



ALEXANDER HAMILTON

1757 - 1804

“He smote the rock of the national resources,
and abundant streams of revenue
gushed forth. He touched the dead corpse of
Public Credit and it sprung upon its feet.”

Daniel Webster, speech at New York

March 10, 1831

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Born

January 11, 1757, Nevis, St. Croix, British West Indies; the son of James Alexander Hamilton (a Scottish merchant) and Rachel Fawcett Lavien.

Childhood

Worked as a clerk for a St. Croix trading post; immigrated to America in 1772; attended grammar school in Elizabethtown, N.J., and was graduated from Kings College (now Columbia University) in 1775.

Religion

Presbyterian

Family

At the age of 25 married Elizabeth Schuyler on December 14, 1780; they had eight children: Philip Hamilton (1782), Angelica Hamilton (1784), Alexander Hamilton Jr. (1786), James Alexander Hamilton (1788), John Church Hamilton (1792), William Stephen Hamilton (1797), Eliza Hamilton (1799), and Phillip Hamilton (1802).

Accomplishments

Captain, New York Artillery Company (1776)
Lt. Colonel and aide de camp to George Washington (1777-81)
Practiced law in New York (1783-1804)
Delegate to the Continental Congress (1782-83 and 1788)
Commanded infantry brigade at the Battle of Yorktown (1781)
Founder and Director, Bank of New York (1784)
Delegate to the Annapolis Convention (1786)
Member, New York State Assembly (1787)
Delegate to the Constitutional Convention (1787)
Co-author, the *Federalist Papers* (1787-88)
Secretary of the Treasury (1789-95)
Inspector General of the Army (1798)
Founder, New York Evening Post (1801)

Died

July 12, 1804, New York City (after being fatally wounded in a duel with Aaron Burr); buried at Trinity Churchyard in Manhattan.

Last Words

“Remember, my Eliza, you are a Christian.”

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CHAMPION OF AMERICAN ENTERPRISE



Of all the Founders of the American Republic, Alexander Hamilton has fluctuated the most in reputation. During his own lifetime, Hamilton had committed defenders as well as passionate detractors. During the antebellum period, his reputation declined, but after the Civil War, with the triumph of neo-Federalism, he was accorded the highest honors in the national pantheon.

Today, Hamilton's reputation is ambiguous. Liberals consider him too elitist, a mouthpiece for the rich and well-born (despite Hamilton's humble origins), and a militarist. Conservatives often dismiss him as an anti-free-trade protectionist and the forefather of national industrial policy, or the idea that government can do a better job than markets at picking eventual winners and losers in the economy. Both sides are wrong, however. Hamilton is to be honored for the critical role he played in three important areas: constitutional government, political economy and public finance, and national defense.

The Life of Hamilton

HAMILTON PROBABLY WAS BORN IN 1757 — the record is not clear — on the British West Indian island of St. Croix. As a teenager, the precocious Hamilton favorably impressed his employer Nicholas Cruger and the Reverend Hugh Knox, a Presbyterian minister, who in 1772 conspired to

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send the 15-year-old to North America for an education. Hamilton matriculated at King's College (now Columbia University) in New York.

Hamilton became involved in the pre-Revolutionary politics of King's College in particular and of New York in general. In the winter of 1774-75, Hamilton wrote anonymously two pamphlets, *A Full Vindication of the Measures of Congress from the Calumnies of Their Enemies* and *The Farmer Refuted*, in response to popular Loyalist writings. As the patriot cause spread, Hamilton joined a drill company, and in March 1776 was made captain of a New York artillery battery. He served in this capacity through the summer and fall as the British maneuvered George Washington's Continental army out of New York and pursued it south across New Jersey. His artillery saw action at both Trenton and Princeton. Two months after Princeton, Hamilton was promoted to lieutenant colonel and became an aide to George Washington. He served in this role for four years, forging a relationship with Washington that would have immense consequences for the new nation.

