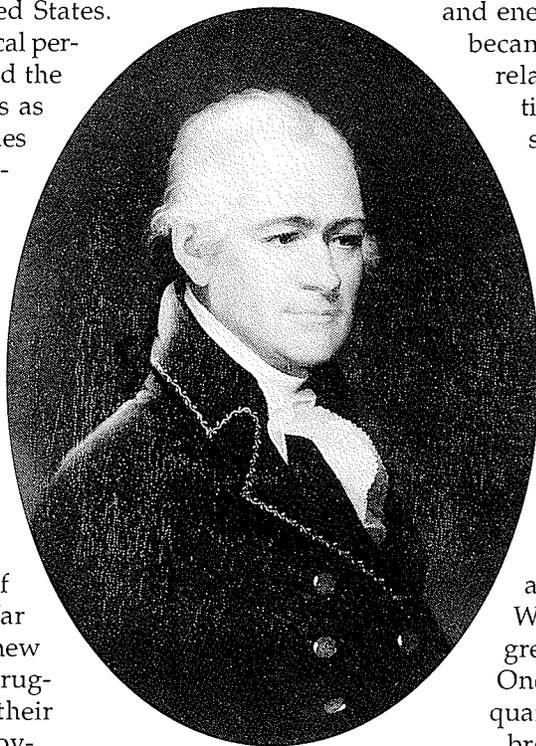

HAMILTON'S LEGACY

He was George Washington's right-hand man, an abrasive genius and ruthless political infighter. As America's first secretary of the treasury, Alexander Hamilton worked hard to implement his vision of government, economy, and foreign policy—a vision that merits renewed attention in these uncertain times.

BY MICHAEL LIND

After the revolutions of 1989 brought down communism in Eastern Europe, many of the political and intellectual leaders of the emerging democracies turned for guidance to the United States. Americans of all political persuasions recommended the writings of such sages as Thomas Jefferson, James Madison, and Abraham Lincoln. Alexander Hamilton was seldom mentioned, even though his contributions to that compendium of political wisdom, *The Federalist*, far outweigh those of his co-authors Madison and John Jay. No one suggested that the theories and example of Hamilton might be far more relevant to the new democratic regimes struggling to consolidate their rule and build new governmental, financial, and military institu-



Alexander Hamilton (by Ezra Ames)

tions on the remnants of Soviet colonialism.

This oversight is puzzling, if not tragic, because Hamilton was perhaps the most practical nation builder among the Founding Fathers. Thanks largely to his vision and energy, the United States became what it is today: a relatively centralized nation-state with a military second to none in the world, a powerful presidency, a strong judiciary, and an industrial capitalist economy. John Marshall, the first chief justice of the Supreme Court, who did so much to fix Hamilton's expansive view of federal authority in law, thought that Hamilton and his mentor George Washington were the greatest of the Founders. One contemporary acquaintance, Judge Ambrose Spencer, who had clashed with Hamilton, nevertheless declared

that he was "the greatest man this country ever produced. . . . He, more than any man, did the thinking of the time." The great French diplomat and statesman Talleyrand, who worked with Hamilton during the Revolution and the early years of the republic, put his "mind and character . . . on a par with [those of] the most distinguished statesmen of Europe, not even excepting Mr. Pitt and Mr. Fox."

Such praise was anything but fulsome. As well as serving as George Washington's valued aide-de-camp during most of the Revolutionary War (and successfully reorganizing the Continental Army as one of his tasks), Hamilton helped to initiate the move toward a more centralized union that resulted in the Philadelphia convention of 1787 and the federal constitution. His view of the Constitution as the source of implied as well as enumerated powers became the dominant interpretation, thanks to his admirers and students John Marshall, Joseph Storey, and Daniel Webster, and his conception of expansive presidential war and foreign policy powers would prevail in the 20th century. As secretary of the treasury (1789-95), Hamilton established the fiscal infrastructure of the new republic, including the Bank of the United States, precursor of the Federal Reserve. He not only articulated the theory of tariff-based industrial policy (an inspiration to later American, German, and Japanese modernizers) but organized the Society for Useful Manufactures (SUM), the first American research institute and industrial conglomerate, sited on 38 acres by the Passaic River falls in Paterson, New Jersey.

Today, however, those who remember the mastermind of the Washington administration (1789-97) tend to know only a caricature of Hamilton as a champion of the rich—the prototype of such Wall Street wizards as Andrew Mellon and Michael Milken. Now and then Hamilton's ideas are invoked by those seeking to justify policies of economic nationalism, but more often "Hamiltonianism" is used as

shorthand for a blend of plutocracy and authoritarianism, the antithesis of democratic idealism associated with his lifelong political rival Thomas Jefferson. (Jefferson placed a bust of Hamilton on the right side of the entrance hall at Monticello, across from his own portrait on the left. He explained to visitors: "Opposed in death as in life.") Regardless of political orientations, American politicians all claim to be Jeffersonians. Few, if any, will admit to being Hamiltonians. In the late 20th century, it appears, the consensus holds that Noah Webster was right to name Hamilton "the evil genius of this country."

