

“A Reciprocity of Advantages”:
Mathew Carey and the Growth of the Protective Doctrine

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I. Introduction

Mathew Carey of Philadelphia was, by the time of his death in 1839, among a handful of the United States' most prolific and influential protectionist thinkers. On that point historians of early American political economy agree.² But when and how he earned the distinction, and the connection (or disconnect) of his ideas with those of the most famous early proponent of protection for domestic manufactures, Alexander Hamilton, are subjects of dispute.

Carey himself ([1829] 1970, 48) wrote that before 1819 he “knew very little, scarcely any thing of political economy.” Echoing him, his biographer, Kenneth Wyer Rowe (1933, 29), says that 1819 “marked Carey’s entrance into politico-economic discussion”; his earlier writings were undertaken “without any study of economic theory.” Edward C. Carter, II (1966, 275) agrees that Carey’s most productive phase as a political economist began in 1819, but argues that he first “entered the field” during the Bank recharter fight of 1810-1811. There is a will shared by Carey and his chroniclers to draw a line separating his early and ostensibly less sophisticated politico-economic writings with his later and more evolved ones. But where in time to draw it?

Discerning the connection of Carey’s views to Hamilton’s begins similarly with Carey’s own account. In the 1820s and later, he saw in Hamilton the apotheosis of protectionism. Hamilton, he averred, was “the real father of the American system,” and his *Report on Manufactures* was “among the proudest monuments of the human intellect” (Carey [1829] 1970, ix-x). To those who remembered Carey’s view of Hamilton three decades earlier, such reverence might have seemed odd. In the debate over the Jay Treaty, he had declared Hamilton’s advocacy of it “poison” (Carey 1796, 43). But somehow in the interim he changed his mind, found the treaty to have conferred “solid advantages” to the United States, and even alleged that its

² See for instance Stanwood (1903, v. 1, 246-249) and Dorfman (1946, v.2, 576-577).

detractors had been led astray by “prejudices” or “perturbed imaginations” (Carey 1815, 57). What was more, he led – unsuccessfully, as it happened – a subscription campaign to commemorate Hamilton with a gold medal cast in his likeness (Carey [1829] 1970, ix-x).

Carey’s shift respecting Hamilton undoubtedly presents a puzzle. Recent scholarship finds a solution in the purported dichotomy of Hamilton’s “encouragements” of manufactures and Carey’s protectionism. According to this argument, Carey’s early opinion of Hamilton, however ill informed it was of contemporary political-economic thought, was better founded than his later one, which must have been either a misunderstanding or a strategic misrepresentation. Thus McCoy (1980, 150-151) considers it “curious that historians have generally portrayed Hamilton as the father of the American protective tariff,” given his preference in the *Report on Manufactures* for bounties rather than tariffs. Shankman (2003, 34) argues likewise that the similarities of the American System to Hamilton’s system “were only superficial.” The argument is corroborated by Irwin’s (2004, 820) and Elkins and McKittrick’s (1993, 261) common contention that Hamilton was not much of a protectionist, after all, in light of his “moderate tariff policies” and his ends “beyond simple protection.”

This essay argues differently on both counts. First, Carey’s protectionism was well established even before he emigrated to the United States from Ireland in 1784, and it was remarkably well informed by the 1790s. Although his studies of political economy added grist to his protectionist mill after 1819, they did not change the substance of the arguments. Second, Carey’s affinity with Hamilton was hardly superficial. Carey perceived correctly the theoretical gist of Hamilton’s argument in the *Report on Manufactures* and spun it out faithfully and consistently in his own writings. It is Carey’s disagreement with Hamilton during the Jay Treaty

debate, and the discrepancy between their opinions of the precise rates of ad valorem tariffs that should be levied, that is superficial.

Part II of the essay reviews Carey's protectionist views during his early career in Ireland. Part III shows their affinity with the views he promoted as an editor and publisher in the United States in the 1780s-90s and with those of Hamilton's famous report. Part IV discusses why Carey's subsequent disagreement with Hamilton over the Jay Treaty was a question of means not ends. The special focus of the discussion is Hamilton's term, "a reciprocity of advantages." Part V concludes.

II. Ireland

Far from being innocent of political economy early in his career, Carey was so guilty of it as a newspaper editor and publisher in Dublin, Ireland, in the spring of 1784, that he was exiled from his country. His periodical, *The Volunteers Journal; or, Irish Herald*, pressed vigorously, up to alleged sedition, the cause of Ireland's commercial emancipation from Great Britain. That cause had come to be associated with the greater one of political emancipation.

The volunteers of Carey's newspaper title had evolved quickly from a militia, which sprang up during the American war to defend against an expected French invasion, into a popular reform movement with a menacing mien toward Dublin Castle. The parliament of Ireland could not enact legislation independently of the British parliament. The grievousness of the situation was manifested in the commercial legislation that Great Britain had long imposed, and that Ireland was powerless to resist, prohibiting the exportation from Ireland of certain manufactures including woolens. In 1779, it is reported, the Dublin artillery corps of Volunteers showed on parade a cannon labeled "*Free trade, OR ELSE*" (Harwood 1848, 30). At the same time,

resolutions were adopted throughout the county to refrain from importing British goods in retaliation (*ibid.*, 27-28). The menaces worked: before the year ended, the Irish parliament submitted to the British a resolution deeming it expedient to repeal the export prohibitions (*ibid.*, 30).

