ties his sentiments to a theological tradition. Saint Augustine declared the fall of Adam total, man's corruption absolute, but Thomas Aquinas offered some reprieve: man's *will* was corrupt, but in his intellect glimmered the divine spark. During the Renaissance and Reformation humanists and theologians formulated their degree of cosmological optimism or pessimism in terms of "wit and will." Peshine Smith stands therefore in a tradition of humanist optimism extending back to men including Giordano Bruno and Philip Sidney, and against the mainline of protestant pessimism according to which this world has fallen and man's corrupted will can change nothing. This theological premise filtered into bourgeois political economy, and just as Smith breaks with the conclusions of that economy, he breaks with its underlying theological-moral propositions.

Simon Patten's Yamantaka of Abundance



Following the tradition of Hamilton, Coxe, and Raymond, Peshine Smith grounded the protectionist school in a new political economy centered around energy rather than utility: the highest end of political economy was now the development of the productive forces and the replacement of manual labor with machinery powered by energy resources. **Simon Patten** (1852-1922), straddling economics and sociology, theorized the shape of this transformation. Influenced by the German Historical School and the German socialists, he rejected the static assumptions of classical political economy.

He developed this critique in theoretical essays published in the 1890s. He wrote that political economy began with the Physiocrats, for whom "wealth and progress are thought to be dependent upon and conditioned upon the physical environment." But "the growing supremacy of man over physical forces reduces the importance of the purely objective world, and brings to the foreground the social mechanism through which natural agents are utilized and economized." For this reason Adam Smith regrounded the discipline on principles derived from human psychology, but took for granted that this psychology was universal and unchanging. Bentham compounded the problem, reducing the mild sophistication of Adam Smith's bourgeois sentimentality to a crude calculus of utilitarian pleasure. Ricardo rounded out the static picture by ascribing "original and indestructible powers" to the soil. He also posited diminishing returns in agriculture, and this theory alongside the Malthusian population dogma "became a leading argument for those who doubted the possibility of an upward movement of all parts of society." The original connection between economics and social reform, present in Adam Smith, was lost as "the character of the doctrines to which the name economics was given became intensely conservative." [22]

Nor was he only a critic of the English. By the time Patten began to publish in 1885, Carey's protectionist school had degenerated into little more than a sycophantic appendage of the Republican party and its business interests. Returning from Halle with an enthusiasm for state led economic reform, he immediately clashed with this established clique, who eventually drove him out of academia. By the end of his career, he was a full fledged socialist. [23] He did not, however, see socialism as the product of proletarian revolution:

The earlier socialists thought the field of socialism to lie in schemes for elevating the toilers. Such schemes have failed. If they had thought of their projects as a means of socializing the capitalists, they would have been the prophets of a new epoch. The striking fact of recent

industrial organization has been the socialization of the groups that control them. The system, the interests, the money power, the trusts have bad ventures, but they represent the socialization of the groups interested in particular fields. The growth of large scale capitalism has resulted in the elimination of the unsocial capitalism and the increasing control of each industry by a socialized group. [24]

Like Marx, Lenin, Saint-Simon, Walter Lippman and others in some of their most enigmatic and far-sighted passages, Patten saw the development of socialism as the teleology of capitalism itself. Through new corporate forms, new means of communication and bookkeeping, and driven by the concentration of capital, ratcheted forward by periodic crises, the economy was socializing quite independent of revolutionary mass action. Under these circumstances, Patten looked ahead to the meaning of this brave new world for mankind. He saw that the era of scarcity was coming to an end: man in his mastery had unleashed abundance. Bearing out the consequences, he adopted social Darwinism but reversed its premises: "Formerly the underfed failed to survive; now it is the overfed among whom the elimination is taking place ... progress by elimination has not ceased, but has only changed in form." [25] The plague of plentitude would descend, scourging away the drunks and gluttons like an economic Yamantaka. Only the "Stalwarts" would remain. Building on the transformative conception of energy economics we have traced from Coxe through to Smith, Simon Patten writes that the coming abundance will not merely increase national capacity or raise wages, but transform human nature itself.

We have come full circle, back to the Christian-Humanist eschatological promises with which this continent called to Europe at the dawn of modernity. At the far end of industrial productivism, we return to the pastoral ideal. Only everything is changed. Instead of simple country life, it is the scourge of absolute industrial abundance that purifies, by giving the corrupt exactly what they want, which destroys them.

Conclusion

A school that began with a program for technology piracy, national protection, and state-led development, that looked ahead to a world where energy supplants labor, transforming society

and the world itself, necessitating new state powers and the end of capitalist competition - how is it that this school appears nowhere in our textbooks or national consciousness?

Like much of our history, that of American Political Economy has been rewritten. Rewritten to suit the ideologues of the cold war and the economists of the post-war world system. Against fact, private property was elevated to become a timeless American virtue. Against fact, free trade was sold to the third world as the path to development. But facts are stubborn things: America never held private property sacred, and our industrial might was built with state support and industrial protection.

Why dissemble? Because the present system of global imperialism rests on monopoly finance capital, sacrosanct as "private property," but in fact operating in tandem with the state and global institutions, which enforce free trade to keep raw materials from the third world cheap. Capitalism has died and gone to putrefaction, but the stupid moral philosophy it ingested lives on, damning us, justifying the anarchy, the tyranny -- arresting the will. Like our fathers, we must adopt the wisdom of the Connecticut Yankee: *let these old ghosts go to rest.*



Footnotes

<https://www.public-domain-poetry.com/stories/sir-philip-sidney/a-defence-of-poesie-and-poems/poems-10504>

Marx, Leo. 2000. *The Machine in the Garden: Technology and the Pastoral Ideal in America*; Oxford: Oxford Univ. Press.

Hobsbawm, *Age of Revolution*, 27

Marx, Leo, Ibid 173-174

Ben-Atar, Doron S.. "Alexander Hamilton's Alternative: Technology Piracy and the Report on Manufactures." *William and Mary Quarterly* 52 (1995):

389. <https://fourthestatepolicy.com/wp-content/uploads/2023/03/alexander-hamiltons-alternative.pdf>

Ibid. 164-167

Ibid. 169

Hudson, Michael, *America's Protectionist Takeoff*, 17

Ibid. 299

Ibid. 12

Ibid. 20

Daniel Raymond, *Elements of Political Economy*, 41 In this essay I have loosely jumped between his 1820 *Thoughts on Political Economy* and his later *Elements of Political Economy*, published in two volumes 1823 and 1836. I feel justified in doing so by the fact that the later is clearly a rewriting of the earlier book, similar in form and content. His most radical conclusions appear in the 1820 book, specifically where he responds to Malthus. Since the response to malthus was topical at that time, I do not think the later omission should be read as a renunciation of those views. My reading of Raymond has taken influence from Conkin, Paul. *Prophets of Prosperity: America's Religious Entrepreneurs*. Chapel Hill: University of North Carolina Press, 2009.

Ibid. 51

Daniel Raymond, *Thoughts on Political Economy*

Raymond, *Elements*, 106

Ibid.

Ibid. 52

Raymond, *Thoughts on Political Economy*

Raymond, *Thoughts on Political Economy*, 278. Admittedly, Raymond immediately calls his own suggestion impractical.

Hudson, 162

Ibid.

Ibid. 291

Ibid. 259

Ibid. 295

Ibid. 277-8