It is far easier to understand why Hamilton has been maligned than why he has been forgotten. His life was as dramatic as any in the annals of the early American republic. The only non-native among the Founding Fathers, he was born in the British West Indies, probably in 1755, the illegitimate son of an aristocratic Scot and a French Huguenot. Orphaned at 13, he supported himself as a clerk in the St. Croix office of a New York import-export firm, acquiring a head for commerce that would further distinguish him from all the other Founders but Franklin. Hamilton so impressed his employers with his intelligence and industry that they, and other sponsors, sent him to the North American colonies to further his education. He enrolled in King's College (later Columbia) in 1773, but academic pursuits were cut short by his involvement in the writing of anti-British pamphlets and the subsequent outbreak of war. Nevertheless, wide and thorough reading kept Hamilton abreast of intellectual developments in Britain and continental Europe. Perhaps one of the strongest influences on his thought was the work of the Scottish philosopher David Hume, whose skepticism about classical republicanism and yeoman virtues made him anathema to Jefferson and other American republican idealists.

Psychobiographers eager to explain away Hamilton's devotion to the principle of a strong military need look no farther than his

years in the inner circle of Washington's headquarters. As a member of what Washington called his "family," Hamilton made himself so indispensable that he almost missed his chance for martial glory. (That finally came at the Battle of Yorktown, where the slight, still boyish-looking officer personally led his battalion in an assault on a British position.) The bond forged with Washington, though subject to strains, would eventually bring Hamilton into the first president's administration. But between the war's end and Washington's inauguration, Hamilton was never idle. He read and practiced the law, started a family with Elizabeth Schuyler (a New York patrician's daughter whom he had married in 1780), and became increasingly involved in New York and national politics. To the latter he brought his strong conviction that the weakly knit confederation could not work, a conviction that spurred his cogent defense of the proposed constitution in the essays that he and his collaborators Madison and Jay wrote between October 1787 and May 1788. (At least two-thirds of the 85 essays eventually published as *The Federalist* came from Hamilton's pen.)

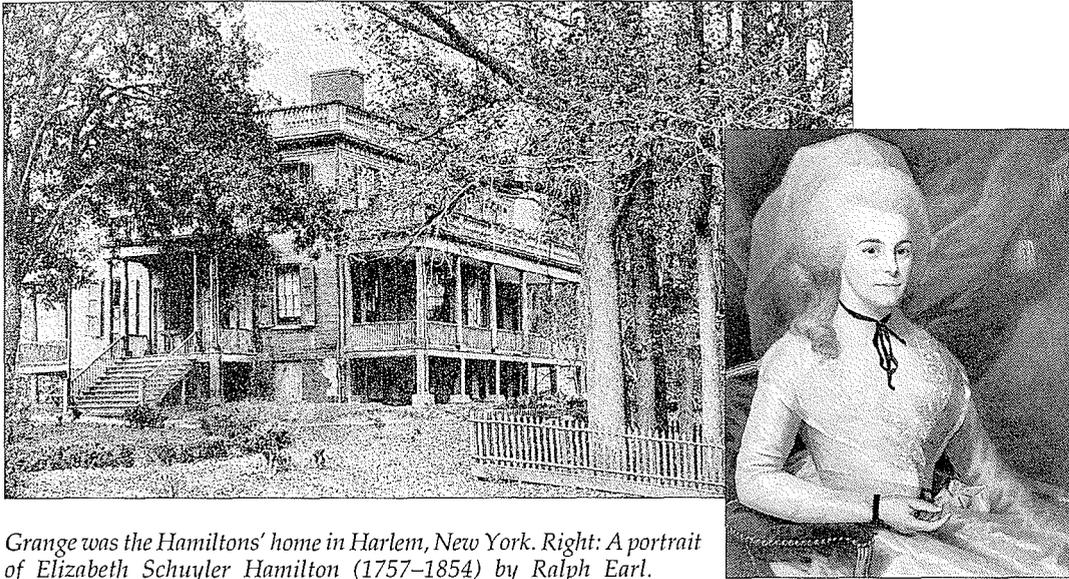
As an immigrant, Hamilton lacked any ties to a particular region that might have qualified his intense devotion to the American nation in its entirety. Installed as Washington's secretary of the treasury, he took decisive steps to strengthen the standing and power of the federal government. To that end, and to make the nation creditworthy, he arranged for the federal government to assume the debts accumulated by the states during and after the Revolution and devised a system of taxation to pay off the debt. (A political pragmatist, he won support for his plan, a bitterly contested assertion of sovereignty by the federal government, by agreeing to back Thomas Jefferson and other southerners in their ambition to move the nation's capital to a site on the

Potomac River.) Though at first opposed to political parties because of their disruptive character, Hamilton helped to create and then took the helm of the Federalist Party to push his policies through the legislature. His rivals in the newly formed Republican Party, including Secretary of State Thomas Jefferson, fought just as hard to thwart Hamilton's agenda, which they labeled crudely as probusiness, antidemocratic, and monarchical. Hamilton's disposition to favor England over France—and to hold up England's powerful civil administration as a model—only stoked his enemies' animosity. The Republicans' efforts to drive their foe from office, including unfounded accusations of wrongdoing, finally succeeded in 1795, two years before the end of Washington's second term.

Still wielding power in private life—among other ways, through the *New York Post*, which he founded (and which survives to this day)—Hamilton began to make enemies even among his fellow Federalists, opposing John Adams's reelection to the presidency in 1800 and supporting the Louisiana Purchase in 1803. Hamilton, who, like Napoleon, preferred to make war on allies, enraged another Federalist by speaking ill of his candidacy for the governorship of New York. The offended party, Aaron Burr, demanded satisfaction. Hamilton accepted, though in the resulting duel he took care to aim away from his challenger. Burr was not so gracious. Hamilton, who as a boy had hoped to become a physician, offered an immediate evaluation of his condition: "This is a mortal wound, Doctor." He died the next day—July 14, 1804.

