

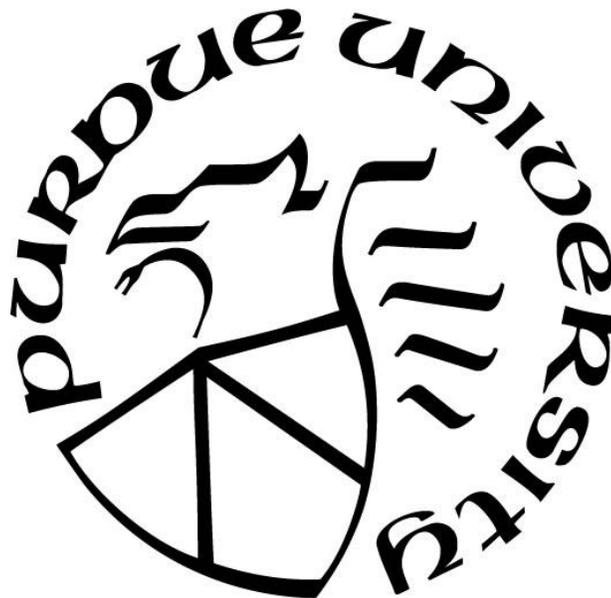
**CREATIVE PROTECTION:  
CAPITALISM AND GOVERNMENTAL AUTHORITY IN U.S. TARIFF  
POLITICS, 1789-1860**

by  
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**A Dissertation**

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*To Emily*

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## LIST OF ABBREVIATIONS

- AOC* *Annals of Congress*  
*ASP* *American State Papers*  
FHS Special Collections, The Filson Historical Society, Louisville, KY  
IHS Manuscript Collections, Indiana Historical Society, Indianapolis, IN  
KHS Kentucky Historical Society Collections, Kentucky Historical Society, Frankfort, KY  
*HCP* James F. Hopkins et al., eds., *The Papers of Henry Clay*, 11 vols. (University Press of Kentucky, 1959-1992)  
*RWP* Rotch-Wales Papers, Massillon Public Library, Massillon, OH  
<https://ohiomemory.org/digital/collection/p15005coll39/search/searchterm/Rotch-Wales%20Papers/field/collec/mode/exact/conn/and>  
*TRL* Thomas Rotch Letter book, Massillon Public Library, Massillon, OH  
<https://ohiomemory.org/digital/collection/p15005coll39/id/29662>

## ABSTRACT

Between the ratification of the Constitution and the outbreak of the Civil War, the American Congress regularly engaged in the delicate process of crafting trade legislation that balanced the revenue needs of the federal government with demands for protection of domestic industries. Both in the halls of Congress and throughout newspapers, pamphlets, and the private correspondence of economic actors, discussions of trade and tariffs stimulated political conflict and influenced what goods Americans possessed, produced, and consumed. This project explores how and why residents and representatives of the trans-Appalachian West engaged in the highly contentious tariff politics of the early American republic. I argue that trade policy elicited sustained controversy because of conflicting understandings of markets and the market process forged in response to the economic transformations of the nineteenth century. Throughout this period of market integration and commercial and industrial diversification, free trade advocates and protectionists developed and promoted competing assessments of what happened when supposedly “self-regulating” markets supplanted the authority of governmental institutions in guiding economic development. Merchants, farmers, and manufacturers in Kentucky, Ohio, Indiana, and Tennessee engaged in the politics of trade policy in a manner that reflected their distinct economic geography. In contrast to the more rigid embrace of protectionism among northern industrialists and free trade from those invested in southern cotton slavery, westerners fluctuated in their views on trade legislation. Because the success or failure of tariff laws consistently hinged on a small number of votes, the mixed support for free trade and protection from representatives of the western interest in Congress played a determinative role in shaping trade policy. Ultimately, western views on trade and tariffs illuminate a hybrid set of ideas that joined an economically liberal view of markets with demands for the exercise of legitimate governance in supporting regional development. The disruptive, yet innovative, growth of the first half of the nineteenth century encouraged Americans to look both to markets and nations for freedom from poverty and shelter from the process of “creative destruction.” These ideas emerged again in response to the monopolistic capitalism of the so-called “Gilded Age,” but they are rooted in debates over the power granted to Congress in trade policy that unfolded during the earliest years of nationhood.

## INTRODUCTION

What follows is a regional history of a national policy issue that wrestled with fundamentally global questions. It explores how residents and representatives of the trans-Appalachian West engaged in the highly contentious tariff politics of the early American republic. Throughout the first half of the nineteenth century, legislators spent countless hours debating the minutiae of trade legislation in the halls of Congress, and the success or failure of new tariff laws often hinged on razor-thin votes.<sup>1</sup> Discussions of trade and tariffs also unfolded in newspapers, pamphlets, and the private correspondence of farmers, manufacturers, and merchants eager for trade policies tailored to their respective interests. While tariffs might strike the modern reader as esoteric or mundane, for nineteenth-century Americans trade policy stimulated political engagement and guided economic activity. In a period when taxes on imports typically accounted for approximately ninety percent of the revenue for the federal government, debates over tariffs often illuminated competing ideas about the proper size and scope of governmental authority.<sup>2</sup> These ideas were shaped by the rapid and revolutionary changes in the American economy, which motivated intense focus on questions of production, consumption, and market activity that found full expression in the conflicts over trade policy.

