

# Whither American History and American Capitalism

Lewis E. Lehrman  
Co-Chairman,  
Gilder Lehrman Institute of American History  
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We gather to think about American History, to consider the academic standing of our national patrimony, even to think about its adversaries. In President Lincoln's final message to Congress, he admonished us that "[Our opponents] do not attempt to deceive us. [They] afford us no excuse to deceive ourselves..." Even the McCormick Professor of Jurisprudence, Woodrow Wilson, warned us about academic politics - just as he was giving up the Presidency of Princeton University. Announcing his candidacy for Governor of New Jersey in 1912, it was reported he was asked by a reporter why in the world would you give up academic eminence at Princeton for the Governorship of New Jersey? Because, Wilson is supposed to have said, I wanted to get out of politics.

But we - especially we here - must not get out of the struggle to teach a balanced American history. Indeed, we must get further in - and the purpose of getting further in is not to play, but to win - that is, to vindicate American history, telling one of the greatest stories ever told.

In what I now say, I should like to demonstrate, by the example of four American leaders, the balanced history we might teach. It was Mr. Lincoln's patriotism by which we are reminded that we love our country, as he said, not only because it is our country, but also because it is a free country... And it is a free country in virtue of the blood and treasure offered up at the American Founding and, unto this very day, by all the men and women who embrace the principles of the Declaration of Independence. Our gathering here, I believe, originates in this spirit.

And so you surely understand why some historians use the phrase - our common country and its common culture, grounded in the creed of the founding - as amended. As amended calls up the "mystic chords of memory" of President Lincoln's decision to hold the Union fast through our most terrible war. As amended means the Emancipation Proclamation of President Lincoln; his XIIIth Amendment to abolish slavery, followed by the free and equal laws of the Civil Rights era which stemmed authoritatively from the XIIIth Amendment itself - the "King's cure", in President Lincoln's words, for the defect of slavery, present at the Founding. We remember that in considering the problem of slavery and war, Mr. Lincoln's acute historical sensibility embraced "the better angels of our nature." According to him, America was the "almost chosen people." And so, he aimed for an American Union of the free and equal, based upon a common culture fortified by the creed of the Declaration of Independence.

Lincoln was not alone in acknowledging the flaws of American history, but at the same time he believed America was the world's "last best hope". Indeed, the Sterling Professor of History at Yale University, David Brion Davis, the Pulitzer Prize winning pioneer of global slavery studies, admonishes us today that "a frank and honest effort...to face up to...our past...should in no way lead to cynicism and despair or to a repudiation of our heritage...Acceptance of the institution of slavery can be found not only in the Bible but in the earliest recorded documents in the Mesopotamian Near East. Slavery was accepted for millennia, virtually without question, in almost every region of the globe. Even in the nineteenth century there was nothing inevitable or even probable about the emancipation of black slaves throughout the Western Hemisphere." On emancipation, America was among the vanguard. So the big American story is emancipation and the struggle in our country, even to this day, for a free and equal social order. This, I believe, is true American history.

I confess to have carefully considered the teaching of American history in the Academy. And so have you. I wish, with the time given me, to dwell on a few historic teachers - among the millions of ordinary Americans who, empowered by American opportunity, did extraordinary deeds. In them we can see the agony and the ecstasy of the American dream.

On the meaning of their trials, listen to a former slave, an inspired teacher, whom we do know well - Frederick Douglass, the great black abolitionist. He it was, who, through sheer force of personality, helped to rewrite the epic American struggle of the free and equal. In trying to make sense of his own struggle - up from slavery and through civil war - he wrote what could be the watchword of every American, "If there is no struggle, there is no progress..." Neither did he yield in private, nor in public life, to the near universal prejudice against his race. Unlike the well-known Columbia Professor, Richard Hofstadter - who cynically

taught a generation of American students that the Emancipation Proclamation had all the moral grandeur of a commercial "bill of lading" - Frederick Douglass had no doubt of the supervening importance of the Proclamation to the black slave. It was, Douglass wrote, "a bolt from the sky", fulfilling "the agonizing prayers of centuries..." Frederick Douglass, the slave descendant of coerced immigrants, is more than a match for those who might misinterpret the legacy of the Proclamation.