His ideas could not be so easily extinguished. Like his rival Jefferson, Hamilton was a theorist as well as a statesman. His premature death prevented him from writing the "full investigation of the history and science of civil government and the various modifica-

Michael Lind, a senior editor of Harper's, is the author of The Next American Nation, which will be published by the Free Press in the autumn of 1994. Copyright © 1994 by Michael Lind.



Grange was the Hamiltons' home in Harlem, New York. Right: A portrait of Elizabeth Schuyler Hamilton (1757–1854) by Ralph Earl.

tions of it upon the freedom and happiness of mankind," to which he had planned to devote his later years, according to his admirer Chancellor Joseph Kent, an early chief justice of the Supreme Court of New York. Though he never wrote his treatise on government, Hamilton lived to see the republication of *The Federalist* and his polemical *Pacificus* letters defending presidential authority in foreign affairs. These and other occasional writings, together with the three great reports he made to Congress as secretary of the treasury—*The Report on the Public Credit* (1790), *The Report on the Bank of the United States* (1790), and *The Report on Manufactures* (1791)—constitute a substantial body of work explicating the principles of Hamiltonianism.

As Hamilton saw it, the United States was (and should always remain) a nation-state in which the states are clearly subordinated to a strong but not oppressive federal government. The federal government must possess the military force not only to secure America's interests abroad but to suppress domestic insurrection quickly and effectively—a lesson he learned in the Whiskey Rebellion, which President Washington, with Hamilton's aid, put down in 1794. The success of the federal gov-

ernment, for Hamilton and his followers, depends upon an efficient and competent executive branch and a powerful federal judiciary, both insulated to a degree from the popularly elected legislature. "The test of good government," Hamilton wrote, "is its aptitude and tendency to produce a good administration." Holding that good administration requires first-rate officers with long tenure, Hamilton firmly rejected the Jeffersonian notion that a great and powerful state can be administered by amateur politicians and short-term, inexperienced appointees.

One of the duties of the federal government, in Hamilton's view, is the active promotion of a dynamic, industrial capitalist economy—not by government ownership of industry (which Hamilton favored only for military contractors) but by establishment of sound public finance, public investment in infrastructure, and promotion of new industrial sectors unlikely to be profitable in their early stages. "Capital is wayward and timid in lending itself to new undertakings, and the State ought to excite the confidence of capitalists, who are ever cautious and sagacious, by



A cartoon of 1793 ridicules the Anti-Federalists' overheated attacks on Hamilton.

aiding them to overcome the obstacles that lie in the way of all experiments," Hamilton wrote in *The Report on Manufactures*.

Hamilton, who had studied Adam Smith's *Wealth of Nations*, agreed with the Scottish philosopher on most points but criticized two of his ideas. He rejected Smith's notion that agriculture was preferable to manufacturing industry. And though Hamilton saw many benefits in trade and foreign investment, he believed that free trade was a mistaken policy in some circumstances. Hamilton had learned during the Revolutionary War how important it was for a country not to depend on others for "the manufactories of all the necessary weapons of war." He also advocated protection of infant American industries such as textiles, at least until they were capable of competing on an equal basis with foreign products. Finally, Hamilton

thought it foolish for a country to open its markets to countries that protected theirs. In short, Hamilton held that economic policymakers should be guided by results rather than by dogmas in promoting state interests such as national security and the diversification of the national economy.

With the collapse of the Federalist Party a few years after Hamilton's death in 1804, his philosophy of a strong, centralized national government promoting industrial capitalism and defending America's concrete interests abroad with an effective professional military passed into partial eclipse for a couple of generations. Quite different conceptions—states' rights, minimal government, agrarianism, isolationism, a militia-based defense—inspired the Jeffersonian and Jackson-

ian Democrats who dominated antebellum American politics. "National Republicans" such as John Quincy Adams, and later Whigs such as Daniel Webster and Henry Clay, kept the Hamiltonian legacy alive. The Whigs, fusing with antislavery Jacksonian Democrats in the 1850s, formed the new Republican Party, which under Lincoln and his successors crushed the Confederacy, abolished slavery, and made America into a strong union linked by a federally sponsored railroad infrastructure and industrializing behind high tariff walls.

The triumph of the Union was in many ways a vindication of Hamilton's vision, as was the rise of the United States as one of the world's great powers by the time of the Spanish-American War. "For many decades after the Civil War," Hamilton biographer Forrest McDonald writes, "his niche in the pantheon of American demigods was beneath only Washington's, if indeed it was not at Washington's right hand." Even so, the industrial magnates of the Gilded Age—the Jay Goulds and Edward H. Harrimans and J. P. Morgans—were not as a rule Hamiltonian in their philosophy. They tended to follow Herbert Spencer, the English philosopher of laissez-faire Social Darwinism. Moreover, many American business leaders were pacifists, believing that international capitalism, by increasing interdependence, would render war and economic rivalry between states obsolete.