Americans invested heavily in tariff debates as a result of conflicting understandings of markets and the market process that were forged in response to the economic transformations of the nineteenth century. As Americans enmeshed themselves in increasingly complex markets, free trade advocates and protectionists developed, articulated, and sold competing assessments of what happened when supposedly “self-regulating” markets supplanted the authority of governmental institutions in guiding economic development. Free trade advocates envisioned an interconnected world in which comparative advantages developed natural interests among distant strangers who found harmony in markets unobstructed by “artificial” government interference. Whatever outcomes developed from the ebbs and flows of market-oriented exchange were the consequences of immutable laws of trade that accompanied prosperity and growth. Protectionists, for their part, joined their faith in the dynamism of markets with a legitimate role for government in confining

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<sup>1</sup> Of the eleven major tariff bills that came to the floor of Congress from 1789-1860, four were decided by a single vote, Daniel Peart, *Lobbyists and the Making of US Tariff Policy* (Johns Hopkins University Press, 2018), 3.

<sup>2</sup> William K. Bolt, *Tariff Wars and the Politics of Jacksonian America* (Vanderbilt University Press, 2017), 1.

the boundaries of the market within the boundaries of the nation. They saw extraordinary economic growth in a world of governments who impeded the market process in innumerable ways, which made free trade hopes of unfettered international exchange both unrealistic and undesirable. Supporters and opponents of protective tariffs differed on a whole host of fundamental economic questions, but at the center of these conflicts lay incompatible understandings of how markets functioned in a period of intense and rapid economic development.

Merchants, farmers, and manufacturers in the trans-Appalachian West engaged in the politics of trade policy in a manner that reflected their unique political economy and economic geography.<sup>3</sup> Protective tariffs appealed as an essential national policy tool for local and regional development in the western states for three interrelated reasons. Unreliable access to seaport commercial hubs encouraged an inward-looking political economy that limited the dependence on distant trade. This fueled demands for greater integration with domestic markets that linked goods and peoples within regional patterns of exchange. Stability within these regional markets required economic diversification, and high tariffs constituted one tool for promoting industrial and agricultural development that met the needs of producers and consumers. However, the dominance of commerce and agriculture in the western economy, and the related demands for stable networks within international markets, also persuaded some westerners of the merits of free trade. In contrast to the more rigid embrace of protectionism among northern industrialists and free trade from those invested in the southern cotton economy, the fluctuating views on trade legislation in the trans-Appalachian West present a shifting embrace of governmental authority that is at the heart of this study. Because the success or failure of trade legislation in the early republic consistently hinged on a small number of votes, the mixed support for free trade and protection from representatives of the western interest in Congress played a determinative role in shaping trade policy. Economic self-interest certainly motivated westerners' assessments of trade policy, but they also engaged with broader ideas about the underpinnings of economic development and the role of the early American state within the market process.

Historians have recently rediscovered the significance of the tariff to the political and economic history of the early American republic. Newer monographs have begun to fill in the over

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<sup>3</sup> Economic geography refers to the economic activities allowed or encouraged by a specific environmental context. As a concept it requires paying attention to how local conditions guided economic behavior and, for the purposes of my study, ideas of the state. See Douglas A. Irwin, *Clashing over Commerce: A History of U.S. Trade Policy* (Chicago: University of Chicago Press, 2017), 14-16.

century long gap in major historiographical works on the tariff that followed Frank Taussig's masterful *Tariff History of the United States*. These works have established the institutional importance of the tariff within broader narratives of democratization, party politics, and sectionalism that distinguish the period of the early republic.<sup>4</sup> Recent studies of the tariff also pair nicely with the emergence of a robust set of works on the early American state, which challenge previous conceptions of the state in the early republic as a “midget institution in a giant land” and reveal the significant and varied role played by the state in the lives of early Americans.<sup>5</sup> Taken together, work on both the institutional relevance of the tariff in broader political developments and on the existence and influence of the early American state demonstrates the need for taking seriously the demands for trade policy as a legitimate metric of perceptions of governmental authority. When early Americans engaged in the heated political controversies over tariffs—and when they discussed the relevance of trade for commercial and industrial development—they acted

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<sup>4</sup> For recent works that cover the highly contentious nature of tariff politics in this period see Peart, *Lobbyists*; Bolt, *Tariff Wars*; Irwin, *Clashing over Commerce*; William S. Belko, *The Triumph of the Antebellum Free Trade Movement* (University Press of Florida, 2012). Classic studies of the tariff include F.W. Taussig, *The Tariff History of the United States* (New York: G.P. Putnam, 1888); Edward Stanwood, *American Tariff Controversies in the Nineteenth Century* (2 vols. Boston: Houghton, Mifflin & Co., 1903); R.W. Thompson, *The History of Protective Tariff Laws* (Chicago: R.S. Peale and Company, 1888); Sidney Ratner, *The Tariff in American History* (New York: D. Van Nostrand Company, 1972).