In the summer of 1781, Washington gave Hamilton command of an infantry brigade. He saw action at Yorktown, including leading his brigade in a nighttime attack on a British trench line. Washington praised Hamilton and his men for "intrepidity, coolness and firmness" during the action.

The British surrendered at Yorktown on October 19, 1781. Although the war would not officially end for another two years, Hamilton was able to return to his family in New York and take up the study of law in Albany. In November 1782 the New York assembly chose Hamilton to be a delegate to Congress, where he first met James Madison, who would be both ally and adversary over the next two decades. A series of events (which culminated with Congress fleeing to New Jersey when a group of disaffected soldiers marched on Philadelphia) convinced Hamilton that the national legislature was a weak and debilitated body. Hamilton resigned from Congress and returned to his family and to the law.

Nevertheless, the New York assembly chose Hamilton as a delegate to the Annapolis Convention in September 1786 and later to the

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Constitutional Convention in Philadelphia. His contributions to the actual drafting of the Constitution were fairly limited and far less important than his truly Herculean efforts to gain New York's ratification of the final document.

Hamilton turned first to the press, collaborating with John Jay and James Madison to write the *Federalist Papers*, a series of newspaper essays under the Plutarchian pseudonym of Publius (see sidebar, p. 99). Of the 85 essays comprising the *Federalist Papers*, Hamilton wrote over two-thirds, mostly on war and foreign policy, the law, executive power, and the administration of government. During the New York Ratifying Convention, Hamilton was virtually a one-man show, making numerous, powerful speeches over the course of the convention that successfully swayed many anti-Federalist opponents to support the new government. By a close vote, New York agreed to ratification in July 1788, making it the 11th state to adopt the new Constitution.

When the new government met in New York City during the spring of 1789, President Washington chose Hamilton as the first secretary of the treasury. The Senate confirmed his nomination in September 1789 and Hamilton immediately set to work to establish America's credit by resolving the problem of the country's outstanding debt. As secretary of the treasury, Hamilton presented three important reports to the new Congress on behalf of the Washington administration. His *Report on the Public Credit* provided for funding the national and foreign debts of the United States, as well as for federal assumption of the states' Revolutionary War debts. Hamilton's next major project was to establish a national bank, a means for fulfilling the government's powers in the event of an emergency such as war. His *Report on a National Bank* was delivered in December 1790 and a bill passed through Congress fairly quickly. James Madison questioned the constitutionality of an act chartering a national bank but Hamilton made a powerful argument for the bank's constitutionality — based on the “implied powers” of the Constitution — and Washington signed the bank bill into law in early 1791. He immediately set to work on

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his third great project, a *Report on the Subject of Manufactures*, which he delivered to Congress at the end of that year.

Hamilton's financial program caused Thomas Jefferson and his allies great concern. They saw it as an instrument of monarchy and corruption, at odds with the yeoman virtues necessary for the young Republic. Disputes between Hamilton and Jefferson exploded into public view in the "Newspaper War" of 1792. Their quarrel over finances was exacerbated by a difference of opinion regarding the French Revolution. Jefferson thought the United States should assist France against Britain out of "gratitude" for its assistance to America during its own revolution while Hamilton favored closer ties with Great Britain and believed America should remain neutral. Washington concurred with Hamilton and issued his Neutrality Proclamation.

Jefferson left the cabinet at the end of 1793, frustrated by Hamilton's influence. Following the crisis of the Whiskey Rebellion of 1794 (see p. 17), Hamilton also left to return to private life, but the furor over the Jay Treaty (see p. 23) led Hamilton to enter the fray once more in a series of newspaper essays entitled "The Defence" under the pen name of Camillus. Hamilton's final service to Washington was his assistance in drafting his Farewell Address, the outgoing President's call on America to preserve the Union.

In the election of 1796, Hamilton worked assiduously to prevent Jefferson from becoming president by attempting to ensure that federal electors in New England cast their votes for Thomas Pinckney as well as John Adams. Adams interpreted this strategy as an attempt to influence the election in favor of Pinckney rather than him. This episode, along with Hamilton's influence over Adams's cabinet led to a falling out between the two that would severely weaken the Federalist Party and contribute to its defeat in the election of 1800.

