ALEXANDER HAMILTON AND THE REPORT ON MANUFACTURES: A SUGGESTION

BY BERNARD MASON*

Among Alexander Hamilton's reports to Congress during his administration of the Treasury Department the Report on Manufactures has held a notable position. Appearing in December, 1791, the report gave voice to the aspirations and needs of numerous craftsmen and merchants. Although manufacturing comprised a minor sector of the economy, Hamilton and other Americans possessed a boundless enthusiasm for the development of industry. Perhaps this optimism partly owed its inspiration to the speculative spirit of the times, but whatever its sources it permeated the Report on Manufactures. Emboldened by the flourishing state of the "useful arts" and an abundance of many natural resources, the Secretary of the Treasury outlined policies for the stimulation of industrial growth which reflected a perspicacious grasp of the necessities of the infant industries.

Scholars have long supposed that the Report on Manufactures was the product of collaboration between Hamilton and his Assistant Secretary of the Treasury, Tench Coxe. Writers based this hypothesis on parallelisms in the Report and Coxe's public essays; they observed that Hamilton and Coxe advocated a number of ideas in common. For example, addressing themselves to the major objections of a scarcity of labor and high wages in the United States, the Secretary and his assistant projected the ben-

*Dr. Mason is associate professor of history at Harpur College of the State University of New York and was formerly assistant editor, 1939-1940, of the Papers of Alexander Hamilton.


2 Coxe, a Philadelphian, was a long-time proponent of manufacturing. See the list of his writings in the bibliography of Hutcheson, Tench Coxe.
benefits of the use of machinery, the employment of women and children, and the attraction of European immigrants. Moreover, they argued, American manufacturers possessed a very important advantage, a veritable bounty, in the high costs of importation. These costs, by raising the prices of foreign goods fifteen to fifty percent, gave American products a competitive edge. The farmers, too, would prosper, contended Hamilton and Coxe, because the expansion of manufacturing would enlarge the domestic market for agricultural commodities. Furthermore, they pointed out, the farmers' foreign market was unstable, since it fluctuated under various international pressures. Both men emphasized that a nation which lacked manufactures could not be wealthy and powerful. They agreed that bounties, protective duties, and prohibitions should be adopted to promote manufacturing, although they differed over their details.3

A further examination of Coxe's published disquisitions yields a few additional arguments which parallel the Report on Manufactures. Although Coxe was aware of the shortage of capital for investment in manufacturing, he thought the United States might induce European capital to seek investment here. Secondly, since the nation did not grow and fabricate all of the materials essential to manufacturing, the Assistant Secretary of the Treasury urged the free importation of needed products. Lastly, the rise of industry encouraged the tillers of the soil, he demonstrated, since the industries and artisans consumed the farmers' commodities.4

More suggestive evidence of the collaboration between Hamilton and Coxe is found in an early draft of the Report on Manufactures in the Hamilton Papers.5 The handwriting and organization of the


Although the MS bears no date, internal evidence suggests that a clerk made this copy in December, 1790. The opening portion of the report, citing the House resolution which instructed Hamilton to draw up a report, stated
manuscript suggest that this document was a clerk’s transcription of a previous draft. However, the Secretary and his aide extensively revised this copy. Many of the interlineations, changes and marginal notations are in Coxe’s handwriting. The extent of Coxe’s contribution to the content of this clerk’s copy cannot be ascertained, since the draft from which the clerk made the transcription cannot be found.

Some indication of the Philadelphian’s participation in the writing of the initial draft appears in the manuscript itself. A portion of the document strikingly suggests sections of Tench Coxe’s lengthy pamphlet of 1789 on economic conditions in the nation. Pertinent excerpts of this essay are quoted below parallel to the relevant statement in the draft report.

Coxe Draft

An agricultural nation which exports its raw materials, and imports its manufactures, never can be opulent, because every profitable advantage which


the resolution’s date as “the fifteenth day of January last.” Since the House voted the inquiry January 15, 1790, the author would not have used the word “last” unless the year were still 1790. Another passage in the draft, analyzing the role of the Bank of the United States, implied that the House of Representatives was familiar with the Secretary’s report on the bank of December 13, 1790, and that Congress would charter the institution. If Congress had enacted the bank legislation, the writer would have used different phraseology in reference to the bank. Since the House passed the bill February 8, 1791, completing Congressional action on it, early February would be the latest possible date for this draft of the report.

An argument against the validity of a February date for the draft may be found in one of Hamilton’s revisions of a portion of the document. Discussing the allowance of a drawback of the duty on molasses when it should be exported as rum, the Secretary noted that the House “lately passed” the excise bill which included this provision. The House approved the measure January 27, and the Senate did its part February 26, 1791. Journal of the House of Representatives of the United States of America, 1 Cong., 3 sess., pp. 364-365, 372-373 (January 27, February 8, 1791); Journal of the Senate of the United States of America, 1 Cong., 3 sess., pp. 289-290 (February 26, 1791).

There are two letters from Coxe to James Madison which provide an excellent model for handwriting comparisons with the draft report. Coxe to Madison, March 21, 31, 1790. James Madison Papers, LC.