<sup>5</sup> John M. Murrin “The Great Inversion, or Court versus Country: A Comparison of the Revolution Settlements in England (1688-1721) and America (1776-1816),” in *Three British Revolutions: 1641, 1688, 1776* ed. J.G.A Pocock (Princeton University Press, 1980), 425. For existence of the state in early America see Brian Balogh, *A Government Out of Sight: The Mystery of National Authority in Nineteenth-Century America* (Cambridge University Press, 2009); Gautham Rao, *National Duties: Custom Houses and the Making of the American State* (University of Chicago Press, 2016); Richard R. John, *Spreading the News: The American Postal System from Franklin to Morse* (Harvard University Press, 1995); William J. Novak, “The Myth of the ‘Weak’ American State,” *American Historical Review* 113 (June 2008): 752–72; Gary Gerstle, *Liberty and Coercion: The Paradox of American Government from the Founding to the Present* (Princeton University Press, 2015); Andrew Shankman, “Toward a Social History of Federalism: The State and Capitalism To and From the American Revolution,” *Journal of the Early Republic* (Winter 2017): 615-653; Richard R. John “Farewell to the ‘Party Period’: Political Economy in Nineteenth-Century America,” *Journal of Policy History* 16 (2004): 117-125; Max M. Edling, *A Revolution in Favor of Government: Origins of the U.S. Constitution and the Making of the American State* (Oxford University Press, 2003); Stephen Skowronek, *Building a New American State: The Expansion of National Administrative Capacities, 1877-1920* (Cambridge University Press, 1982); Richard R. John, “Governmental Institutions as Agents of Change: Rethinking American Political Development in the Early Republic, 1797-1835,” *Studies in American Political Development* 11 (Fall 1997): 347-80; Works that demonstrate a tradition of positive government dating to the period of the founding include William J. Novak, *The People's Welfare: Law and Regulation in Nineteenth-Century America* (Chapel Hill: The University of North Carolina Press, 1996); Mike O'Connor, *A Commercial Republic: America's Enduring Debate over Democratic Capitalism* (University Press of Kansas, 2014); L. Ray Gunn, *The Decline of Authority: Public Economic Policy and Political Development in New York, 1800-1860* (Cornell University Press, 1988); John Lauritz Larson, *Internal Improvement: National Public Works and the Promise of Popular Government in the Early United States* (University of North Carolina Press, 2001).

on diverse understandings of the proper role of local, state, and federal governments in shaping what they produced, possessed, and consumed.

In analyzing the politics of trade policy, scholars across disciplines have struck different balances in the role of ideas, interests, and institutions.<sup>6</sup> Studies that use the tariff for insight into the policymaking process inherently focus on how official and nonofficial actors interacted with institutions that crafted and enacted trade policies. This has illuminated the surprising extent to which early Americans engaged with Congress and political leaders through lobbying, organizing, and petitioning for free trade or protection.<sup>7</sup> Interests and ideas help explain why individuals fixated on certain institutions for their desired policy goals. To the extent that recent monographs incorporate economic conditions within their broader focus on the policymaking process, it is most often to contextualize the material interests that motivated support or opposition to a specific policy. Existing analysis of protectionism, in particular, provides little evidence for the role of ideas and emphasizes the economic interests that guided individuals in their pursuit of high tariffs.<sup>8</sup> During this period of emerging industrialism, the activities of northeastern manufacturers have especially colored historical analysis of protectionism in the early republic. While free trade advocates are associated with the ideas embedded in the image of the “invisible hand” elaborated by Adam Smith, protectionists are linked with the hands of lobbyists securing backroom deals for legislation tailored to their self-interest.

This study emphasizes the ideas and interests that motivated supporters of protection in the trans-Appalachian West for dual reasons. First, the embrace of protective legislation from

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<sup>6</sup> For key examples see, Judith Goldstein, *Ideas, Interests, and American Trade Policy* (Cornell University Press, 1993); John Austin Moore, “Interests and Ideas: Industrialization and the Making of Early American Trade Policy, 1789-1860” (PhD diss., Wayne State University, 2014).

<sup>7</sup> Peart, *Lobbyists*; Bolt, *Tariff Wars*; Daniel Peart, *Era of Experimentation: American Political Practices in the Early Republic* (University of Virginia Press, 2014).