Now, let us consider an immigrant, who, as an orphan, came to America at the founding, from a neighboring slave culture in the Caribbean. Nowhere in our history, perhaps, is the tragedy of public achievement and private passion more transparent than in the rise and fall of this remarkable immigrant boy....

Alexander Hamilton was, in a word, a prodigy. He was America's first Secretary of the Treasury at age 34, indeed by all accounts, the first minister of the cabinet assembled under President Washington. At 21 he had been an early leader of the revolutionary party in New York. At 24 he was *de facto* chief-of-staff to General Washington.... And the origins of this aspiring statesman were no less implausible than his rapid ascent. Hamilton's birth was advertised in an infamous description by President John Adams, whose jealous self-importance was often on display, when Adams referred to Hamilton as "the bastard brat of a Scot Pedlar." Alexander Hamilton had been born out-of-wedlock into the slave and sugar culture of the Caribbean - abandoned by his father, put to work penniless at 11, then left alone at 13 by the death of his mother. Four years later, sponsored by a Caribbean merchant, he arrived in America. Only seventeen years thereafter, he was Secretary of the Treasury in President Washington's first administration.

The exertions and achievements of Hamilton's founding statecraft were a match for his ambitions.... The Hamiltonian economic revival of the 1790s vindicated the new constitution of 1789. In the first National Bank of the United States, in the inauguration of the U.S. monetary standard, the refinancing of federal and state debt, and in his report on manufactures, to mention just a few Hamiltonian initiatives, he elaborated not only a pathbreaking economic vision, but he also argued from philosophic wisdom of the highest order. And, in the building of our government institutions, he displayed a practical wisdom, rare among intellectuals. In sum, he was a lawgiver, a teacher, and a nation-builder.

Does the ghost of James Madison quiver over me, as I now say that it was Alexander Hamilton, at the birth of the Republic, who breathed life into American constitutional law with the Federalist Papers - almost two-thirds of which he wrote himself? Even his implacable opponent, Thomas Jefferson, called the Federalist Papers, "the best commentary on the principles of government which was ever written." Chancellor Kent, the American Blackstone, thought him without peer. Judge Ambrose Spencer, a distinguished judge of New York, often in conflict with Hamilton, held him to be "the greatest man this country has produced.... It was he, more than any other man, who thought out the Constitution of the United States and the details of the government of the Union...." To attain his goals, Alexander Hamilton practiced Mr. Lincoln's first principle of success, "Work, work, work is the main thing...." But Hamilton manifestly cared little for riches himself. Born poor, he died poor. His were aspirations for intellectual and political leadership. But he was no academic. He taught patriotism to his countrymen and nation-building to its leaders. After George Washington, Chief Justice John Marshall believed Alexander Hamilton to be the first man of his age. In the words of Senator Henry Cabot Lodge, a leading scholar-politician, one century ago, Hamilton, above all, "was the embodiment of [American] nationality", a decisive idea at the crucial moment when "the principle of nationality meant nothing...." And "there is no single man to whom" American nationality "owes more than to Hamilton". It may be hard to grasp the importance - at that time - and even at this moment - of the indispensable idea of American nationality, of a self-confident American identity, of an enlightened American patriotism.

We do know that upon the ascendancy of Washington, Hamilton, and Marshall - and the Federalist Party - the cultivation of American nationality became an important goal. Theirs was at first a lonely strategy, because the loyalties of many ruling squirearchies were then pledged to their parochial state-based privileges, and to their property (including slave property) - all safely protected by state legislatures dominated in many cases by the local elites. Still, it was Patrick Henry of the Old Dominion who reminded the Virginia elite of their American nationality, when he declared on the second day of the First Continental Congress in September 1774, "I am not a Virginian, but an American." In this national sentiment, no one exceeded the leadership of Alexander Hamilton. He was also a pioneer of the abolition society of New York. But, as honest teachers of our American children, and grandchildren we must still ask: does the entire Hamilton record serve as a constructive American guidepost? Or, are there warnings in his pilgrimage of pitfalls to beware? In the end Alexander Hamilton's leadership faltered, and the same ghosts of Mount Vernon, Monticello, and Montpelier move us to ask why...? Young Hamilton was brave, handsome, articulate and brash. But such is not in every case the best preparation for the unforgiving trials of leadership, nor is it always a combination well-suited for teaching young citizens. No one grasped better than Hamilton the principles of financial statecraft, of nation-building, of a commercial capitalist republic. Hamilton was, in all his public purposes, self-confident; but he was proud to a fault. He had a deep sense of honor; but he carried his dignity to a vanity. To his gift of tongues, he joined an equal gift of the pen; but he deployed these rapiers with the deadly design of an artillery captain - in places where prudence would have wisely

constrained his thrust - for example, in his assault on President John Adams in October 1800, and in his self-conscious public extenuation in 1797 of an extra-marital adventure with Maria Reynolds.