For some volunteers, British consent to an “expedient” free trade would not suffice. It neither compensated for the longstanding and artificial advantage given to British manufactures nor affirmed the principle of legislative independence. Irish industry had been hobbled, ran this line of thought, and could not stand on its own again without the positive help of government. Besides, if Great Britain consented to free trade, then free trade must not be worth much to Ireland. This last notion took on greater salience after 1782, when legislative independence was ostensibly granted, and shown almost immediately be illusory. The Lord Lieutenant set about enjoining a still-pliant Irish parliament to concede “the superintending power and supremacy of Great Britain in all matters of state and general commerce” (Harwood 1848, 40). Only the enactment of protective legislation for Irish manufactures, which could also be expected to work against British manufactures, would have the desired economic effect and make the essential political point.

Resolutions supporting such legislation were presented to the Irish parliament on April 2, 1784, by Luke Gardiner, County Dublin’s member in House of Commons (Ireland, House of Commons 1784, 130).³ Gardiner, later the Viscount Mountjoy, denied any invidious intentions toward Great Britain. The legislation he envisioned was “not ... calculated to divide, but to unite the two countries,” he said: “she adopted protecting duties, because she thought it her interest –

³ For biographical details about Gardiner, see Fitzgerald (1910, vol. 3, 329).

let us act the same part – what’s good for one, must be good for the other” (ibid., 122). Mathew Carey supported Gardiner’s effort but in a tone less friendly and more urgent.

Before April, as Carey awaited the resolutions’ presentation and debate, he harangued the parliamentarians in the *Volunteers Journal* for their lack of haste. On February 9 he alleged that parliament fiddled while manufacturers starved, “to the great joy of all true Englishmen.” Parliament, he offered, met “merely to support the interests of England,” to the effect that “Ireland may fall, but she never will rise, with England.” (*Volunteers Journal*, 9 Feb. 1784, 3).

If the Irish parliament was to serve Irish interests, Carey insisted, it needed to fix its attention on the “calamity” of “want of employment.” How was the calamity to be ameliorated, he asked, “but [by] encouraging the consumption of our own manufactures?” And how was such encouragement to be effected, he continued, “but by PROTECTING DUTIES?” (*Volunteers Journal*, 9 Feb. 1784, 3). On March 1 he urged again “the grand measure of PROTECTING DUTIES, the only one adequate to counteract the pernicious effects of our blasting connexion with England” (1 March 1784, 2). And on March 10, considering a correspondent’s data showing English woolens to be 60 percent cheaper than comparable Irish products, he called on the opponents of protection to answer “whether it is possible for the poor of this county to command subsistence, while its markets are pre-occupied by Englishmen, who possess such immense advantages over us” (10 March 1784, 3).

Carey printed the economic argument for protection most expansively in his issue of March 31, under the title “Thoughts on the State of the Infant Manufactures of this Country” and the pen name “Hibernicus.” He saw fit to reprint it two days later as Gardiner spoke in parliament. Whether Carey was its author is unknown. But given his duplication of the

argument, its consistency with his earlier remarks, and, what is more, his prefatory endorsement of it,⁴ what is known is that he accepted it unreservedly.

“A free trade may have been granted to this kingdom,” began Hibernicus, “but if, at the same time, we are refused the benefit of our own market; I say, we can have no benefit from a free trade” (31 March 1784, 1). Free trade, in his view, meant “a liberty to export to foreign markets the redundancy or surplus of goods that may remain after supplying our own markets.” But if another country (namely England) had such “superior advantages” as to be able “to undersell us in our own markets,” then there could be no surplus, and thus no gains from trade for Ireland.

Hibernicus considered in detail England’s advantages and Ireland’s impediments. English manufactures had come to be supported by large capitals, machinery, and superior skill. They would therefore always undersell Irish manufactures both within Ireland and abroad. Nor under the circumstances was the flow of capital from England to Ireland, upon the prospect of the *eventual* transfer of machinery and skill, a plausible scenario. For,

We are in extreme poverty in every part of this kingdom, except in the North, and having no capitals, we can give no credit; not being able to give credit, we cannot export to foreign markets, as we cannot wait for the return of the produce of our goods in our present circumstances, therefore, we can have no markets but our own. I lay it down as an incontrovertible maxim, self-evident in theory, and proved by experience in all countries, that you must travel to foreign markets through your own. It is the only road to them. The contrary doctrine involves absurdities too apparent to need dwelling on. A man might as well attempt building the last story of his house first (*Volunteers Journal*, 31 March 1784, 1).

Once the metaphorical house was built, and industry established, it would rest on a foundation as sound England’s. The proposal was to use protective duties *not* to encourage

⁴ “We implore such of our senators as are not dead to every feeling of honor, love of their country, or shame, by every thing near and dear to human nature, to peruse it with the most solemn attention ...” (*Volunteers Journal*, 2 April 1784, p.1)

expensive manufactures indefinitely, but merely to “get rid of difficulties we have to struggle with in the first state of our infant manufactures.” Granted, the “first effect” of the duties would be to raise the price of manufactures. “So much the better,” averred Hibernicus; “for by this means, and no other, it is that the manufacture will be extended.” Soon enough, with “the benefit of home markets,” manufacturers would be assured they could sell to their “next door neighbour” any goods they might produce. With that assurance, they would enter the market in greater numbers. Indeed, manufacturers from Lancashire, Yorkshire, and other English counties would relocate to Ireland and bring their machinery, too. The price of Irish manufactures would fall, and they would be produced up to the “redundancy” required for a viable export trade. Then, and no sooner, “we will begin to feel the happy effects of a free trade” (31 Mar 1784, 1).