<sup>8</sup> There exists an imbalance in studies that consider protectionism and free trade, as constituted in the early American republic especially, as competing intellectual frameworks. The only major study to explore the intellectual foundations of protectionism in the early republic is Lawrence A. Peskin, *Manufacturing Revolution: The Intellectual Origins of Early American Industry* (Johns Hopkins University Press, 2003). A study of antebellum protectionist political economy can be found in Nicholas Onuf and Peter Onuf, *Nations, Markets, and War: Modern History and the American Civil War* (University of Virginia Press, 2006), 247-307. Studies of free trade are more common, and most often address the intellectual rigor of free trade as contrasted with the self-interest that motivated protectionism. See Douglas Irwin, *Against the Tide: An Intellectual History of Free Trade* (Princeton University Press, 1997); Belko *The Triumph of the Antebellum Free Trade Movement*; William S. Belko, “‘A Tax on the Many, to Enrich a Few’: Jacksonian Democracy vs. the Protective Tariff,” *Journal of the History of Economic Thought* 37 (June 2015), 277-289; Paul A. Gilje, *Free Trade and Sailors’ Rights in the War of 1812* (Cambridge University Press, 2013).

westerners is more difficult to explain in terms of interest, which offers an opportunity for capturing new ideas about the role of the federal government in shaping local and regional economic development. That economic actors in the western states who clamored for access to distant markets and commercial advancement would promote free trade is rather intuitive, and their perspectives do not go unnoticed. However, calls for protective tariffs among westerners do not fit neatly within existing historical treatment of support for high tariffs as nearly synonymous with demands for industrial and manufacturing development.<sup>9</sup> Given the demographic, geographic, and environmental realities that limited prospects for major industrial development in the trans-Appalachian West, calls for protectionism could appear as hopeful imagining, but not as a reflection of immediate economic self-interest for a vast majority of westerners. That western demands for certain trade policies did not always align with more immediate economic interests suggests that some westerners were convinced of a set of ideas about the proper role of both markets and governments in guiding future prosperity, and it is a central goal of this study to explore the construction and evolution of these ideas.

The second reason for emphasizing the ideas and interests embedded within protectionism stems from the evolving reasons offered for trade restriction throughout the period covered in this project. Advocates of free trade did tailor their ideas in response to the emergence of certain industries and changes in economic conditions, but they remained committed to a broader understanding of limited government as a requirement for a self-directing market process. Free trade advocates in the western states consistently stressed the need for commercial markets as an outlet for western foodstuffs, and the limited role for government in securing market access through trade policy. In contrast, protectionists developed fluid arguments for trade restrictions that employed governmental authority to address a diverse and everchanging array of economic problems associated with the overall growth of the market economy. The positive case for government intervention in trade necessarily evolved as the challenges changed over time. It is in

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<sup>9</sup> This misunderstanding of protectionism, and of the broad transformations in the American economy during this period, has had a significant influence on existing literature. John Austin Moore frames his dissertation entirely around the process of industrialization, setting aside the other economic changes during this period that also drew the attention of protectionists. Lawrence Peskin, Daniel Peart, and Martin Öhman also devote far more attention to the industrializing aspect of protectionism than they do the broader focus on markets. Moore, "Interests and Ideas"; Peskin, *Manufacturing Revolution*; Peart, *Lobbyists*; Martin Öhman, "Perfecting Independence: Tench Coxe and the Political Economy of Western Development," *Journal of the Early Republic* 31 (Fall, 2011), 397-433.

these modifications and contingencies that I highlight the role of economic conditions in altering ideas about the proper role of the American state in promoting future prosperity.

Early Americans' understanding of markets and the role of the federal government in their economic pursuits was most visible when financial prosperity turned to ruin. While embracing market-oriented growth, Americans became intimately familiar with the fluctuations of the business cycle, which inspired moments of panic in nearly perfect twenty-year intervals beginning in 1819. Historians of tariff debates in the early republic incorporate the various panics of the nineteenth century within their broader narratives, but they most often only connect the consequences of hard times to the material conditions of various interests that demanded protective or free trade policies. The ways Americans mobilized in periods of financial crisis aligned not only with their interests, but conveyed their understanding of the nature of markets, international conditions, and the ability of the federal government to address the challenges posed by hard times. Tracking how westerners, in particular, evolved from explaining sudden and precipitous financial collapse as shocking and novel in 1819, and then as natural, cyclical, and even beneficial in 1857 offers an opportunity to track the influence of economic change on ideas of the market process itself. Economist Joseph Schumpeter argued that "analyzing business cycles means neither more nor less than analyzing the economic process of the capitalist era." The antebellum United States reveals how business cycles, and the economic adjustments of market capitalism, shaped ideas of trade and trade policy.<sup>10</sup>

Schumpeter's model for analyzing the process of prosperity followed by panic identified the mechanism of "creative destruction" as the driving force of capitalist innovation. Changes in the production, organization, transportation, or exchange of goods throws the existing economic equilibrium into a period of disarray before establishing a new equilibrium that features new entrepreneurs, firms, and routines.<sup>11</sup> Schumpeter viewed capitalism as a constantly evolving, never stationary, process defined by instability.<sup>12</sup> While the incessant push for evolution resulted in valuable innovation, it also laid the basis for wrenching disruption and dissatisfaction with the capitalist system. These insights shape my analysis of economic change and views on trade policy

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<sup>10</sup> Joseph A. Schumpeter, *Business Cycles: A Theoretical, Historical, and Statistical Analysis of the Capitalist Process* (2 vols. McGraw-Hill, 1939) 1: V.