The intellectual and political heirs of Hamilton operated largely outside the realm of business. Harvard political scientist Samuel P. Huntington, in *The Soldier and the State* (1957), describes the rise and fall of a neo-Hamiltonian school between 1890 and 1920. It included politicians such as Theodore Roosevelt and Massachusetts Senator Henry Cabot Lodge as well as intellectuals such as Herbert Croly, Brooks Adams, and Alfred Thayer Mahan, the prophet of American navalism and great-power politics. This congeries of like-minded men often combined *realpolitik* in foreign policy with support for progressive reforms at home—more in the

interest of national efficiency than of abstract social justice. They rejected the Gilded Age's celebration of the entrepreneur in favor of the patrician-military ideal of an elite that serves the public by serving the state. According to Huntington, "Brooks Adams even went so far as to suggest openly that America would do well to substitute the values of West Point for the values of Wall Street." (It should come as no surprise to learn that West Point was a scaled-down version of Hamilton's grandiose vision of a comprehensive military academy.)

At the beginning of this century, Hamilton's reputation reached its peak. The most influential of his proponents was Herbert Croly, the founding editor of the *New Republic*. In *The Promise of American Life* (1909), Croly contrasted Hamilton's view that "the central government is to be used, not merely to maintain the Constitution, but to promote the national interest and to consolidate the national organization" with the Jeffersonian theory that "there should be as little government as possible." The latter view rested on what Croly considered a naive belief in "the native goodness of human nature." To Croly and his allies, Jeffersonian doctrines, if they had ever been relevant, were obsolete in the new era of national and multinational corporations, mass organizations, technological warfare, and imperialism. Croly conceded that Hamilton's version of American nationalism had been inadequate because of its excessive distrust of popular democracy, but he held that the basic conception of an activist national government promoting the common good was as compatible with egalitarian as with aristocratic notions of a good social order.

Croly's beau ideal of an American statesman was Theodore Roosevelt, whom he praised for emancipating "American democracy from its Jeffersonian bondage." TR united progressive nationalism in domestic policy with an assertive realism, based on military power, in foreign affairs—a realism seen in his seizure of Panama and his mediation of the

Russo-Japanese War in the interest of the Pacific balance of power, for which he won the Nobel Peace Prize in 1904. Roosevelt, like his friend Henry Cabot Lodge, chairman of the Senate Foreign Relations Committee, favored U.S. intervention in World War I but opposed Wilson's League of Nations Treaty because it committed the United States to a vague collective security arrangement rather than a traditional limited alliance. In his own biography of Hamilton, published in 1883, Lodge predicted that "so long as the people of the United States form one nation, the name of Alexander Hamilton will be held in high and lasting honor, and even in the wreck of governments that noble intellect would still command the homage of men."

Lodge spoke too soon. After World War I, Hamilton's reputation, along with Hamiltonianism, went into sudden decline. The defeat of the progressive TR-Robert La Follette wing of the Republican Party by the representatives of the conventional business elite made the Republicans hostile to overseas military intervention, high levels of military spending, and ideas of government activism in the economy, even on behalf of business. The liberal wing of the Democratic Party inherited the legacy of Hamiltonian progressivism. But New Deal liberalism, as it evolved in the 1930s, was quite different from the nationalism of earlier Progressives such as TR and Croly.

The claim is often made that the New Deal resulted in a fusion of the two great American traditions of government—the pursuit of Jeffersonian ends by Hamiltonian means. The historian Merrill D. Peterson writes that during the New Deal, "national power and purpose grew without disturbing the axis of the democratic faith. For all practical purposes, the New Deal ended the historic Jefferson-Hamilton dialogue in American history." One might more plausibly argue that New Deal liberals abandoned the democratic and technocratic Hamiltonianism of Herbert Croly in favor of the ideal of the lobby-based broker state.

Partly to shield themselves from accusations that the New Deal was the American version of fascism or communism, New Dealers stressed the *absence* of centralized state direction of the economy. The journalist John Chamberlain described Roosevelt's broker state as a liberal-democratic alternative to the directive state of the Progressives (and totalitarians). Interest-group liberalism was seen as a pragmatic, democratic, American version of corporatism or syndicalism. "We have equilibrated power," theologian Reinhold Niebuhr wrote. "We have attained a certain equilibrium in economic society itself by setting organized power against organized power" in the form of unions, corporations, and professional associations.

New Deal liberals found a patron saint for interest-group liberalism not in Hamilton but in Madison, particularly in his *Federalist* no. 10, with its theory of factions in a democracy. They reinterpreted Madison to stress the idea not of conflict but of harmony and equilibrium through pluralism. In the 1940s and '50s, Madison was elevated to the status of a patron saint of interest-group liberalism, while Hamilton, the moving force behind *The Federalist*, was denounced by, among others, historian Douglass Adair for favoring "an overruling, irresponsible, and unlimited government."

Franklin D. Roosevelt himself played an important role in expelling Hamilton from the American pantheon. FDR, a tory Democrat from the landed gentry of the Hudson River, saw himself in the tory democrat from the Virginia Tidewater. In his mind, Jefferson stood for popular government, not necessarily for weak or decentralized government, while Hamilton was a forerunner of Andrew Mellon and identified with the worst excesses of callous plutocracy. Reviewing a book by Claude G. Bowers, *Jefferson and Hamilton: The Struggle for Democracy in America*, Roosevelt suggested in 1925 that the common people needed a champion against the forces of plu-

ocracy: "I have a breathless feeling, too, as I wonder if, a century and a quarter later, the same contending forces are not mobilizing." At the 1928 Democratic national convention, FDR, the keynote speaker, declared, "Hamiltons we have today. Is a Jefferson on the horizon?" Soon enough, Jefferson—or at least a sanitized Jefferson, whose racial views and small-government, states' rights preferences were conveniently underplayed—came to stand at the head of a line leading, by way of Andrew Jackson, to President Franklin D. Roosevelt himself. The work of rewriting American history as a prelude to the New Deal was completed by the moderate-liberal consensus historians of the 1950s and '60s, including Arthur Schlesinger, Jr., and Richard Hofstadter. At least one dissenting historian, Samuel Eliot Morison, considered this dismissal of the Federalist-Whig-Republican tradition "unbalanced and unhealthy, tending to create a neoliberal stereotype." But Hamilton's stock remained low.

