

## AMERICAN HISTORY: JEFFERSON VS. HAMILTON ON CAPITALISM

For some fresh thoughts about the history of capitalism vs. big government in America as a fight between Jeffersonianism versus Hamiltonianism (rather than capitalism and socialism), check out: [https://www.amazon.com/Politics-Crazy-America-Lost-About-ebook/dp/B00X1EM3AW/ref=sr\\_1\\_1?ie=UTF8&qid=1545440067&sr=8-1&keywords=politics+of+crazy](https://www.amazon.com/Politics-Crazy-America-Lost-About-ebook/dp/B00X1EM3AW/ref=sr_1_1?ie=UTF8&qid=1545440067&sr=8-1&keywords=politics+of+crazy)

### THE POLITICS OF CRAZY



Here is an excerpt:

“In the years after the American Revolution, Northern states began a shift toward Hamiltonian capitalism. Over strenuous Southern objections, those states, and the federal government wherever possible, began chartering banks, building canals, expanding ports, and laying railroad tracks. You can’t develop a coal industry in Pennsylvania if you can’t ship the product to New York. Building that infrastructure would require more organization and capital than individuals or banks could fund on their own, but would yield massive benefits to a wide swath of the country. Southerners fought to block most federal expenditures for infrastructure. President Jefferson himself dismissed the Erie Canal as “little short of madness.” His fellow Virginian, President James Madison, vetoed an effort to fund it. It was eventually financed by New York State. It brought massive new wealth to the Great Lakes basin and solidified New York City as the economic center of the nation.

It brought nothing to the South.

My Southern ancestors lived quiet, rural lives. The harshest and most dangerous labor in their world was performed by slaves, giving them a sort of borrowed dignity regardless of whether they owned any slaves themselves. Religion was paramount, followed by family, clan, and country. Their agricultural model and warm climate left them free from the need to organize any meaningful government beyond basic police and courts.

There were trains and factories, but few of them. Southern states resisted any organized industrial planning and fought federal efforts to build infrastructure. Southerners feared that the rise of industrial capitalism and the infrastructure it demanded would destroy their massive investment in slavery and undermine the ethic of white supremacy that offered them such essential comfort and social unity. They were right.

Capitalism creates a gravity toward innovation, urbanization, education, and public infrastructure. The complexity that accompanies capitalism creates pressure on public institutions to expand. Capitalism assigns scarce resources based on open competition, a dynamic that threatens traditional institutions based on race and inheritance. It grants ever increasing power to those who wield disruptive innovation to challenge old ways of operating. It gradually shifts power toward an aristocracy of initiative and intellect, weakening power based on family, religion, and tradition.

Capitalism is as hostile to white supremacy as it is to charity, compassion, or conservation. Jeffersonians opposed its spread through every possible means. As a consequence, when the Civil War came, the South never had a chance. Having missed the Industrial Revolution almost entirely, the Confederacy was weaker than the Northern states in almost every respect. The Jeffersonian model didn't just leave them trailing in factories and railroads.

As former Senator James Webb pointed out in his book *Born Fighting*: *"With only one-third of the white population, the south had nearly two thirds of its richest men and a large proportion of the very poor ... In 1860 seven eighths of [foreign] immigrants came to the north ... In the north, 94% of the population was found to be literate by the census of 1860; in the south barely 54% percent could read and write. Roughly 72% of northern children were enrolled in school compared with 35% of the same age in the south."*

Southerners' martial spirit made them formidable fighters, but they were lousy at coordination and unable to match the North's infrastructure advantages. The Confederacy with its Jeffersonian economy was plowed under by the massive organizational power of a capitalist civilization. It lost because it had built a weaker, poorer system.

Wars don't necessarily change cultures. The South has experienced waves of Federal Reconstruction, including the postwar occupation, the New Deal, and the civil-rights movement. Yet my people have never openly confronted the central question that still hangs in the air.

In the southern states in the early 21st century, politicians almost universally speak favorably of capitalism, but only because they have lost any sense of what the term means. Southern conservatives are as steeped in Jeffersonian values as they have ever been. The term capitalism as wielded by southern conservatives today means simply “not socialism.” It is the opposite of anything that smacks of activist government. Conservatives in the South remain as hostile to Hamiltonian commercial capitalism as my ancestors were.

No one can say out loud that they are fighting for the Confederate way of life, and some who embrace it may not even recognize it. You can get some hints at what’s going on if you probe Ron Paul’s fans for their thoughts on Lincoln. The weird AM-radio and Tea Party rhetoric of fighting “socialism” sounds absurd, but only if you take the term literally. As a proxy for the neo-Confederate economic and cultural model, this language makes perfect sense.

The fight against socialism is over, and capitalism is now virtually unchallenged as the global economic model. Socialism is as relevant to American politics as is monarchy. Despite the noisy rhetoric, policy debate in America no longer has any relationship to that dead conflict. Though few of us recognize it, Americans in our era have gone back to fighting over our most fundamental conflict, older than either capitalism or communism. It’s still about Jefferson and Hamilton.

Hamilton’s model has always been more practical, more prosperous, more powerful, and unfortunately far less romantically appealing than Jefferson’s. The emergence of a muscular new global capitalism over the past generation has shifted the balance of power decisively away from Jefferson. The dominant ethics of Jefferson’s slave republic are so grotesquely out of place that they can no longer be defended directly.

It’s no longer a fair competition. In our era, Jeffersonian democracy is a prescription for poverty, injustice, oppression, and ultimately economic decline (89-92).”