<sup>11</sup> The concept of creative destruction is elaborated most famously in Joseph A. Schumpeter *Capitalism, Socialism, and Democracy* (1942; reis., Harper Torchbooks, 1976), 81-86.

<sup>12</sup> Esben Sloth Andersen, *Schumpeter's Evolutionary Economics: A Theoretical, Historical and Statistical Analysis of the Engine of Capitalism* (Anthem Press, 2009), 11-12.

among westerners to the extent that I have titled this project with reference to the concept of creative destruction. Notions of the nature and behavior of markets embedded within free trade and protectionist arguments stood out starkly during the moments of panic and disruption that accompanied innovative growth. Analysis of how economic crisis harmed certain interests and industries provides some of the necessary context for how individuals responded to hard times, but a focus on broader ideas of markets and governmental authority expressed through discussions of trade and tariffs during the many panics of the nineteenth century illuminates how early Americans adjusted to the evolving market system that created opportunities for fantastic wealth and bitter failure.

Historians of the early American republic embedded Schumpeter's description of the "economic process of the capitalist era" in what they call the "market revolution." Scholars invested in the concept of a market revolution argue that the period after the War of 1812 witnessed a radical transformation of the American economy that altered both the daily lives of a diverse array of Americans and the underlying social, political, and religious assumptions that guided their worldview. In seeking to explain how the United States evolved from a set of thirteen disparate economies nestled along the Atlantic Coast to an integrated and dynamic market economy, proponents of the market revolution point to overlapping structural changes fostered by urbanization, industrialization, and technological and financial innovation. Considered together, these developments amounted to a disruptive and divergent moment in American history that resulted in a decline in traditional notions of proper economic behavior and encouraged a classically liberal view of markets as self-regulating and efficient when guided by interest.<sup>13</sup> This thesis has not gone unchallenged, but even scholars who reject the broader idea of a market revolution—or the sometimes synonymous idea of a "transition to capitalism"—still consider the nineteenth century as a time of enormous economic expansion defined by technological

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<sup>13</sup> Literature on the market revolution is vast. See especially John Lauritz Larson, *The Market Revolution in America: Liberty, Ambition, and the Eclipse of the Common Good* (Cambridge University Press, 2009); Charles Sellers, *The Market Revolution: Jacksonian America, 1815-1846* (Oxford University Press, 1991); Melvyn Stokes and Stephen Conway eds., *The Market Revolution in America: Social, Political, and Religious Expressions, 1800-1880* (University of Virginia Press, 1996); Christopher Clark, *The Roots of Rural Capitalism: Western Massachusetts, 1780-1860* (Ithaca: Cornell University Press, 1992); Martin Bruegel, *Farm, Shop, Landing: The Rise of a Market Society in the Hudson Valley, 1780-1860* (Duke University Press, 2002). For an emphasis on the importance of the War of 1812 in supporting America's transition to capitalism see Steven Watts, *The Republic Reborn: War and the Making of Liberal America, 1790-1820* (Baltimore: Johns Hopkins University Press, 1987).

innovations, rising urbanization, westward expansion, and industrialization.<sup>14</sup> The relatively limited economic focus of existing tariff studies has failed to capture how Americans situated themselves within these broader national, and international, developments. In seeing engagement with trade and tariffs as a window into larger conceptions of the market order, this study places the political history of trade policy into direct conversation with economic histories of the market revolution.

As a place in time, the trans-Appalachian West offers a valuable lens for analyzing conceptions of markets and the role of the state as shaped by transformative economic change. In the period from the end of the eighteenth century through the outbreak of the Civil War, the areas that became Kentucky, Ohio, Indiana, and Tennessee experienced remarkable development that mirrored broader trends throughout the United States. Population grew at a staggering rate: the number of residents across the expansive Ohio Valley swelled from less than 400,000 to nearly six million by 1860.<sup>15</sup> Westward migration played a significant role in population growth, and those who settled in the Ohio Valley often hoped to maintain linkages to the eastern areas they left behind. Transportation infrastructure, or what early Americans termed “internal improvement,” was essential for westerners who wanted easier access to distant friends, family, and strangers. From small projects like clearing tree stumps for barely passable roads to grandiose visions of a sprawling network of canals and railroads, westerners invested heavily in linking themselves to markets and easing the burdens of their distance from major commercial hubs. Internal improvements first built on the natural advantages that shaped westerners’ sense of place and space. The Ohio and Mississippi Rivers provided residents with two grand water highways that connected peoples and goods within a broader Atlantic economy through Philadelphia and New Orleans. Commerce along both natural and artificial rivers and through roads and rails shaped a western regional identity and heightened the urgency of the projects of economic diversification and market integration for western political economy.<sup>16</sup>