To the extent that the Hamiltonian tradition lived on, it was in foreign policy. The logic of the broker state did not apply to the centralized national-security state that was assembled during World War II and consolidated into a permanent structure during the Korean War. Samuel Huntington notes "the curious way in which Theodore Roosevelt was the intellectual godfather of Democratic administrations after 1933" in foreign policy, and he sees a "clear line" from such neo-Hamiltonians as TR and Elihu Root to "Stimson to Marshall, Lovett, and McCloy."^{*}

One might have expected the leaders of the civil rights movement of the 1950s and '60s to have looked to Hamilton for inspiration. The civil rights struggle, after all, was largely carried out in the name of federal authority by federal judges, whose power and indepen-

^{*}The theory of Cold War American realism, however, owed little to Hamilton, TR, Lodge, or Mahan, and far more to European émigré intellectuals such as Nicholas Spykman and Hans Morgenthau (the exception being the perennial critic of foreign policy utopianism, Walter Lippmann, Croly's fellow *New Republic* editor).

dence Hamilton strenuously defended (notably in *Federalist* no. 76). What is more, Hamilton was one of the more ardent opponents of slavery and racism among the Founding Fathers. When he was aide-de-camp to Washington, Hamilton favored giving blacks their freedom and citizenship and arming them as soldiers: "The contempt we have been taught to entertain for the blacks, makes us fancy many things that are founded neither in reason nor experience. . . . [T]he dictates of humanity and true policy equally interest me in favour of this unfortunate class of men." After the war, Hamilton—who had grown up in the slave society of the West Indies—helped organize the Society for Promoting the Manumission of Slaves. Jefferson, by contrast, opposed emancipation if it could not be accompanied by the immediate colonization of black Americans abroad, and his speculations about alleged black racial inferiority in his *Notes on the State of Virginia* (1784–85) made him a hero to generations of pseudoscientific racists. Nevertheless, the modern habit of attributing everything good in American life to the inspiration of Jefferson alone has resulted in his being given credit for convictions about black equality and freedom that are, in fact, closer to those of Hamilton.

The New Left and the modern conservative movement both draw on Jeffersonian distrust of concentrated authority, whether commercial or governmental, and on Jeffersonian individualism. The Jeffersonian Left stresses sexual rights, while the Jeffersonian Right stresses property rights; Left-Jeffersonians attack big business, while Right-Jeffersonians attack big government. For all that, there is a striking similarity in the paeans to the virtue of the people and the suspicion of authority and organization shared by the leaders of both the sexual revolution and the tax revolt—and a common dislike of Alexander Hamilton, the socially conservative proponent of big business and big government.

While liberals were redefining their tradition as one that stretched from Jefferson to Lincoln to FDR, leaving out Hamilton and TR,

the conservatives of the 1950s were reading Hamilton out of the lineage of the contemporary Right. Conservative writer Russell Kirk, who repeated the hoary Jeffersonian libel that Hamilton sought to ensure that the rich and well born "could keep their saddles and ride . . . like English squires," criticized him as an unwitting precursor of the New Deal welfare state. "A man on the Right," according to historian Clinton Rossiter in 1955, "is not necessarily a conservative, and if Hamilton was a conservative, he was the only one of his kind." The McCarthy-Buckley-Goldwater conservative movement owed more to the old southern Democrats than to the Federalist-Whig-Republican tradition. Its philosophical roots sank deep in Jeffersonian antistatism, states' rights, and free-market libertarianism, and its antielitism and anti-intellectualism originated in southern and western populism. The defense of the Hamiltonian tradition fell to northeastern moderate Republicans such as Senator Jacob Javits of New York. In *Order of Battle* (1964), Javits sought to defend his conception of the Republican Party against the ex-Democratic Goldwaterite conservatives of the South and West: "This is the spirit which has represented the most dominant strain in Republican history. Hamilton-Clay-Lincoln-Theodore Roosevelt: they represent the line of evolution embodying this tradition." Arguably the last great Hamiltonians in American politics were Richard Nixon—a foreign-policy realist who admired TR—and John Connally, who, as one of Hamilton's distant successors as secretary of the treasury, shocked foreign governments and American critics with his unapologetic economic nationalism.

By the time Ronald Reagan was elected in 1980, the Republican Party had become a completely libertarian, antistatist party in economics, with serious disagreements in its ranks only over social issues such as abortion and school prayer. Though Kevin Phillips, a graduate of the Nixon-Connally wing of the GOP, published a book, *Staying on Top: The Business Case*

for *National Industry Strategy* (1984), advocating a conservative industrial policy that would target federal aid to "basic industries like steel or automobiles, or high-technology industry," his was an isolated voice. (Phillips was decisively read out of the Right for attacking its plutocratic tendencies in his 1990 best seller, *The Politics of Rich and Poor*.) Former Reagan trade negotiator Clyde Prestowitz founded the Economic Strategy Institute (ESI) to contest orthodox laissez-faire notions and advocate government-business partnership and a results-oriented trade policy.