This then, I believe, is the teaching left to us by the Hamiltonian lesson. In the best American leader and teacher there is a well-developed code of honor. But, it is a great trial to maintain it. For the passions must be regulated, not spent. And the intellect must be focused, not dissipated. If a man, or a woman, aspires to leadership, but he senses that his appetites may not be restrained - and yet he be wise - let him embrace the guidance of the teacher who will harness his talents, tame his passions, and vindicate his code of honor. This discipline Mr. Hamilton accepted from General Washington, without whom he flew too close to the sun and fell.

But Hamilton's Commercial Capitalist Republic continued its ascent; and after a mere century led the world. This remarkable rise from thirteen impoverished colonies by the sea, must be linked to the genius of General Washington. We, at the Gilder Lehrman Institute of American History, cherish the honor to serve Mount Vernon, his legacy to his countrymen. There we salute General Washington. Why do we do this? Is it sufficient to say that he was the first great general of the victorious American armies? When we do contemplate this question, we sense that all his mighty public triumphs are insufficient by which to remember him. It is also his private character and his peacetime vocation which still resonate in the memories of those who embrace his teaching authority.

Boy though I was when the storied name of Washington creased my memory. I still recollect, first, his remarkable feats at Mount Vernon, his agricultural citadel, the success of which pre-occupied our Virginian every day of his life.

Here tonight, we also remember his disciplined moral formation. Indeed, honor and conscience, and a decent respect for the equality principle of the Declaration of Independence, caused him grave regret for the chattel labor bound to his soil. And here, we must recall that, in fact, he freed his slaves with his last will and testament. On September 9, 1786, long before his death, General Washington wrote from Mount Vernon, a revealing letter, now in the Gilder Lehrman Collection at the New-York Historical Society. I quote the General: "I never mean to... possess another slave by purchase; it being among my first wishes to see a plan adopted by...which slavery in this Country may be abolished by slow, sure and imperceptible degrees."

The worldwide struggle to overcome the legacy of slavery and racial prejudice was, still is, a crucial struggle of American leadership, a moral struggle initiated by the self evident truths of our founding charter, the Declaration of Independence - "that all men are created equal," that we are endowed by our Creator with the inalienable right to life, and to liberty. Thus it was that the commercial capitalism of the American Republic, founded on these inalienable rights, could not morally co-exist with slavery.

Now, in the remaining time, I should like to consider, given certain trends, what might become of the commercial, capitalist republic of the founders — as amended by the XIIIth, XIVth, XVth equal rights amendments and the great civil rights reforms of the 1960s.

If American capitalism is the least imperfect economic arrangement by which to organize the exchanges of producers and consumers, the question still remains, to what end? Since men and women gain their humanity as children, issuing from a family, a family must precede every human being. It is the family which gives rise to the human person, and thus is anterior to the state. Thus it was that the integrity and teaching of the family, its civic and moral formation, were both means and ends of the American social order.

In a word, capitalism is made for the family - not the family for capitalism. This view, I believe, was anchored by the better angels of the American founding. But careful observation and historical study suggest that the market mechanisms of capitalism are, left entirely to themselves, amoral. It is true that capitalism does enable man to provide almost all the goods, at flexible prices, of most earthly needs. But an autonomous free market can also enable autonomous man, free of effective legal restraints, to provide the services of prostitution, pornography, and slavery. Thus, the social value of unguided free markets is problematic, because unrestrained capitalism knows few moral borders. This view, too, I believe, undergirded the vision of the founders. As the nation's first Chief Justice, John Jay, wrote to a friend, "The moral or natural law was given by the sovereign of the universe to all mankind; with them it was co-eval, and with them it will be co-existent."

The Founders understood that American capitalism is at most an efficient economic mechanism, and is, therefore, subordinate to, governed by the reigning values of the political, social, and legal era in which it operates. Nowhere, perhaps, can this argument be better illustrated than in the birth of the American republic and in the economic statecraft of the Founding era we have just considered.