Although Hamilton would never hold public office again, he remained politically active. He returned to New York to practice law and found the *New York Evening Post*.

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The Federalist Papers

In the fall of 1787, Alexander Hamilton enlisted the support of James Madison and John Jay to write a series of essays to refute the arguments of the opponents of the proposed Constitution. Seventy-seven of the essays were originally published in the New York City newspaper the *Independent Journal* between October 17, 1787, and April 12, 1788. Those and eight additional essays soon appeared in book form as the *Federalist Papers*. The essays were largely responsible for the ratification of the Constitution by New York in 1788.

The initial essays (Nos. 2-14) stress the inadequacy of the Confederation and the advantages of a national union. In his famous essay, Federalist No. 10, James Madison addresses the problem of majority faction and argues that republics would thrive best in large territories that encompassed many diverse and competing factions. The middle essays (Nos. 15-36) argue for an energetic government, in particular the need for the government to be able to tax and provide for the national defense. The last essays (Nos. 37-84) explain the “conformity of the proposed Constitution to the true principles of republican government.” This section

includes important articles (Nos. 47-51) explaining the leading “auxiliary precaution” of the Constitution, namely, the separation of powers and the resulting system of checks and balances.

The original essays were written under the pen name Publius, a statesman of ancient Rome who had been important in establishing the Roman republic and then warned its citizens of threats to their freedom. Today we know that Hamilton wrote 51 essays, Madison 26, and Jay five, and that Hamilton and Madison wrote three jointly.

The *Federalist Papers* is a brilliant set of essays on American political theory, and remains an enduring source of incisive and authoritative commentary on the Constitution. In recommending the *Federalist Papers*, George Washington wrote that they “have thrown a new light upon the science of government, they have given the rights of man a full and fair discussion, and explained them in so clear and forcible a manner, as cannot fail to make a lasting impression.” Thomas Jefferson proclaimed the work to be “the best commentary on the principles of government which ever was written.”

— MS

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Constitutional Order

HAMILTON, LIKE JEFFERSON and most of the founding generation, saw the American Revolution as an act of deliberation designed to secure the natural rights enumerated in the Declaration of Independence — “life, liberty, and the pursuit of happiness.” However, a revolution is inherently lawless. Men must “dissolve [existing] political bands” before they can establish a new form of government more congenial to rights and liberty. But revolutionary fervor is inappropriate for living in a stable political society, even one that is intended to protect individual rights.

Hamilton understood that a passion for liberty was necessary if the cause of American independence was to succeed, but that ultimately it had to be tempered by the rule of law. As he said during the New York Ratifying Convention in 1788,

In the commencement of a revolution ... nothing was more natural than that the public mind should be influenced by an extreme spirit of jealousy ... and to nourish this spirit, was the great object of all our public and private institutions. Zeal for liberty became predominant and excessive. In forming our confederation, this passion alone seemed to actuate us, and we appear to have had no other view than to secure ourselves from despotism. The object certainly was a valuable one. But Sir, there is another object, equally important, and which our enthusiasm rendered us little capable of regarding. I mean the principle of strength and stability in the organizing of our government, and of vigor in its operation.

The problem is that the passions released in the fight for one’s rights can in the end destroy those rights. Ultimately, individual rights can be preserved only when there exists in society a strong sense of “law-abidingness.” Hamilton was appalled at the call for “permanent revolution” that characterized Jefferson’s rhetoric. He believed that Jefferson’s complacent and bookish reaction to Shays’ Rebellion and the French Revolution (“I hold it that a little rebellion now and then is a good thing” and “the Tree of Liberty must be watered from time to time with the blood of tyrants”)

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was a recipe for disaster, an approach that would ensure “frequent tumults” instead of good government. The answer was to make Americans law-abiding by attaching them to their Constitution, which, although their own creation, binds them by its constraints while it is in force.