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<sup>14</sup> For skeptics of the market revolution idea see Winifred Barr Rothenberg, *From Market-Places to a Market Economy: The Transformation of Rural Massachusetts, 1750-1850* (University of Chicago Press, 1992); Robert E. Wright, *The Wealth of Nations Rediscovered: Integration and Expansion in American Financial Markets, 1780-1850* (Cambridge: Cambridge University Press, 2002); Gordon S. Wood, “The Enemy is Us: Democratic Capitalism in the Early Republic,” in *Wages of Independence: Capitalism in the Early American Republic* ed. Paul Gilje (Madison House, 1997), 137-154.

<sup>15</sup> *Historical Statistics of the United States: Colonial Times to 1957* (U.S. Bureau of the Census, 1960), 13.

<sup>16</sup> Influential studies on the Ohio Valley and Trans-Appalachian Region include: Andrew Cayton and Peter Onuf, *The Midwest and the Nation: Rethinking the History of an American Region* (Indiana University Press, 1990); Nicole Etcheson, *The Emerging Midwest*; Andrew Cayton, *The Frontier Republic: Ideology and Politics in the Ohio*

The movement of goods and peoples also fostered the movement of capital. Exchange in distant markets enmeshed westerners within broader financial networks that necessitated the expansion of banking and the use of increasingly complex financial instruments. Poorly understood, banks and paper money triggered significant controversy, and much of western engagement in local, state, and national politics hinged on regulating the behavior of banks and bankers. Nevertheless, western states developed complex and, more or less, reliable banking networks that provided an outlet for eastern capital seeking profit from westward expansion. The overlapping expansions of peoples, markets, and capital made economic diversification through industrial development a central project for westerners. Throughout the Ohio Valley, wool, hemp, iron, and cotton manufacturers saw exclusive reliance on distant markets as a threat for western prosperity, and they promoted their role in the western economy as a necessary outlet for raw materials that reduced the need for long-distance commerce. The results of their efforts were impressive, and by 1860 \$110 million of capital employed 130,000 men and women in the production of nearly \$220 million worth of goods.<sup>17</sup> Even beyond the value of goods produced, manufacturing in the Ohio Valley stimulated broader visions of the western states as a dynamic commercial and industrial hub that would fixate northern, eastern, and southern attention inward. All of the fundamental aspects of market-oriented growth in the nineteenth-century United States—including population growth, commercial advancement, financialization, and the beginnings of industrialization—unfolded in the western states. As westerners wrestled with the intended and unintended realities of the market system they forged, they necessarily considered the potential advantages of policy and governmental intervention at the local, state, and federal level.

The politics of tariff policy provided an ideal outlet for westerners to reconcile with the implications of modern economic development. Competing visions of the Ohio Valley as an agricultural Eden, a commercial outlet for foodstuffs, or a dynamic and balanced hub for

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*Country, 1780-1825* (Indiana University Press, 1996); Kim Gruenwald, *River of Enterprise: The Commercial Origins of Regional Identity in the Ohio Valley, 1790-1850* (Indiana University Press, 2002); Craig Thompson Friend, *Along the Maysville Road: The Early American Republic in the Trans-Appalachian West* (University of Tennessee Press, 2005); John R. Van Atta, *Securing the West: Politics, Public Lands, and the Fate of the Old Republic, 1785-1850* (Johns Hopkins University Press, 2014); Patrick Griffin, *American Leviathan: Empire, Nation, and Revolutionary Frontier* (Hill and Wang, 2007).

<sup>17</sup> These values comprise the totals of Kentucky, Ohio, Tennessee, and Indiana. *Manufactures of the United States in 1860; compiled from the original returns of the Eighth Census, under the direction of the Secretary of the Interior, H.misdoc.86*, 145, 195, 488, 579.

manufacturers, farmers, and merchants all found expression in the debates over tariffs. Neither free trade advocates nor protectionists monopolized these visions, as changing economic conditions altered western assessments of the ability of state and federal governments to productively influence economic pursuits through trade policy. This project though is limited by its reliance on the labels of “free trade advocate” and “protectionist.” I use these terms to identify individuals who mobilized ideas in support or opposition to certain patterns of trade or specific trade legislation. At times, they are entirely appropriate and accurate labels, especially when applied to individuals who acted through formal and informal institutions to shape trade legislation. However, this project also incorporates perspectives on trade and economic development that were divorced entirely from the political conflicts over tariffs. Ideas and interests are fluid, and how an individual discussed the role of trade and economic development aligned them variously with supporters of free trade or protectionism, even if they did not advocate for specific trade policies. These labels should thus be viewed as adaptable tools for capturing how ideas were expressed at a particular moment in time rather than a rigid category that describe the totality of an individual’s political economy.