The argument combined succinctly several sophisticated arguments for protection, as well as a rejoinder to an equally sophisticated counterargument. To summarize: (a) “infant” manufactures have initially high costs of production, and they cannot not be profitable without government support; (b) if they were supported, so that the scale of manufacturing firms, the manufacturing sector, or both were allowed to increase, then their costs would fall; (c) the support should be of such a form that directs manufactures initially to a diversified “home market” comprising manufacturers and their “neighbours,” i.e., farmers, merchants, and other manufacturers; (d) the enlargement of the home market would entice the migration of foreign manufacturers, together with their machinery and technology, thus enlarging the market even more; (e) the falling costs and growing quantities of manufactures would eventually satisfy fully the home market and produce a surplus of manufactures for export; (f) free trade is not undesirable *per se*, but it is inappropriate in the face of foreign policies of the present or past that disrupt trade and impede progress toward (e).

A counterargument to the foregoing points is that if there is a reasonable prospect for a domestic manufacturing sector, then it should be profitable for domestic or foreign lenders to put up the money to finance it – the long-term rewards compensating for the short-term losses. It will be noticed that Hibernicus anticipated the counterargument. The inset quotation contains his rejoinder: “having no capitals, we can give no credit.” He asserted, in a basic form, what later economists have called an imperfection of capital markets. Foreign investment, Hibernicus believed, was unfeasible under prevailing circumstances;⁵ domestic investment was unfeasible because there was insufficient domestic saving to finance it. In brief, Ireland was too poor for free trade to alleviate its poverty. Or, briefer, “being down, we may easily be kept down.” Positive government action was required.

As to the particular form of government action, Hibernicus entertained the possibility of either “giving aids out of the national funds” to infant manufacturers or levying additional duties on the imports with which they competed. He preferred duties, as the alternative was politically precarious, wasteful of public revenue, and “liable to many frauds and impositions.”

In the event, neither the arguments proffered in the *Volunteers Journal* nor those echoing them in parliament garnered enough votes to pass Gardiner’s resolutions. The Irish chancellor of the exchequer and member of parliament for Dunleer, John Foster, moved successfully for the resolutions to be taken up by a committee of ways and means. There they could be safely disposed of without a vote in the House (Irish House of Commons 1744, 130-132). That was on Friday, April 2. On the following Monday, Carey published the response that forced his emigration to the United States.

⁵ It was not only the advocates of protection who were skeptical of the prospects for foreign investment in the late 18th century. It will be recalled that the major premise of Adam Smith’s free-trade syllogism was that “every individual endeavours to employ his capital as near home as he can” (Smith [1789] 1937, IV.2, 421).

The front page of the *Volunteers Journal* on that day featured an engraving of an imagined hanging (figure 1). “Thus Perish all *Traitors* to their COUNTRY,” read the caption. Immediately below was a dedication “to a certain *virtuous* majority,” followed by the purported news report. On the previous Saturday, the report went, “an innumerable body of starving manufacturers ... from a numerous band of notorious malefactors dragged the arch traitor, Jacky Finance.” Jacky was said to have had some last sorrowful words for the crowd. “I was taught to think, like my betters, that nothing was connected with happiness, but what led to self-interest,” he confessed (in unmistakable reference to Bernard Mandeville); “that virtue was all a cheat, and that none but fools and madmen practised it.” The doctrine of selfishness made him obedient to power rather than virtue. Obedience won him “a department at court” and his nickname, “*John the favourite*.” Thus, he concluded, he lost all human feeling, and so undertook “the opposition that I gave to the business of protecting duties, for which I so deservedly suffer this ignominious death.” [FIGURE 1: see end of paper]

In case Foster did not see himself in the figure hanging from the gallows, Carey offered further (and more safely, he may have imagined) an advertisement for a forthcoming publication. Titled “The whole art and mystery of TARRING and FEATHERING a TRAITOR,” it would be “dedicated to the Rt. Hon. JOHN FOSTER, By Fifty Thousand STARVING MANUFACTURERS.”

Thus ended Carey’s career in Ireland. He was arrested for sedition and sent to prison until the close of the parliamentary term a month later. Although he was liberated subsequently by the Lord Mayor, he anticipated the government’s further and successful prosecution of him. So he left the country (Carey 1830, 453-455; Bradsher 1912, 2-3).

Accounts of Carey's career refer often to his early publishing and proselytizing in Ireland, but they do not enter into the details of the arguments that he offered for protecting duties. Fair attention to them does not admit the conclusion that Carey's entrance into politico-economic discussion happened after 1819, nor even after 1810-11. Even the weaker statement that before his later years he wrote "without any study of economic theory" can be entertained only (and, even then, with some hesitation) by hewing to strict definitions of "study" and "theory." In light of his protectionist writings of 1784, his publication and endorsement of the arguments of "Hibernicus," and (what is less important but notable) his derogatory reference to the Mandevillian doctrine, it is fitter to say that Mathew Carey was already an informed and astute advocate of protection in his twenty-fourth year.

III. Hamilton

With good luck and the help of the Marquis de Lafayette, whom he met during an earlier and briefer exile in France, Carey reestablished himself in Philadelphia in his previous vocation (Green 1985, 5). After two less-successful publishing ventures in 1785 and 1786, in the next year he established *The American Museum*, a periodical that was to be national in circulation and eclectic in scope, containing, according to its subtitle, "ancient and modern fugitive pieces, prose and poetical." The prose pieces dealt often with commercial subjects.