One often forgets that the American republic reached global pre-eminence in a mere fifteen decades after the inauguration of President Washington in 1789. Before that, the Articles of Confederation of 1777 did not lead to an ordered, and prosperous economy, nor to the security of property and national unity, all of which,

since 1776, the Americans had claimed to be fighting for. On the contrary, after American military victory in 1781 and the peace treaty with England in 1783, the American people, under the feeble Articles of Confederation, endured economic depression and disorder, and the worst paper money inflation in American history.

Only after the historic constitutional reforms made between 1787 and 1789, followed by the extraordinary financial statecraft of Alexander Hamilton, did the economic boom get underway in the fledgling nation. And the timing of the boom was no accident, for the new regime had replaced the weak and flawed Articles of Confederation with the very strong, but limited, government of the Constitution of 1789.

Happily, the first years of the American Constitution, born of revolution and disorder, were presided over by remarkable statesmen, who instilled immense energy into the legal and political order of the infant republic. A federal court system and an energetic executive were created to execute the laws and to uphold the constitution as the supreme law of the land. By statute, a gold monetary standard established a stable currency by which to integrate the nation's economy into the world trading system. To finance a growing economy, with an elastic currency, a successful national bank was launched. As Hamilton prophesied in his 1790 report on a national bank, "Industry is increased, commodities are multiplied, agriculture and manufacturers flourish; and herein consists the true wealth and prosperity of a state." Federal and state government debts, incurred during the Revolution, were consolidated and funded in world financial markets. Whenever challenged by rebellion at home, the new national government should appear, in the words of Alexander Hamilton, "like a Hercules", to cow those who would use brute force to impeach a popular constitution dedicated to the rule of law. It was by means of such a powerful legal and political framework, that the fragile seed of contingent private markets took deep root in North America.

An historical paradox is therefore resolved. The American Republic of the prosperous 1790's was inaugurated by the very same Americans who had endured the great inflation, disorder, and depression of the period under the Articles of Confederation of 1777. In 1795 the price mechanism was not much more free under the new constitution than it was, for twelve years, under the Articles of Confederation. The factors of production were not much more mobile. The property base of the nation was virtually the same in both periods. But even though the implicit economic mechanisms of capitalism had been present under the Articles of Confederation of 1777, they had been disabled by feeble institutions. Then, between 1787 and 1796, the political and legal regime had undergone a great mutation. By means of new leadership and a new national constitution, a new social order - "a new order of the ages" - had emerged, one in which a strong government secured the essential lawful order and trust upon which the contractual mechanisms of capitalism depend - private property, free prices and mobile factors of production. But the issue of the right to property in another human being had yet to be resolved.

We can see therefore that a free society in America is, in fact, not free. That is, a free society does not come free. The price of slavery and Emancipation, in blood and treasure, is a witness to this rule. Prudent intellect, wise judgment, a well-formed conscience are required to make and sustain a free society worthy of the making. In a free social order, every person must work every day to think and to do right. But in a despotism, the rulers presume to do so for everybody. Indeed, in a properly ordered constitutional republic, one which respects the equality and dignity of persons and families, and the laws of property, it is the duty of each citizen freely to choose to do the ethical and legitimate thing. This duty, I believe, must lead each American to properly govern himself such that, in the long run, a limited, constitutional, government of the whole might lightly regulate the general welfare of all.

Some free market advocates today hold to the idea that the "long run" is a phantom, that American capitalism can be sustained without families, without an objective moral code forming the conscience of every citizen. "In the long run we are all dead," the famous economist, John Maynard Keynes, taught three generations of modern economists and students. Keynes' dismissal of the long run may have come easily to him. But without family, there are no children, and the future withers away. And the people perish. I can do no better than to invoke the authority of America's founding father, President Washington, who delivered to his fellow Americans one of the greatest state papers in the history of the English language. It was known then, and has come down to us, as "The Farewell Address of President George Washington." In a peroration, he implored his fellow Americans:

"Of all the dispositions and habits which lead to political prosperity, Religion and morality are indispensable supports.... Let it simply be asked, where is the security for property, for reputation, for life, if the sense of religious obligation desert the oaths, which are the instruments of investigation in Courts of Justice? And let us with caution indulge the supposition that morality can be maintained without religion.... Reason and experience both forbid us to expect that...morality can prevail in exclusion of religious principle.... [But] virtue or morality is a necessary spring of popular government. [And this] rule...extends with more or less force to every species of free Government."