Nevertheless, the dominant group in the Republican Party today consists of southern and western Jeffersonians in the Dixiecrat tradition, along with ex-Democratic intellectuals who, while retaining a strong cultural nationalism, have repudiated the New Deal and the Great Society for laissez-faire economics and the libertarian ideal of minimal government. In 1990, George Will named Jefferson the "Person of the Millennium," writing that Jefferson "is what a free person looks like—confident, serene, rational, disciplined, temperate, tolerant, curious." Ronald Reagan, himself an apostate Democrat, recommended that we "pluck a flower from Thomas Jefferson's life and wear it in our soul forever."

Hamilton probably would have thought as little of the contemporary Republican Right as it thinks of him. Reagan's brand of populist conservatism, contrasting the virtue of the people with the evils of the elite, would have found no favor with the elitist Hamilton. He despised politicians concerned with "what will *please* (and) not what will *benefit* the people." Though often maligned as a champion of plutocracy, Hamilton favored imposts on the luxuries of the rich as a means of "taxing their superior wealth," praised inheritance laws that would "soon melt down those great estates which, if they continued, might favor the power of the few," and denounced the poll tax in order "to guard the least wealthy part of the community from oppression." Though

Hamilton was not alarmed by a moderate deficit, he would have been shocked by deficits produced, like Reagan's, by an unwillingness to levy taxes to match spending. In his *Second Report on the Public Credit* (1795), he noted that runaway debt is "the natural disease of all governments" and that it is difficult "to conceive anything more likely than this to lead to great and convulsive revolutions of empire." The first and greatest secretary of the treasury, who during the Whiskey Rebellion helped President Washington to mobilize the militia to collect excise taxes, would not have smiled upon the tax-revolt rhetoric of Howard Jarvis and Ronald Reagan.

Having seen the consequences of feeble government during the Revolutionary War and the years of the Articles of Confederation, Hamilton would have been appalled by Reagan's assertion that "government is not part of the solution; it is the problem." Indeed, during the French Revolution, Hamilton contemptuously dismissed the "pernicious system" that maintained "that but a small portion of power is requisite to Government . . . and that as human nature shall refine and ameliorate by the operation of a more enlightened plan, government itself will become useless, and Society will subsist and flourish free from its shackles."

"The American nation reached the peak of its greatness in the middle of the 20th century," historian Forrest McDonald has lamented. "After that time it became increasingly Jeffersonian, governed by coercion and the party spirit, its people progressively more dependent and less self-reliant, its decline candy-coated with the rhetoric of liberty and equality and justice for all: and with that decline Hamilton's fame declined apace." Repudiated by *ersatz* Jeffersonians and Jacksonians of the Left and Right alike, Hamilton, by the mid-20th century, was even being cast as a villain in American fiction and poetry. In his book-length poem *Paterson* (1946–58) William Carlos Williams, one of America's leading midcentury modernist poets, chose the site of Hamilton's early industrial experiments as a

symbol of the blighting of the American spirit in the era of centralized government and concentrated industry. (The poem is interlarded with quotations from a pamphlet Williams had read attacking Hamilton and the Federal Reserve, entitled "Tom Edison on the Money Subject.") In the ultimate insult—from an eccentric populist perspective—Gore Vidal's best selling historical novel *Burr* (1986) cast Hamilton as a sinister foil to the man who murdered him in a duel. Never had Hamilton's reputation been lower.

In recent years, Hamiltonianism has been reintroduced into American political debate by way of Japan. Whereas the neo-Hamiltonians of the late 19th century looked to Hamilton as a guide to power politics, the Hamiltonians of today are more likely to view him as the patron saint of industrial policy and economic nationalism.

The architects of the postwar Japanese economic miracle in the Ministry of International Trade and Industry (MITI) and the Ministry of Finance (MOF) were inspired not only by the examples of 19th-century Germany and America, but by the theories of the 19th-century German economic nationalist Friedrich List, who, when he lived for a time in Pennsylvania, absorbed Hamilton's ideas about the protection of infant industries. By the late 1970s, the remarkable success of modern Japan in promoting its high-tech industry and banking sectors by combining protectionism and industrial policy with the targeting of open foreign markets—including that of the United States—was presenting a challenge to orthodox American economists and politicians, who had been committed to free trade since the aftermath of World War II. Working within the neoclassical paradigm, architects of "the new trade theory" (which is little more than a recycling of the old Hamilton-List theory of tariff-driven industrial policy) began to question the orthodox view that free trade is always beneficial to a country.

By the early 1980s, a growing number of American thinkers and politicians was advo-

cating the emulation, in the United States, of aspects of Japanese industrial policy. It would be a mistake to describe all American proponents of industrial policy as "Hamiltonian." Most of the industrial-policy advocates were Left-liberals such as Robert Reich, Robert Kuttner, and Lester Thurow, whose interest in different (and sometimes conflicting) versions of industrial policy grew out of a desire to help American workers threatened by foreign competition. Also in this school is Laura Tyson, who left the Berkeley Roundtable on the International Economy, an influential forum for the new trade theory, to chair President Clinton's Council of Economic Advisers. Many of these liberals are reluctant nationalists. Given a choice, they would prefer a "global New Deal" regulating the excesses of transnational capitalism to American economic nationalism in the service of American self-sufficiency and geopolitical pre-eminence. They are better described as neo-Keynesians than as Hamiltonians. As for Ross Perot's brand of economic nationalism, it owes more to southwestern populism than to Hamilton's principles.