During the periodical's run, from 1787 to 1792, the commercial subjects at the forefront of American national debate were closely connected with free trade and protection. The American victory in the Revolutionary War was followed immediately, in the words of Drew McCoy (1980, 93), by the "stunning defeat of the Revolutionaries' commercial aspirations." Those aspirations were manifested in the plan of liberal trade treaties adopted by the Continental

Congress in 1776 and inscribed, for the most part, in the nation's first commercial treaty, with France, in 1778 (*Journals of the Continental Congress*, v. 5, 768-779; Malloy 1910, v.1, 468-479). The United States and the King of France agreed to establish between them "the most perfect equality and reciprocity." To both parties, "reciprocity" implied mutual grants of most-favored-nation treatment in goods trade and navigation, complemented by "the liberty of admitting at [their] pleasure other nations to a participation of the same advantages" (ibid, 468-469).

The United States had aimed to invest even more meaning in the word. In navigation, the original plan had been mutual grants not only of most-favored-nation treatment but also of national treatment (*Journals*, op. cit., 768-769; Setser 1937, 69). The inability to extract from France a reciprocal promise of national treatment in navigation was a setback. The "stunning defeat," however, was not that, but rather the inability through the 1780s and into the 1790s to overturn the *prohibition*, let alone secure national treatment, of American ships and some exports in the West Indian colonies (Setser 1937, 52-57).

Great Britain was the main culprit, but France and Spain were also troublesome. Their curtailment of the United States' major export markets for flour, lumber, livestock, and shipping frustrated the nation's ability to finance soundly its "insatiable" desire for imported British and European manufactures (ibid., 52-53). So the desire was financed unsoundly, through a credit boom that produced a cataclysmic bust by mid-decade (McCoy 1980, 90-100), just when Carey landed in America. The depression fostered a national reexamination of the liberal premises that had been so widely held in regards to international trade and the meaning of "reciprocity."

The history of that reexamination has been written searchingly by McCoy (1980). The purpose here is narrower. It is to document the arguments that Mathew Carey contributed to the

moment, and to examine their relationship to those from other moments in his career and from other contributors, most importantly Alexander Hamilton.

Carey weighed in on the depression within a year of his arrival. In October, 1785, he offered some “Observations on the Badness of the Times.” Looking at them “with all the coolness and gravity of a stoic,” and no doubt with a fresh recollection of conditions in Ireland, he asked whether conditions were so bad after all (Carey 1785, 167). He granted that there was less money around than at the conclusion of the war, but claimed that a nation’s happiness did not require so much of it. What Pennsylvania required, and what it had, was a healthy climate and a state of peace. To those advantages he added that it was competent to obtain any things “(if any such there be)” that had to be imported from foreign nations. With all that, if Pennsylvanians were not happy, then they could blame their own “folly, imprudence, and party squabbles” (176).

The parenthetical remark echoed Carey’s past battles and signaled, however faintly, the coming ones. While foreign trade was not an evil, neither should it be fostered under prevailing circumstances. The way for a country, or for that matter a state, to pick itself up was to rely on domestic production.

The true opening salvo in Carey’s application of his protectionist views in the United States came in several articles in *The American Museum* in 1791 and 1792. The two sets of serialized articles, titled “Examination of Lord Sheffield’s Observations on the Commerce of the United States” and “Reflexions on the State of the Union,” were published anonymously. They were written by Tench Coxe, a fellow Philadelphian, erstwhile representative in the Continental

Congress, and (beginning in 1790) assistant to Secretary of the Treasury Hamilton.⁶ Dozens of letters between Carey and Coxe bear evidence of their close collaboration on the composition, publication, and dissemination of the articles.⁷

Notwithstanding the title of Coxe's first set of articles, their impetus was not really the *Observations of Lord Sheffield* (1783; 1784). In that work's first edition, published in 1783, the Irish peer had counseled Great Britain to abstain from any "mischievous precipitation" in making post-war commercial concessions to the United States (Sheffield 1783, 5). No concessions were required in order to maintain British dominance of the American trade; throwing the West Indies open to American ships was unnecessary as well as unwise (3). By 1791, Sheffield was merely a convenient personifier of the seemingly unmovable British restraints on American commerce. And a choice one, presumably, in Carey's view: in a different set of observations published in 1785, Sheffield had disparaged the "unsteady and extravagant" attempts by fellow Irishmen to promote manufactures with protective duties (Sheffield 1785, 3). He was exactly the sort that Carey fancied seeing hang from the gallows.

American frustrations with the restraints came to a peak early in the year. President Washington reported to Congress on February 14, 1791, that the negotiations of his envoy, Gouverneur Morris, with Great Britain had been fruitless. A House committee responded with a bill for retaliation. While nominally nondiscriminatory, the additional duties that the bill proposed on distilled spirits from ports where American ships were prohibited, and the ban on

⁶ For the details cited here regarding Coxe's career up to his association with Carey, see Hutcheson (1938, 16, 21).

⁷ The letters from Coxe to Carey may be found in Folder 15, Box 5 of the Mathew Carey Section in the Lea & Febiger Records (collection 227B) at the Historical Society of Pennsylvania, Philadelphia. A letter from Carey to Coxe indicating the former's willingness "to undertake the printing, the reflexions on the state of the union, at my own risque" (19 Feb. 1792) may be found in volume 3 of Carey's letterbooks in the Lea & Febiger Records, *op cit*.

imports not carried in American ships or those of the country from which the goods originated, were plainly aimed at British West Indian rum and re-exports in British ships (Setser 1937, 110). Efforts commenced to rally support for retaliation or to suppress it. Coxe's "Examination of Lord Sheffield's Observations" put him solidly in the former group.