Attaching the people to the Constitution’s rule of law would preserve the new government as if it were an ancient establishment, promoting the stable administration of justice without which the protection of our rights — the object of the Revolution — could not be assured. Hamilton sought by speech and deed to moderate the passions of the people and attach them first to their state constitutions and then to the federal Constitution. Examples of how Hamilton sought to build this attachment included his legal defense of New York Loyalists after the Revolution (along with his Phocion letters on the same topic), his defense of the new Constitution during the ratification debates of 1787-1788, his activities as secretary of the treasury to teach Americans the necessity of paying their debts and keeping contracts, and his efforts as a member of Washington’s cabinet to subordinate American gratitude to France and the passion of Americans for the French Revolution to the dictates of international law. Nothing indicates Hamilton’s purpose in moderating revolutionary passions better than a letter he wrote to John Jay at nearly the same time as he was writing his own revolutionary pamphlets:

The same state of passions which fits the multitude ... for opposition to tyranny and oppression, very naturally leads them to contempt and disregard of all authority.... When the minds of those are loosed from their attachments to ancient establishments and course, they seem to grow giddy and are apt more-or-less to turn into anarchy.

Political Economy

ALEXANDER HAMILTON PLAYED AN IMPORTANT ROLE in laying the foundation for America’s young market economy and encouraging the entrepreneurship that would be at the forefront of America’s economic

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growth. As the first secretary of the treasury, Hamilton set the conditions for the United States' future prosperity and economic success by establishing the nation's credit, which provided an incentive for individuals and nations alike to invest in America.

In 1790, the United States faced what seemed to be insuperable barriers to financial stability. The new nation owed vast sums to both its citizens and foreign creditors. It was behind in its payment of both principal and interest, and lacked the means to raise the necessary revenues. As a result, the credit of the United States was held in low esteem, which meant that no one would be willing to lend money to America unless there was added a substantial "risk premium." The American economy was weak and its financial future unclear, making large-scale investment and long-term prosperity unlikely.

Some called for the repudiation of the domestic portion of the debt; some called for a scaled down version of repudiation — "discrimination" between original holders and present holders of debt, which would punish "speculators." Others demanded that the government pay its debt precisely according to the terms set down. Hamilton proposed that the federal government "assume" the debts of the previous government (as well as the war debts of the individual states) and pay them over time. Such a course would lead to the eventual retirement of the debt in an orderly manner and in such a way that it would be "monetized," making significant additional capital available for new investment. "The proper funding of the present debt [would] render it a national blessing," said Hamilton. Allowing for the regular payment of interest while keeping the principal more or less intact would serve as the basis for a uniform and elastic currency. This would make future credit available as quickly as possible, facilitating economic growth and stability. Hamilton knew that a creditworthy America would generate vast quantities of capital from both domestic and foreign investors. Credit, as the word itself indicates, depends on trust and faith, which must be earned in the marketplace. In order to earn credit, a country must show that it will honor long-term commitments and keep its

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financial obligations — both necessary for stable economic transactions.

His financial plan also reinforced his goal of making Americans law-abiding; by emphasizing that the country must pay its own debt, he was reminding citizens of the moral importance of paying theirs. And the assumption of the states' debts by the national government had the additional benefit of strengthening ties to the new government, and thereby further cementing the Union. Hamilton believed that the establishment of justice and the creation of a law-abiding and virtuous people required habituation to virtue and that paying one's debts, both private and public, played an important role in achieving such a habituation. As he wrote in Federalist No. 72, "the best security for the fidelity of mankind is to make their *interests* coincide with their *duty*."

The second element of Hamilton's grand plan was to stimulate the growth of domestic manufactures. Rejecting the common assumption that America could prosper with just an agricultural base, he argued that the new nation should concentrate on developing the nation's small business entrepreneurs. But his strategy was not to assist domestic industry through state control of the market. Hamilton was neither a mercantilist nor a protectionist. He envisioned the role of government as using limited bounties or subsidies (contingent on a surplus of revenue) to help infant American industries overcome barriers to entry erected by the existing terms of trade. His advocacy of limited tariffs was not to advantage particular manufactures but to yield customs revenues, then the leading source of government funds. In general, Hamilton maintained that trade was directed by its own natural rules and was, for the most part, best left alone. He considered it the role of government to create a stable framework that would allow the free market to prosper.