The genuine Hamiltonians, one can argue, are the politicians and national-security experts more concerned about the U.S. defense industrial base than about union jobs in Detroit. The United States has long had its own military-led industrial policy, in the form of Pentagon-funded research and development. Military procurement has been largely responsible for the postwar U.S. lead in industries characterized by high risk and high research costs requiring government support: computers, aircraft, and communications equipment. The chief Pentagon agency—the American MITI—was the Defense Advanced Research Projects Agency (DARPA).^{*} During the 1980s, DARPA funded R&D in sectors including very high speed integrated circuits (VHSIC), fiber optics, advanced lasers, computer software, and composite materials, which promised to have com-

^{*}President Clinton has since dropped the word "Defense" from the agency's name.

mercial applications as well as military uses.

The leading Hamiltonians to emerge from the military-industrial complex have not fared well in politics or in the private sector. DARPA director Craig Fields, an advocate of industrial policy, was forced out of his job by the Bush administration in 1990. The view that prevailed in that administration was one attributed to Michael J. Boskin, chairman of the Council of Economic Advisers: "It doesn't matter whether the United States makes computer chips or potato chips." Admiral Bobby Ray Inman, the former National Security Agency (NSA) director who grew concerned about American technological dependence in the mid-'80s, left government for an unsuccessful stint as the head of a government-backed computer consortium, Microelectronics and Computer Technology Corporation (MCC), in Austin, Texas. (It might be useful to recall, however, that Hamilton failed both in his political efforts to promote an industrial policy and in his private attempt to jump-start American industrialization with his Society for Useful Manufactures in Paterson—only to be posthumously vindicated by later generations that adopted certain aspects of his program for national development.)

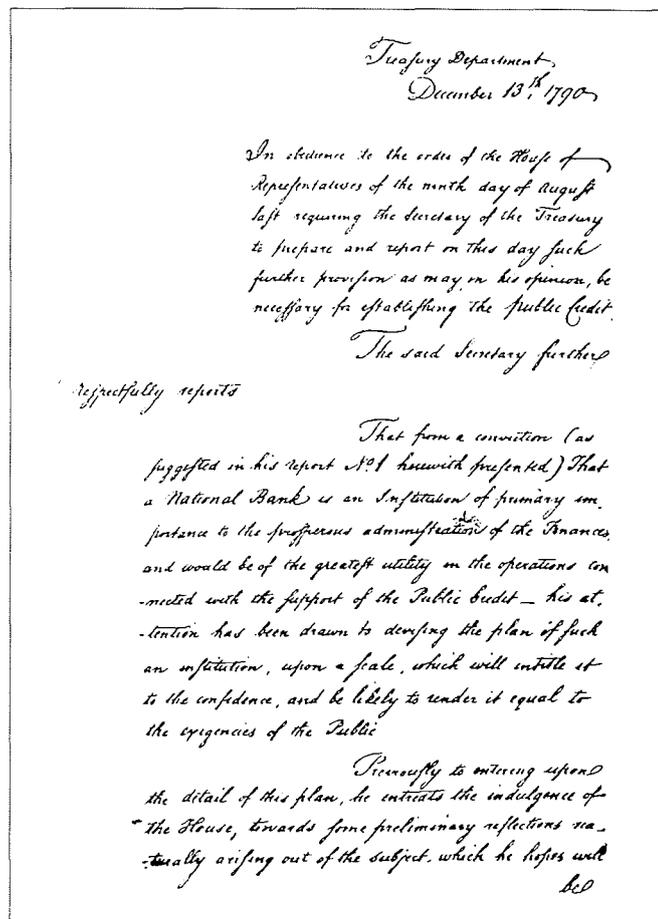
Among recent American politicians, only the "Atari Democrats," led by Gary Hart and Al Gore, combined interests in military innovation and domestic technology policy in true Hamiltonian fashion. Gore's advocacy of military intervention in the Persian Gulf, technology policy, and the building of an "information highway"—the modern version of canals and railroads—makes this southern Democrat the philosophical descendant of northern Federalists, Whigs, and Republicans. One influential thinker among the neoliberal Democrats, journalist James Fallows, is the author of a book on high-tech military reform, *National Defense* (1981) as well as a study of the application of the Hamilton-List economic theory in modern Japan, *Looking at the Sun* (1994). Hamiltonian economic ideas, currently out of favor, can be expected to make a comeback if the contemporary panacea of free-trade agreements

such as the North American Free Trade Agreement (NAFTA) and the General Agreement on Tariffs and Trade (GATT) fails to produce the promised results in terms of employment and the revitalization of the American industrial base.

If the neo-Hamiltonians of the 1890s gave a one-sided emphasis to Hamilton's foreign policy realism, the Hamiltonians of today may be overstressing his approach to trade and industry. To Hamilton, foreign policy and economic policy alike were mere means to achieving the goal to which he devoted his life—the unity of the American nation and the competence of its agent, the national state. The circumstances of the 1990s are far different from those of the 1890s, and the United States is a far different country—thanks, in no small part, to Hamilton and his successors. And yet the questions of national unity and competent government are as important in our day as in his.

Today the greatest threat to national unity comes not from sectionalism but from multiculturalism—from the idea that there is no single nation comprising Americans of all races, ancestries, and religions but only an aggregate of biologically defined "cultures" coexisting under a minimal framework of law. Neither Hamilton nor any of his contemporaries gave any thought to the necessity of a multiracial but unicultural society. Still, Hamilton's impassioned vision of a "continentalist" American society can inspire us indirectly as we seek to integrate the American nation in the aftermath of both segregation and multiculturalism.