To Coxe, Great Britain's supposition that its continued domination of American commerce was assured was mere hubris. While the current pattern of trade made Americans dependent on British purchases of their raw materials, Britons should be humbled, and Americans cheered, by knowing that "it would be most profitable to the united states, to manufacture the raw material, and to expend the provisions on her own manufactures" ("Examination," *The American Museum*, May 1791, 237). The implication was that "the intercourse with Great Britain is not particularly to be courted by the united states" (ibid.). Coxe elaborated the point in subsequent installments. During British rule, "the effects of the commercial monopoly were prodigious" in stifling American manufactures, as were the effects of prohibitions on labour-saving machinery (June 1791, 294). The scant progress of Ireland afforded "a striking example of what might have happened to this country" if British political and economic shackles had not been thrown off (295). Returning to the restraints at immediate issue, he concluded, "should impediments be thrown in the way of our fisheries, shipping, and foreign commerce, policy, interest, and feeling will prompt us to pursue with ardour the object of manufactures" (July 1791, 10).

How to pursue that object was another question. Generally, when the United States were "injured in the loss of a vent" for some good, they could "create a market for it by checking the introduction of some connected foreign commodity, and making a succedaneum for it at home" (July 1791, 15). Moderate protective tariffs levied on goods of any kind could be combined with

bounties for manufactures that would be paid for by the tariff revenue. The government would have discretion as to which branch of manufactures would enjoy the bounty. “If it be selected with judgment,” Coxe determined, and “if labour saving machines be used – if the articles [i.e. raw materials] it works on, be made free of duty – if the growth of them can be encouraged at home – if a progressive duty be imposed, there can be little doubt of success” (ibid., 10).

In the “Reflexions” that Carey published serially the next year, Coxe developed the foregoing ideas as they related to the integrity of the union. “An opinion has prevailed that the southern states will be sacrificed to the eastern, and in some degree to the middle states, by the plan of manufactures,” he acknowledged. The opinion was erroneous: the home market for all goods, agriculture as well as manufactures, would be enlarged more than enough to compensate for the loss of foreign markets. In his words, “the southern states and western country will have considerable advantages in the support which the home market of the manufacturers will give” (“Reflexions on the State of the Union,” *The American Museum*, April 1792, 130).

The resemblance of Coxe’s arguments, as promoted by Carey in 1791 and 1792, to those that Carey promoted or articulated himself in 1784 is unmistakable. It might well be expected that Alexander Hamilton’s *Report on Manufactures*, submitted to the House on December 5, 1791, would share the resemblance. Coxe was Hamilton’s assistant during the preparation and completion of the report (Hutcheson 1938, 28, 99). He even wrote the first draft of it (Cooke 1975, 371). He was chosen for the work because Hamilton sought “gladiators of the quill” for his economic program; Coxe’s previous and forceful writings to the same ends, including notably a pamphlet of 1787, *An Enquiry into the Principles on which a Commercial System for the United States of America Should be Founded*, were well known in Hamilton’s circle

(Hutcheson 1938, 14-21).⁸ And Coxe was an early and leading supporter of plans for the public chartering of manufacturing establishments on a large scale. The plans envisioned assistance for manufacturing not only from state legislatures but also from the United States Congress, which would “increase the duties upon such articles as shall be seriously & systematically undertaken, and otherwise ... foster and encourage the institution” (Coxe to Thomas Jefferson, enclosure of 15 April 1791, quoted by Davis 1917, 353). They came to fruition in New Jersey’s incorporation of the Society for Establishing Useful Manufactures (SEUM) two weeks before the submission of Hamilton’s report. The timing was no coincidence. The report was calculated to promote the SEUM and the SEUM to exemplify the report’s recommendations (Davis 1917, 366).

Hamilton’s report did resonate the notes struck by Carey and Coxe. It also clarified some of them. To wit: (*a*) new manufacturing enterprises face “intrinsic difficulties” that are hard to surmount if they are left to themselves. Foreign manufactures may have acquired seemingly solid advantages; individuals guided by habit, imitation of others, and fear of failure will be slow to perceive that the advantages are really tenuous. To correct their perceptions “may therefore require the incitement and patronage of government” (Hamilton [1791] 1913, 18-19) – all the more, given “the bounties, premiums, and other artificial encouragements with which foreign nations second the exertions of their own citizens” (19). Granted, (*b*) the first experiments with a new branch of domestic manufactures will be attended by high costs of production. But in time, through the combination of learning, avoiding foreign transportation costs, and the entry of domestic competitors, production “invariably becomes cheaper” (31).

Furthermore, (*c*) the productivity gains are seen not only in the establishments that the government encourages directly. The diffusion of manufactures has “the effect of rendering the

⁸ The term “gladiators of the quill,” in reference to Hamilton’s needs and Coxe’s qualifications, was Pennsylvania Senator William Maclay’s. See Hutcheson (1938, 21).

total mass of useful and productive labor, in a community, greater than it would otherwise be” (Hamilton [1791] 1913, 9). It does so partly by giving a greater scope for the introduction of machinery to facilitate the division of labor (12), partly by providing better insurance against the “injurious interruptions” of foreign markets (15), and partly by affording more varied opportunities for people with varying talents (14) than would be seen in exclusively agricultural or commercial societies. Those who devote their energies to agriculture and commerce will be the most fit for those vocations, so their productivity as well as that of the aggregate will rise: “the community is benefited by the services of its respective members in the manner which each can serve it with most effect” (14).