Challenges of identity extend to my use of the term “westerner.” Settlers and residents of the Ohio Valley spoke proudly of their “western country” throughout the nineteenth century. Even during the North-South sectional divide of the American Civil War there continued to be a durable regional identity that weighted interests along the lines of East and West. However, the broad regional focus of this project has required blurring divisions that existed within the trans-Appalachian West. Discussions of the importance of promoting certain commodities or encouraging specific manufacturing industries split opinion with the western states as much as it did nationally. In fact, it is the presence of division, rather than consensus, on questions of political economy, that makes the western states so useful for analysis. Where necessary, I have tried to specify which locality a source belonged to within the Ohio Valley. Still, those individuals who navigated life beyond the Appalachian Mountains conveyed a definable and coherent western identity that shaped political and economic developments in the early republic. Illuminating the ideas and interests that guided westerners as they participated in debates over trade and trade policy

thus highlights a western perspective that has received limited attention in existing studies of early American tariff debates.<sup>18</sup>

This project provides three novel contributions for literature on tariff politics and studies of democratic capitalism in the early American republic. First, it challenges the notion that governments in the period of the early republic tended to operate “out of sight.”<sup>19</sup> Compared to the more expansive twentieth-century American state, political historians have identified a potent, yet relatively hidden nineteenth-century state apparatus that emerged in full sight in the next century. Tariffs seem to support this view by providing indirect revenues when compared to the direct taxation embraced by the twentieth-century state. It is true that taxes on imports required less of a bureaucratic structure, but the persistent conflicts over trade policy in the early republic demonstrates that tariffs proved a poor veil for government to hide behind. Rather, the way protectionists and free trade advocates packaged and sold their understanding of the role of government in guiding market-oriented growth, and how their arguments overlapped with discussions of trade and industrial development, established the tariff as a key policy issue by which Americans kept governmental authority in sight and in line with their visions of future prosperity.

The second contribution of this dissertation is the establishment of a vital western perspective of tariff policy that challenges existing emphasis on the North-South sectional divide. The narrative of protectionist northerners versus southern free-trade interests tied to cotton and slavery sheds no light on the fluid views of trade policy that emerged from the trans-Appalachian West.<sup>20</sup> Additionally, the tendency to view tariff wars through a North-South lens often frames divisions over trade policy as part of broader disagreements over the merits of industrialization or the place of slavery in the United States. These issues were important in tariff debates prior to the

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<sup>18</sup> Older coverage of western political economy that addresses western interest in tariff politics includes Frederick Jackson Turner, *Rise of the New West 1819-1829* (Harper & Brothers, 1906). A more recent study that devotes exceptional attention includes Brian Schoen, *The Fragile Fabric of Union: Cotton, Federal Politics, and the Global Origins of the Civil War* (Johns Hopkins University Press, 2009). Schoen’s work though is primarily interested in southern political economy as shaped by regional, national, and global investment in cotton. His insights into the relationship between interest and ideology, and how these shaped southern perspectives of trade and trade policy, provides a valuable model for this project that I apply to the western interest.

<sup>19</sup> Balogh, *A Government out of Sight*, 176-178.

<sup>20</sup> Although the majority of his study addresses debates between free trade and protection in the Gilded Age period, Marc William-Palen’s recent monograph presents an important counter to the association of free trade with southern slavery. His study incorporates northern free trade advocates motivated by abolitionist appeals within the transatlantic debate over the repeal of England’s Corn Laws. *The “Conspiracy” of Free Trade: The Anglo-American Struggle over Empire and Economic Globalisation, 1846-1896* (Cambridge University Press, 2016), 1-31.

Civil War, but defining divisions over the tariff as a manifestation of competing assessments of manufacturing development and slavery fails to capture the modern relevance of the tariff issue in the history of American democratic capitalism. Incorporating the western interest in the analysis of tariff politics highlights merchants, farmers, and manufacturers who envisioned a regional economy that combined commercial agriculture with industrial development and who embraced both free and slave labor. Rather than a division over industrialization or slavery, issues with far less salience in the aftermath of the Civil War, the debate over free trade and protection within the trans-Appalachian West hinged on competing ideas about markets and governmental authority that had lasting relevance throughout the nineteenth century and into the present. Americans who participated in the debates explored in this project thus wrestled with fundamental issues of democratic capitalism that continue to shape American engagement with the politics of trade policy.