It may be significant, however, that each succeeding draft was richer, more complex, more prolix, and addressed itself more to the theoretical aspects of the subject, in a word, became more Hamiltonian.

Coxe, Observations, pp. 19, 20; Report on Manufactures, 1790, XIV, Hamilton Papers, LC.
can be derived from its productions is given into the hands of the manufacturing nation. . . . to some [nations] of whom nature has been so bountiful as to supply these deficiencies with rich staple productions; yet even such countries can never be independent, opulent or powerful. The present state of the West India islands is a proof of this; their lands are fertile and their productions valuable, yet they are dependent on other countries for their necessary supplies, the balance of their trade is against them, and they are incapable without foreign aid and support, to make a respectable defence.

Another part of the draft also furnishes a link to Tench Coxe. The draft projected the idea of a land reserve to be used to reward “the first introducers or establishers” of new machinery but did not elucidate the proposal. The details of the plan were elaborated in an addendum marked “A” which follows below.9

A Plan for creating a landed fund to be granted in premiums to the Introducers, Inventors and Establishers of manufactories, machinery and secrets in the useful Arts.

There being six great staple raw materials, silk, cotton, wool, hemp, flax and iron, that are deemed capable of being manufactured by water they may be considered as forming the 1st. Class, which may be encouraged by a grant of 30,000 Acres of Land to the persons who shall introduce the Model and the completest foreign mill for each. This will require

\[
\text{Acres} \quad 180,000
\]

9 Ibid., Hamilton Papers, LC. The handwriting with two exceptions is the same as that of the main body of the draft.
The 2d. Class will be more numerous. Let it be supposed that it may contain ten objects, but being individually less important 15,000 Acres are proposed.\(^{10}\) This will require 150,000

The 3d class will be still more numerous, but of less individual importance. Let it be supposed that it may contain 17 objects each to be rewarded by 10,000 Acres. This will require 170,000

The above premiums may be applied indiscriminately to reward Introductions, or native Inventions, which will not yield an immediate or adequate benefit to the Inventor.

The management and distribution of this fund it is conceived would be most beneficially conducted under the direction of the President of the United States. The principles of the distribution being fixed by the Law, the might\(^{11}\) application of the fund to the several cases would be most conveniently left in the judgment and discretion of the President.

The penning of two words of course does not identify Coxe as the progenitor of this plan, but the concept of utilizing land as an inducement to the promotion of manufacturing was one of the man's cherished ideas.\(^{12}\)

The Assistant Secretary evolved the notion in the years 1787-1790. In a speech in 1787 to the founders of the Pennsylvania Society for the Promotion of Manufactures and Useful Arts, Coxe publicly advocated land as a premium for inventions. Although he did not particularize about his plan, he suggested a grant of one thousand acres to inventors and introducers of foreign machinery. Shortly before his appointment to the Treasury in

\(^{10}\) In this sentence the word “individually” is an insertion in Coxe's handwriting.

\(^{11}\) “Might” is an interlineation in Coxe's handwriting.

\(^{12}\) It is interesting to note that the largest rewards were to go to those who introduced machinery from abroad. A number of Americans were keenly aware of European technological progress, and Coxe himself had subsidized the immigration of an English citizen who constructed a model of some textile machinery. See Coxe to Madison, March 21, 1790, Madison Papers, LC; scattered Coxe correspondence, 1789-1791, in Thomas Jefferson Papers and Hamilton Papers, LC.
1790, Coxe recurred to this conception in correspondence with James Madison. He told Madison:

I find the idea of a landed fund for the advancement of manufactures is an old one in my mind. On looking over the little address to the friends of Manufacturing in 1787 I observe I have hinted it there. You will excuse me therefore, if I wish not to part with it sooner than can be avoided.

Ten days afterwards, in response to prodding by Madison, Coxe amplified his original statement. He urged that

... Congress should lay off a million of Acres of the nearest, least broken & most valuable land in their western territory as a fund to reward the introductions of Machinery inventions, arts and other things of that nature from foreign Countries, and Inventions and discoveries first communicated to us by Natives or foreigners the benefits of which, tho of no considerable importance to them should be useful to the United States. From two years attention to this Subject and a constant observation on foreigners I am satisfied it would have a very beneficial effect...

Although the acreage stipulated in the preceding letter was one million, a substantially larger quantity than that specified in the draft report, the kinship of the two plans is clear.18

The fate of the land fund proposal is suggestive and perhaps significant. When Hamilton revised the draft, he struck out and rewrote this whole section. The Secretary preferred a monetary fund instead of a land reserve with which to encourage technological innovation. Creating a special board of government officials to administer the money, Hamilton recommended that the board's revenue come from a particular customs duty which would be levied for that purpose. Formulated in this fashion, the fund survived all succeeding revisions and appeared in the final copy of the report. It will be recalled that Hamilton made a similar choice

in New York in 1784, when he favored the incorporation of a bank whose basis was specie rather than land.\textsuperscript{14}

Although the evidence presented here is incomplete, suggestive rather than conclusive, it does point to the possibility that Tench Coxe played a more considerable role in the formulation of the Report on Manufactures than was hitherto apparent. It is to be hoped that future research in presently inaccessible manuscripts will illuminate more clearly the extent of the Hamilton-Coxe collaboration.