The productivity gains will be greater still when one accounts for (*d'*) the enlargement of the domestic market by the immigration of foreign manufacturers, enticed by relief from the “restraints which they endure in the Old World” (Hamilton [1791] 1913, 13). And still greater when one accounts for the particular impetus that a diversified domestic market gives to the commercial sector, wherein (*e'*) merchants and shippers find more opportunities for foreign exportation “in proportion to the variety ... of commodities which they find at home” (32).

The last point suggests that (*f'*) foreign trade is not undesirable *per se*. Indeed, “if the system of perfect liberty ... were the prevailing system of nations,” it might usefully be undertaken much further, so that “each country would have the full benefit of its peculiar advantages to compensate for its deficiencies or disadvantages” (Hamilton [1791] 1913, 17). But that is not the system that prevails. Instead, the United States “experience numerous and very injurious impediments to the emission and vent of their own commodities” (17). So a different policy is required. Insofar as other nations give artificial encouragement to their own manufacturers, even to the extent of monopolizing the domestic market, the United States should

respond proportionately, thereby “to secure to their own citizens a reciprocity of advantages” (37).

The similarities of Hamilton’s report with the arguments that Carey advanced (as written by himself, Hibernicus, and Coxe) are manifest. It bears mentioning, too, that Carey reprinted Hamilton’s report in its entirety in successive issues of *The American Museum* between January and March, 1792.⁹

The differences should be acknowledged. The capital-market-imperfection argument that Hibernicus articulated and Carey published in 1784 was absent from Hamilton’s report. At least, that form of it was absent. To Hamilton, there was no shortage of capital but rather a deluge. He saw in consequence “a certain fermentation of mind, a certain activity of speculation and enterprise, which if properly directed may be made subservient to useful purposes, but which if left entirely to itself may be attended with pernicious effects” (Hamilton [1791] 1913, 36). There was an imperfection in the American capital market, in other words, but it was different from the one in Ireland. Investors’ habits and their propensity to imitate others tended to cause not lack of investment but misinvestment. Nevertheless, the conclusion that government encouragement of manufactures was needed followed in both cases.

The preferred means of government encouragement differed, too. Whereas Hibernicus was skeptical of bounties, and wished to rely entirely on protective tariffs, Hamilton (like Coxe)

⁹ Cooke (1975), too, observes many of the similarities between Hamilton’s report and Coxe’s (if not Carey’s) ideas. But he does so in less detail and without recognition of two crucial similarities. One is Hamilton’s presentation of the “home market” argument – or, as Cooke (1975, 379) puts it, “the benefits of a partnership between the farm and the factory” – which is enumerated here as *c*. Neither the partnership nor its supposed benefits are presented as less clearly in Hamilton’s words than in Coxe’s. The other is the endorsement that both Hamilton’s report and Coxe gave to reciprocity, construed as tit-for-tat commercial restraints.

embraced them and wished to rely on a combination of bounties and tariffs, the former paid for by the latter:

The true way to conciliate these two interests [of giving advantages to manufactures in the home market and promoting their exportation] is to lay a duty on foreign manufactures of the material, the growth of which is desired to be encouraged, and to apply the produce of that duty, by way of bounty, either upon the production of the material itself or upon its manufacture at home, or upon both. (Hamilton [1791] 1913, 39).

But surely neither Carey's affinity with Hamilton's ideas, nor Hamilton's with protective tariffs, would be disputed because of a disagreement as to whether tariffs should be the *exclusive* means or just the *partial* means of achieving the common end of encouraging manufactures, which end was justified by strikingly similar reasons.

So why, in either case, would anybody dispute it?

IV. A Reciprocity of What?

The reasons have to do, in one way or another, with the awkward fact that just three years after Hamilton submitted his report, Carey (and likewise Coxe) opposed him vehemently in applying the report's lessons to the urgent trade-policy question then at hand.

The question was how to respond to the escalation of British predations on American commerce beginning in 1793, with the commencement of war between Great Britain and France. British Orders in Council in June of that year held that all cargoes of grain destined for France, even in neutral ships from neutral ports, should be diverted to England. New orders in November required that all ships, even neutrals, carrying the products of French colonies be detained. France responded in kind, but less resolutely. By the following spring, six hundred ships were under British detention, one hundred and fifty of them condemned (Clauder [1932]

1972, 30-34). American feeling lent growing support in Congress for tough application of the principle of reciprocity, implying in this instance counter-restrictions against Great Britain (Varg 1963, 98; Ben-Atar 1993, 136). Besides, had not Hamilton's report recommended it?

Hamilton did not think so. The interdictions of American commerce, he believed, were tactics of a war that the United States was powerless to stop. Retaliation would beget further retaliation, which would interrupt the flow of British capital needed for America's economic expansion and the tariff revenue needed for its good credit.¹⁰ To these explanations Varg (1963, 97) adds "the note of supplication that so characterized Hamilton's every intrusion into foreign affairs when these involved Great Britain." Such was the thinking that drove Carey and Coxe away from Hamilton and into the camp of his Republican opponents, whose vision of foreign policy and domestic economy was starkly different.