Hamilton wanted to affect the very nature of the American economy, and arouse a dynamic liberty of industriousness, enterprise, and innovation. He envisioned a nation in which citizens of differing aptitudes could achieve happiness, and he saw commerce as a positive good that would make citizens more fully human and would perfect human nature by stim-

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ulating the intellect, the most characteristic possession of man. Manufactures would give “greater scope for the diversity of talents and dispositions, which discriminate men from each other.”

In his *Report on the Subject of Manufactures*, Hamilton argues that a diverse economy develops society:

The spirit of enterprise ... must be less in a nation of mere cultivators, than in a nation of cultivators and merchants; less in a nation of cultivators and merchants than in a nation of cultivators, artificers, and merchants Every new scene which is opened to the busy nature of man to rouse and exert itself, is the addition of a new energy to the general stock of effort.

Rather than based on conventional distinctions such as birth or wealth, the United States would distribute its rewards in accordance with ability and republican virtue. To do this it was necessary to create a free nation — a commercial republic — that rewarded merit and ambition.

Hamilton understood that commerce and a market economy provide prosperity and growth without which, as history has shown, there can be no free government. Prosperity is necessary to create the military and naval power necessary to sustain a regime capable of protecting the natural rights of its citizens. He also knew that liberty — and the economic diversity and human excellence that would flourish as a result — depended on a government strong enough to protect it and confident enough to allow each individual to flourish. Hamilton wrote:

It is a just observation, that minds of the strongest and most active ... fall below mediocrity, and labor without effect, if confined to uncongenial pursuits. And it is thence to be inferred, that the results of human exertion may be immensely increased by diversifying its objects. When all the different kinds of industry obtain in a community, each individual can find his proper element, and can call into activity the whole vigor of his nature.

Such an environment is hospitable to great men, to captains of industry, to seekers after honor and fame. A great nation based on equal political rights in which merit, as opposed to status, is to be the basis for reward

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provides the greatest opportunities for those actuated by the “love of fame ... the ruling passion of the noblest minds.”

National Defense

THROUGHOUT HISTORY, WAR has been the great destroyer of free government: it seems always to have been the case that the necessities, accidents, and passions of war undermine liberty. The unprecedented ability of the United States to wage war while still preserving liberty is a legacy of Alexander Hamilton, who deserves much of the credit for the institutions that have enabled the United States to minimize the inevitable tension between the necessities of war and the requirements of free government. This, of course, was not the conventional view of Hamilton. Contemporaries such as Thomas Jefferson, James Madison, and John Adams saw Hamilton as a Caesar or a Bonaparte, bent on tyranny at home and conquest abroad. Unfortunately, many of today’s historians also accept this false view.

Hamilton was a soldier-statesman who could be trusted with the sword of his country. Rejecting the utopian vision of Thomas Jefferson and many of his allies, Hamilton understood that war was a fact of international life, and that the survival of the infant Republic depended on developing and maintaining the potential to make war. But Hamilton was not a militaristic state-builder along the lines of Frederick the Great or Bismarck. He was an advocate of limited government and therefore always understood the necessity of remaining within the legal bounds established by the Constitution. “Let us not establish a tyranny,” he wrote in 1798. “Energy is a very different thing from violence.” Hamilton’s goal was to establish a republican regime both fit for war and safe for freedom. He was a strategist before the word was coined, and his strategic objectives were to enable the American Republic to avoid war when possible and to wage it effectively when necessary, all the while preserving both political and civil liberty.