Have we now exhausted the teaching to which we Americans should turn for principled and prudent authority? In the disciplined conscience of American history, perhaps no historical example surpasses the re-founding of America in the 1860s, that is to say, the teaching of Mr. Lincoln. In what did President Lincoln's first principles consist? What was the animating spirit of his teaching - especially in peace, and before civil war? Until his 49<sup>th</sup> year, his politics were preoccupied by the economics of American opportunity, implied in the moral and political principles of the Declaration of Independence. I quote him: "There is not, of necessity any such thing as the free hired laborer being fixed to that condition for life.... The prudent, penniless beginner in the world labors for wages awhile, saves a surplus with which to buy tools or land for himself; then labors on his own account for another while, and at length hires another new beginner to help him. This is the just, and generous, and prosperous system, which opens the way to all - gives hope to all, and... energy, and progress, and improvement of conditions to all." Lincoln's America was, in principle, a colorblind America. "I want every man to have the chance," Lincoln announced in New Haven in March 1860. "And I believe a black man is entitled to it...when he may look forward and hope to be a hired laborer this year..., work for himself afterward, and finally to hire men to work for him. That is the true system." Such a colorblind economic system was the counterpart of the Declaration's colorblind equality principle.

It seems clear that, without Lincoln's teaching - the moral character of his leadership, the ethical grounding of his political economy, and his victory in war - separate slave and free states might have competed on the same continent. In 1865 President Lincoln's XIIIth Amendment to the Constitution put an end to this stark possibility. And thus today, no man in America can freely make a slave of another man. As President Lincoln wrote in his final message to Congress "Important principles may, and must, be inflexible." Without President Lincoln's tenacious hold on objective moral principles, and his will to fight for them, there might be no peerless American economy today based on free labor. But without continental American industrial power, from the Atlantic to the Pacific, which Lincoln advocated, the American economic sinews of peace and of war could not have been flexed across the ocean to contain Imperial Germany, as it reached for European hegemony in 1914. Neither would there have been a national power strong enough to destroy its successor, Hitler's Nazi Reich, nor in the western Pacific Ocean, to crush the aggressions of Imperial Japan. And, in the end, there would have been no free, unified, continental American power to overcome the Communist empire of the second half of the twentieth century. Empires based on the invidious distinctions of race and class - the defining principles of the malignant world powers of our era - were preempted by the force and leadership of a single nation, the United States of America. It is plausible to believe that without President Lincoln's teaching and triumph, neither President Wilson, nor President Roosevelt, nor President Reagan, could have been confident of the ultimate vindication the world over of the principles of freedom.

This, I believe, is true American history - whither, amidst all our mistakes, I believe American history is tending.

Hovering over the whole history of Mr. Lincoln's American pilgrimage, there still lingers the enigma of a very private man - the impenetrable shadow of Mr. Lincoln's profile. But in him we can surely say: the passions were regulated, not spent; the intellect focused, not dissipated. Though we scrutinize Lincoln's moral teaching, his matchless leadership, his formidable character, we still see them through a glass darkly. So we mine his papers, sap the memoirs left by those who knew him, plumb his personal relationships. But he escapes us.

Surely we know about his humble parents, his lack of formal education, his discreet but towering ambition. Like a luminous comet, he had for a twinkling thrust himself before our eyes, the eyes of the world, there to dissolve into the vasty deep whence he came.

And so we Americans, even we here, are left, in the light of his teaching, to contemplate our own assignments in the pilgrimage of our common country, as it winds its way through its second century of preeminence. That is why, here in this hall, I give thanks for the chance to honor you - the leaders, the patriots, of our common country - even more, to hope that Americans from all walks of life may learn from you the lessons which will sustain American teachers and leaders - in peace and in war.

What extraordinary tales remain to be told and taught by you - and by scholars, the world over - of the history and destiny of America - of our way of life here -of the contributions of unsung soldiers, plain working people, and inspired leaders.

And so, to you, the teachers of our countrymen, I wish to say that it is I who am grateful to be at work with you, telling one of the most moving stories ever told - the American story.