The vision is encapsulated in Thomas Jefferson's "Report of the Secretary of State on the Privileges and Restrictions on the Commerce of the United States in Foreign Countries" – requested by Congress early in 1791, but withheld by Jefferson until December 1793, when outrage at British actions made its conclusions irresistible (Ben-Atar 1993, 134). Like Hamilton, Jefferson conjured an image of a world where commerce would be "relieved from all its shackles," where every country would be "employed in producing that which nature has best fitted it to produce, and each be free to exchange with others mutual surpluses for mutual wants," and where, in consequence, human happiness would be advanced, "the numbers of mankind would be increased, and their condition bettered" (*American State Papers*, Foreign Relations I, 303). Also like Hamilton, but even more, he demonstrated how starkly the real world contrasted

¹⁰ Numerous sources explain Hamilton's thinking on this question. The brief summary given here draws upon Tucker and Hendrickson (1990, 34-35), Varg (1963, 100), and Setser (1937, 102).

with that image. But unlike Hamilton, having finished the demonstration, he did not cast aside the end of a “system of free commerce” and substitute another that was equally (or more) congenial. Jefferson’s question was: seeing the myriad restrictions on American commerce and navigation, how could they best “be removed, modified, or counteracted” (303)? If the system of free commerce did not prevail, how could it be made to prevail?

Jefferson’s answer, which is paradoxical to some of the best of his historical interpreters (e.g. Ben-Atar 1993, 135) and downright confounding to some good ones (e.g. Nelson 1987, 54, 69),¹¹ was to meet burdens with burdens, prohibitions with prohibitions. Reciprocity was his maxim (*American State Papers*, Foreign Relations I, 303). In particular, “when a nation imposes high duties on our productions, or prohibits them altogether, it may be proper for us to do the same by theirs” (303); when a nation refuses national treatment to American merchants or factors of production, to do the same to theirs (304); when a nation refuses to admit third-country goods in American vessels, or to recognize the American nationality of vessels not built in America, or to let American vessels ply their trade in offshore dominions, to do the same to theirs (304). For “free commerce and navigation are not to be given in exchange for restrictions and vexations, *nor are they likely to produce a relaxation of them*” (303, italics added).

In proposing reciprocal restrictions, Jefferson did not lose sight of his end: *a relaxation of them*. Whether or not this combination of means and end is paradoxical, and whether or not it is good, it is hardly unusual. In historical perspective, it should not be the least bit confounding. It

¹¹ Nelson admits that Jefferson’s end was free markets for American goods abroad, but insists on a “crucial” distinction: “‘free trade’ was not the same as ‘free markets’” (Nelson 1987, 69). He explains that free markets, in Jefferson’s view, could only be achieved by restraining trade. The explanation is right but the distinction drawn from it, far from being crucial, is misleading. Nelson would have Jefferson appear *not* to have advocated a policy designated “free trade.” But the policy so designated, both then and now, is precisely what he advocated, albeit as an end not a means. The crucial distinction is not between “free trade” and “free markets.” It is between ends and means, between goals and strategies.

characterizes the majority of American free-trade opinion in not only the 1790s but also the 1830s (Meardon 2011a), the 1910s (Meardon 2011b), the present day, and most days in between.

And yet Carey's alignment with Jefferson's reciprocity program would seem to present a problem. To Carey, as to Jefferson, Jay's treaty with Great Britain of 1794, fostered by Hamilton in order to defuse the gathering threat of American retaliation, was degrading. Worse, it prevented the better outcome that could be had if the United States met British "perfidy and injustice" with tough retaliation (Carey 1796, 37; Ben-Atar 1993, 139). Thus wrote Carey in a pamphlet of his own authorship in 1796.¹² We have established that Carey's convictions were protectionist from the start. So what does Carey's alignment with Jefferson signal *if not* Jefferson's protectionism, Hamilton's liberal-trade tendencies, or both?

Attention to the different usages of "reciprocity" by Hamilton, Jefferson, and Carey helps to answer the question. Hamilton's peculiar term, "a reciprocity of advantages," has been noted but not examined. He used it in his *Report on Manufactures* to suggest "prohibitions of rival articles or duties equivalent to prohibitions" when other countries did the same, so long as the measures were consistent with "a due [domestic] competition and an adequate supply on reasonable terms" (Hamilton [1791] 1913, 37). He did not suggest that the measures were a means of inducing foreign countries to relinquish their restraints. They were rather "an efficacious means of encouraging national manufactures" – an end attended by the several advantages he set out elsewhere in the report. The perfect aptness of the term for Hamilton's purpose should be appreciated.

The marked difference of Jefferson's usage of reciprocity should also be appreciated. The instruments of reciprocity were identical. As quoted above from Jefferson's report of

¹² Carey's authorship is not stated in the pamphlet. It is evidenced by a letter from Carey to Samuel Harrison Smith dated January 20, 1796, and cited by Clarkin (1984, 41).

