

**HISTORY AND ECONOMICS.
NO. 1. THE TARIFF
CONTROVERSY IN THE
UNITED STATES, 1789-1833**

Published @ 2017 Trieste Publishing Pty Ltd

ISBN 9780649170180

History and economics. No. 1. The tariff controversy in the United States, 1789-1833 by Orrin Leslie Elliott

Except for use in any review, the reproduction or utilisation of this work in whole or in part in any form by any electronic, mechanical or other means, now known or hereafter invented, including xerography, photocopying and recording, or in any information storage or retrieval system, is forbidden without the permission of the publisher, Trieste Publishing Pty Ltd, PO Box 1576 Collingwood, Victoria 3066 Australia.

All rights reserved.

Edited by Trieste Publishing Pty Ltd.
Cover @ 2017

This book is sold subject to the condition that it shall not, by way of trade or otherwise, be lent, re-sold, hired out, or otherwise circulated without the publisher's prior consent in any form or binding or cover other than that in which it is published and without a similar condition including this condition being imposed on the subsequent purchaser.

www.triestepublishing.com

ORRIN LESLIE ELLIOTT

**HISTORY AND ECONOMICS.
NO. 1. THE TARIFF
CONTROVERSY IN THE
UNITED STATES, 1789-1833**

Leland Stanford Junior University Monographs

HISTORY AND ECONOMICS

No. 1

THE TARIFF CONTROVERSY.

IN THE UNITED STATES

1789-1833.

WITH A SUMMARY OF THE PERIOD BEFORE THE ADOPTION
OF THE CONSTITUTION

BY

ORRIN LESLIE ELLIOTT, PH. D.

Of the Leland Stanford Junior University

PALO ALTO, CALIFORNIA
PUBLISHED BY THE UNIVERSITY
SEPTEMBER, 1892.

PRICE ONE DOLLAR



HF 1754
-E6

60814

COPYRIGHT, 1892,

BY O. L. ELLIOTT,

Gift of
Stimons Library

CONTENTS.

	PAGE.
I. THE COLONIAL PERIOD, - - - - -	5
II. THE TARIFF OF 1789, AND HAMILTON'S REPORT ON MANUFACTURES, - - - - -	67
III. COMMERCE <i>versus</i> MANUFACTURES, - - -	113
IV. THE AMERICAN SYSTEM, - - - - -	163
V. THE TARIFF AND NULLIFICATION, - - -	215

60814

60814





THE TARIFF CONTROVERSY

CHAPTER I.

THE COLONIAL PERIOD.

The American colonies naturally inherited the political economy of Europe, and of one phase of it they were the unfortunate victims. The colonial system has supplied material for endless harangue and denunciation, and writers of a certain class have exhausted the vocabulary of invective in endeavoring to characterize the tyranny of the mother country toward her defenceless colonies. That England's policy was one of "deliberate and malignant selfishness," as even Lecky affirms,* may be granted, if the words be not understood too severely. Judged by modern standards it was so. The interests of the colonies were made strictly subordinate to those of the mother country, and her legislation bore with irritating severity upon the expanding industrial life of the New World. But it is not necessary to suppose a malignant intention on the part of English statesmen

* 2 Lecky's Hist. of 18th Century, 8, 11.

to oppress the colonies. In the political economy of the time, the prosperity of one nation seemed to demand the pulling down of others, and self-aggrandizement had almost universal sway, in home not less than in colonial administration. Yet the English government was as generous toward its colonial subjects as toward its home subjects, when such generosity did not run counter to generally accepted economic doctrines.* Indeed, in applying economic principles common to the age, England was far less oppressive than other powers; and the favor of princes—sometimes for selfish purposes, sometimes from indifference—left the colonies a comparatively free field for development. And in the general economic notions which underlay the policy of the mother country, the colonies in the main acquiesced.

The economic system which dominated England during the colonial period was the natural and perhaps necessary outgrowth of the time. Broadly speaking, it was an assertion, in legislation, of the new national life which marked the transition from mediæval to modern times. Abnormal as it was, it realized, though crudely, what was most potent in the new industrial movement. Mediævalism had not been favorable to trade or commerce. The church sternly repressed the desire for riches, and accounted worldly activity an evil. Necessary exchanges must conform strictly to the *justum pretium*, or cost price, and commerce for gain was held to be wrong.† But the growth of an industrial and commercial spirit was encouraged in various ways. The Crusades, the revival of classical learning, especially the

* See Cunningham's *Politics and Economics*, 54, 66; also, Adam Smith's *Wealth of Nations*, Bk. 4, Ch. 7.

† See Ashley's *English Economic History*, 126 *et seq.*

new discoveries and inventions, stirred the blood of all Europe; and gradually out of feudalism emerged a number of powerful states whose rivalries extended to commerce. In the pettiness of these rivalries, industry was saved from being plundered by the recognition of its immense importance in the new political struggles. To build up manufactures as the great resource of the state became the object of rulers, and a long series of restrictions, wise and foolish, was the fruit of their activity.

These new movements, the first fruits of national self-consciousness, came in time to be bulwarked and extended by certain economic doctrines known as the "mercantile system."* The application of this system to the English colonies implied no feeling of unfriendliness toward them. The action was purely commercial, though at the same time determined by self-interest and with no recognition of the colonies as independent factors, politically or industrially. Regulations affecting them were determined upon with regard to their effect upon the commerce and industries of the mother

* The economic errors of this system have been summarized as follows: It over-estimated the importance of gold and silver, often confounding them with wealth, and measuring the prosperity of a country by the excess of gold imported over that exported. It unduly exalted foreign over domestic trade, and manufactures over agriculture; this involved the balance-of-trade error, leading to what Hamilton styled "the vain project of selling everything and buying nothing." It placed too high an estimate on the value of a dense population as an element of national strength. It invoked too readily state aid for commercial purposes, filling the statute books with vexatious restrictions, and the borders of every little state with petty and hampering custom-houses. See *Encyc. Brit.* (ninth ed.), article *Pol. Econ.* (enlarged and reprinted as *Ingram's History of Political Economy*). The spirit of the mercantile system is admirably illustrated in 23 George II., Ch. 13, *Laws of 1750*, enforcing heavy penalties for enticing artificers out of Great Britain, or for exporting utensils of the woolen and silk manufactures. See especially the preamble. 20 Statutes at Large, p. 14.