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Hamilton had to contend with several popular views that tended to denigrate foreign affairs and national security, views that have their counterparts today. The first was the uncritical belief that economic progress and commerce would not only lead to improvements in the material conditions of life, but would also change human nature sufficiently to make war a thing of the past. The second was a corollary of the first — that a focus on domestic affairs alone was the key to peace and prosperity. Being realistic, Hamilton knew that force ruled relations among nations; this was as true in the New World as it had been in the Old. He hoped that if America could survive its infancy as an independent nation, consent might replace force in the New World. But for the foreseeable future the volatile and uncertain geopolitical situation required that America take steps to defend itself, its rights, and its national honor.

The first step in making the United States secure was to create a powerful and indissoluble Union that would greatly discourage war on the North American continent, thus avoiding the militarization that had led to the downfall of earlier free governments. Indeed, Hamilton's support for the Constitution was based largely on his belief that only such a Union could ensure American security at home and project unity abroad.

The second step was to ensure that the nation had the means to defend itself in a hostile world. These included the establishment of credit and a national bank, and the encouragement of manufactures, and also the creation of a strong standing army and an ocean-going navy. Even more so, Hamilton emphasized being able to defend the constitutional order itself, the necessary instrument for protecting the liberty, happiness, and prosperity of its citizens. When it came to national defense, as Hamilton wrote in Federalist No. 23, the powers necessary to defend the Constitution "ought to exist without limitations, because it is impossible to be foreseen or define the extent and variety of the means which may be necessary to satisfy them. The circumstances that endanger the safety of nations are indefinite and for this reason, no constitutional shackles can wisely be imposed on the power to which the care of it is committed."

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Hamilton's concern for national defense, and his desire to provide for the national strength that would make the use of national power less necessary (he was an early advocate of peace through strength), goes far in explaining why he supported a broad rather than a narrow construction of the Constitution, a strong rather than a weak executive, a standing army rather than a militia, and commerce and manufactures over an agricultural economy. In most of these controversies, Hamilton's strategic sobriety prevailed, and that accounts in large measure for the unprecedented ability of the United States to combine great power and an unprecedented degree of liberty.

Hamilton's Character

TWO EVENTS IN PARTICULAR CAPTURE the essence of Hamilton's character. The first is especially instructive to our day and the second, though less immediately applicable, shows how Hamilton's life ended.

While serving as secretary of the treasury, Hamilton had an affair with Maria Reynolds, a married woman, whose husband proceeded to blackmail him. When his political enemies accused Hamilton of serious financial improprieties, Hamilton wrote a pamphlet in which he admitted to the extramarital affair, for which he expressed remorse, in order to refute the far more dangerous charge that he was accepting bribes. Hamilton understood the extent to which his political reputation was tied into the success of his financial plan, and thus the early success of the new nation, but was willing to sacrifice his private reputation for the public good.

In 1800, an electoral tie between two Republican candidates, Thomas Jefferson and Aaron Burr, threw the election to the House of Representatives. With John Adams out of the picture, several Federalists made clear their intention to vote for Burr in order to deny Jefferson the presidency. But Hamilton wrote a series of letters to several Federalists urging them to support Jefferson because he considered Burr to be a dangerously unprincipled adventurer. "In a word," Hamilton wrote, "if we

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have an embryo-Caesar in the United States, 'tis Burr." The representatives in the House voted 35 times, and after each ballot the votes were equally split between Jefferson and Burr. On the 36th ballot, one of the recipients of Hamilton's letter-writing blizzard abstained, handing the election to Jefferson.

In 1804, disaffected New England Federalists hatched a plan to secede from the Union, and convinced Burr to run for governor of New York and persuade his state to support their cause. Hamilton again did his best to thwart Burr's ambitions. After this defeat, Burr challenged Hamilton to a duel, which Hamilton — like Cato, willing to die for the republic to prevent the triumph of a Caesar — felt obliged to accept. Although Hamilton was opposed to dueling — his eldest son Phillip had died in a duel — he met Burr at Weehawken, New Jersey, on the morning of July 11, 1804. Hamilton was mortally wounded and died the next day.

—MACKUBIN OWENS