December 1793, they comprised primarily the imposition of high duties on, or prohibiting altogether, the productions of countries that did the same to the United States. But one searches in vain for any “advantage” that Jefferson believed to be gained from such measures. To the contrary, “we must expect some inconvenience in practice from the establishment of discriminating duties.” The reason for their establishment is that “we are left to choose between two evils”: inconveniences now or greater inconveniences later. Wrote Jefferson,

When once it shall be perceived that we are either in the system or in the habit of giving equal advantages to those who extinguish our commerce and navigation by duties and prohibitions, as to those who treat both with liberality and justice, liberality and justice will be converted by all, into duties and prohibitions (*American State Papers*, Foreign Relations I, 304)

Note his reference to “advantages.” They are the advantages that one side enjoys when the other *forgoes* restraints. Jefferson’s purpose is the mutual enjoyment of such advantages, the elimination of restraints. Given that the instruments of reciprocity entertained are duties and prohibitions, no notion could be so remote to him as “a reciprocity of advantages.” If he had been a poor stylist, he might have answered Hamilton with, “a reciprocity of deplorable but circumstantially necessary and temporary disadvantages.”

Carey, too, speaks of “advantages” in a telling way. His Jay Treaty jeremiad, while favoring Jefferson, gives little indication in its 48 pages that he has Jefferson’s end in view. That the treaty was disadvantageous, he left no doubt – but where was one to seek advantages? He painted no idyllic picture in the manner of Jefferson of a free and thriving trade in which mutual surpluses are exchanged for mutual wants to the betterment of all. He merely counted the myriad ways in which the treaty would “betray our country,” bartering its “dear-bought independence ... for sordid commercial advantages” (Carey 1796, 16).

It is possible to put too much weight on a word. But it may at least be admitted that Carey's description of the Jay Treaty's concessions to the United States as "sordid," not merely "insufficient," is consistent with his views over the preceding dozen years. The nationalist and anti-British sentiment of his writing is equally consistent. The straightforward explanation of Carey's departure from Hamilton and alignment with Jefferson between the early to mid 1790s is not that Hamilton turned out to be insufficiently protectionist for Carey, nor that Jefferson turned out to eschew free trade, nor that Carey was uncertain in his commercial-policy predilections. It is that the alignment, in Carey's mind, had little to do with the protective doctrine that Hamilton delineated in his famous report or the free-trade vision that Jefferson sketched in his.

Carey determined that negotiations with Great Britain were insufficient for the common economic end that he and Hamilton embraced: protection for domestic manufactures. They also aroused his longstanding anti-British animus. He aligned himself with Jefferson because, under the circumstances, he thought his end was advanced more effectively and in a manner more compatible with the national honor by Jefferson's means than by Hamilton's, notwithstanding Jefferson's very different end. Decades later, when circumstances changed, no revelation or superficiality of thought was necessary for Carey to extol Hamilton as a champion of protective duties and cast him as an icon of the salient protective doctrine.

V. Conclusions

They may be stated briefly. Mathew Carey's protectionism was well considered at least as early as 1784, before he emigrated to America. It was akin to Hamilton's in the *Report on Manufactures*. Carey first aligned himself with Hamilton, then, between the early and mid-1790s, began to oppose him over the appropriate response to British commercial depredations.

Carey's opposition to Hamilton had to do with means not ends, as did his siding with Jefferson.

Carey's affinity with Hamilton's protectionism was longstanding, fundamental, and abiding.

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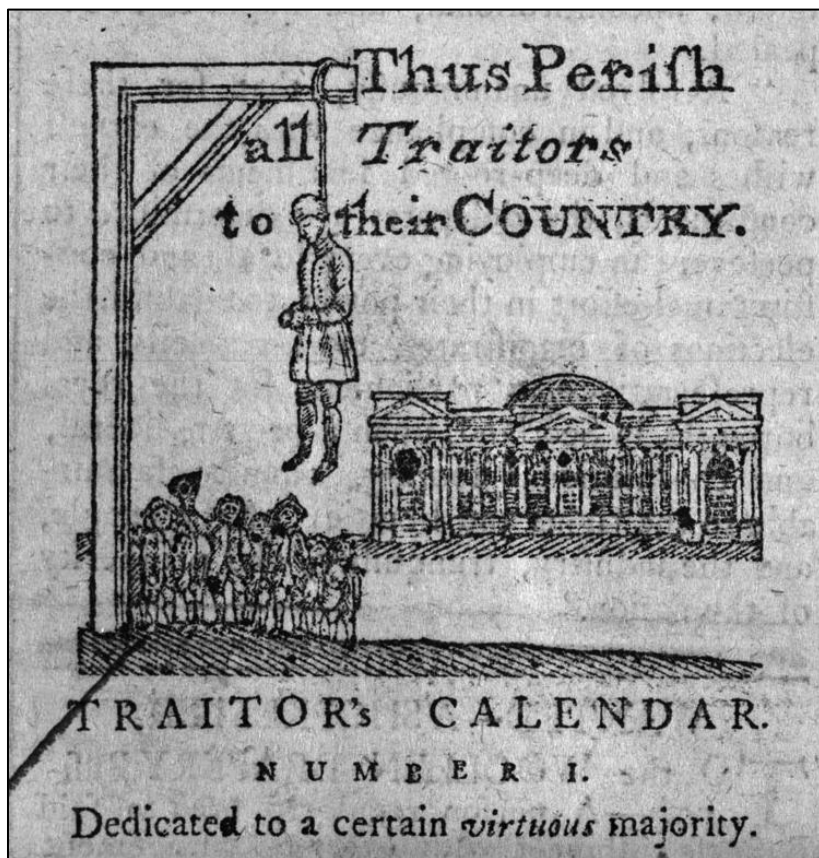


Figure 1. "Thus Perish all Traitors to their COUNTRY." *The Volunteers Journal; or, Irish Herald* (Dublin), 5 April 1784, p. 1. Reproduced with permission of the Library Company of Philadelphia.