When it comes to the problem of effective democratic government, Hamilton's legacy is more relevant today than ever. For a generation, the United States has suffered from po-



The first page of Hamilton's Report on a National Bank (1790)

litical gridlock, symbolized by, but not limited to, an inability to make tax revenues match spending. What Jonathan Rauch has called "demosclerosis" is a lethal by-product of the interest-group liberalism of the New Deal, a system now in advanced decay. Rauch, along with other conservatives and libertarians, argues for a "Jeffersonian" solution involving the radical reduction of government at all levels and the dispersal of authority from the central government to the states. However, in the conditions of the 21st century, when the United States will likely face geopolitical competition with rising technological powers, mercantilist economic rivalries, and the threat of mass immigration from the Third World, minimal government will almost certainly not

be a realistic alternative. Because the quantity of national government will not be significantly reduced, the quality of national governance will have to be improved. That will mean repudiating the ideal of the directionless broker state—now three-quarters of a century old—and attempting to realize the Hamiltonian and Progressive ideal of a strong but not authoritarian executive branch that is led by a meritocratic elite and capable of resisting interest-group pressures without ceasing to be ultimately accountable to elected representatives.

The 1992 campaigns of Clinton and Perot—both of whom, in essence, promised more “businesslike” government rather than less government—are signs that the American public is disenchanted with New Deal interest-group liberalism and with the nostalgic antigovernment libertarianism of the Reagan Right. Journalist David Frum sees American politicians on both Left and Right slowly returning to “the political formula that has won more presidential elections than any other: active government intervention in the economy to promote welfare and assist private business, conservative moral reform at home, and the assertion of American nationality.” If Frum is right, then in the decades ahead Hamiltonian nationalism may once again define the political mainstream.

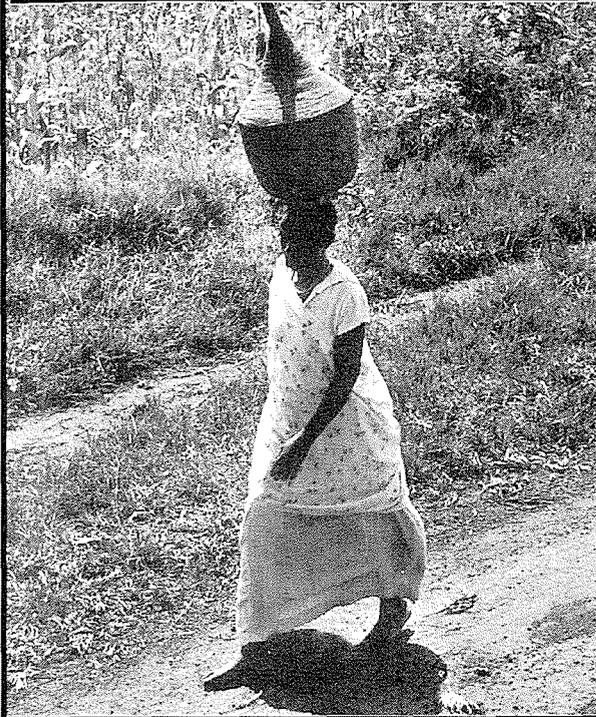
Elsewhere in the world, the Hamiltonian approach to building democratic capitalism in ex-communist and Third World societies could not be more timely. In the immediate aftermath of the Cold War, Americans urged a “Jeffersonian” model of reconstruction on societies everywhere, thinking that immediate elections and rapid marketization of

statist economies would solve all problems. The result, in Russia and much of Eastern Europe and the Third World, has been economic collapse, popular disillusionment with democracy and capitalism, and the acquisition of local industries by foreigners at fire-sale prices. The leaders of new democracies can learn from Hamilton and his mentor Washington that it is not enough to hold elections and establish free markets. A struggling new democratic government must be able to defend its borders against foreign enemies, suppress insurrection and criminality, gradually construct a system of sound finance, and guide industrial reform and development in the nation’s interest—if necessary, at the expense of free trade.

Not only contemporary Americans, then, but people everywhere have much to learn from Hamilton and Hamiltonianism in the century ahead. In the words of Clinton Rossiter, Hamilton “was conservative and radical, traditionalist and revolutionary, reactionary and visionary, Tory and Whig all thrown into one. He is a glorious source of inspiration and instruction to modern conservatives, but so is he to modern liberals.” Earlier in this century, when the threats were totalitarian imperialism and domestic conformity and repression, Americans and freedom-loving peoples around the world may have been right to look for inspiration to apostles of revolution and individualism such as Thomas Jefferson. In the aftermath of successful revolutions, however, a quite different kind of leadership is called for. The task of the coming generation is not to tear down, but to rebuild and build anew. In that task, Alexander Hamilton, the master architect among America’s Founders, must be our pre-eminent guide.



Burundi: Ethnocide as Discourse and Practice



René Lemarchand

This book situates Burundi in the current global debate on ethnicity by describing and analyzing the wholesale massacre of the Hutu majority by the Tutsi minority. The author refutes the government's version of these events that places blame on the former colonial government and the church, and offers documentation that identifies the source of these massacres as occurring across a socially constructed fault-line. Published in cooperation with the United Nations Research Institute for Social Development (UNRISD).

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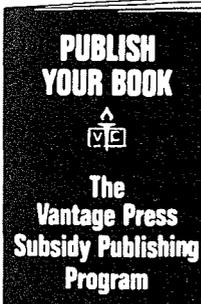
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