Finally, this dissertation offers a new approach to understanding policymaking in the early republic. By adopting a regional scope, this project considers how national trade policy fit within state efforts at promoting economic development. Early Americans simultaneously engaged in policy debates at both the state and federal level in a host of areas including taxation, internal improvements, banking, and tariffs. The triumph of integrated national systems—and perspectives—did not occur until the post-Civil War era. Before that, an individual’s perspective on a certain tariff, as one example, at times reflected progress or deficiencies they saw in state efforts at internal improvements. The Constitution clearly enumerated authority in trade policy to the national government, but views on how to employ that authority were shaped by state power in other policy areas.<sup>21</sup> Considered holistically, policy debates reveal that economic interests and ideas about markets, and the operation of the market process, interacted upon each other in shaping how individuals viewed the authority of state and federal efforts in promoting development. Practically, this means studies of policymaking in the early American republic cannot just consider the actions of, or influences upon, political elites directly involved in crafting policies or party platforms, but must also examine the public and private efforts of individuals who mobilized their ideas and interests outside of direct policy debates.<sup>22</sup> In the analysis that follows, the consistent

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<sup>21</sup> Gary Gerstle has called attention to the need to pay attention to the authority of state legislatures in discussions of national governmental authority. See Gerstle, *Liberty and Coercion*, 5-9.

<sup>22</sup> My focus on the dynamic relationship between ideas and interests is shaped especially by the works of Judith Goldstein and Stephen Meardon. Considered together, these scholars demonstrate the limited explanatory value of

tariff battles of the first half of the nineteenth century were the result of changes in how Americans conceptualized markets and governmental authority that compelled legislators to push for free trade and protectionism. Explaining the success or failure of certain tariffs throughout this period thus requires going beyond partisan politics, electoral results, or individual personalities, and considering how economic and intellectual shifts shaped policy agendas.

Between the ratification of the Constitution and the outbreak of the Civil War, the American Congress considered eleven major tariff bills that are explored in this project. Proceeding in narrative form, Chapter 1 explores the shifting conceptions of federal authority in trade that found expression in western commitments to stability and independence. It tracks how western demands for free navigation rights along the Mississippi River evolved into a call for government restriction on trade that laid the basis for a vocal and influential protectionist movement in the years after the War of 1812. During a time when Congress kept tariff rates well below protective levels, western experience with disruptions in foreign trade and the lack of success of state legislative efforts at economic diversification fueled early calls for high tariffs. Chapter 2 picks up in the immediate aftermath of the War of 1812 and is bookended by the successful passage of the first truly protective tariff in 1816 and the failure of the Baldwin Tariff bill in 1820. Following the disruptions of wartime, residents of the trans-Appalachian West entered a period of economic expansion driven by migration, the introduction of steam, a growing number of banks, and the emergence of major commercial hubs. However, the prosperity of the postwar period came to a sudden, crashing halt in the Panic of 1819, which introduced Americans to the disruptive potential of the business cycle. In response to this novel event, westerners elaborated a set of assumptions about the ability of federal policy to guide dynamic growth while avoiding unnecessary disruption that I term “protective liberalism.” Although westerners failed in their push for a distinctly western-oriented tariff in the aftermath of panic, the tenets of protective liberalism guided the vitriolic tariff debates of the 1820s.

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material interest in policymaking, and frame ideas as a sort of “roadmap” that help individuals understand and interpret their interests and are then shaped by those interests. Goldstein, *Ideas, Interests, and American Trade Policy*, 9-13; Stephen Meardon, “Postbellum Protection and Commissioner Wells’s Conversion to Free Trade,” *History of Political Economy* 39 (2007): 571-604. My approach differs starkly with the recent analysis offered by Adam Silver, which places great emphasis on the action of elites and partisan activity through a close study of party platforms. “Elites and masses: the prevalence of economics and culture in nineteenth-century American party platforms,” *American Nineteenth Century History* 20 (2019): 41-64.

The heightened conflicts over trade policy from the Tariff of 1824 through the Nullification Crisis are the subject of Chapter 3. I argue that northern and southern division over the tariff became more polarized in response to the political and economic emergence of the western states. As free trade advocates and protectionists attempted to align the western interest with their desired policy aims, changes in transportation and industrial development influenced western ideas about the market process that caused views on trade to fluctuate and fracture. Understanding why tariffs engendered intense conflict during the long 1820s requires a focused look at discussions of western economic development both within the western states and throughout the nation. Following years of nearly uninterrupted controversy over the tariff, Chapter 4 opens in a period of relative peace fostered by the compromise rates of the Tariff of 1833. This peace was shattered by panic, as economic crisis returned in 1837 and revived competing understandings of the role of governmental authority in the market process expressed in tariff debates. Protectionists secured a higher tariff in 1842, only to see their efforts moderated by a downward revision in rates in 1846. International circumstances played a greater role in the tariff debates of the 1840s than at any point prior, and this chapter situates western development within the broader transatlantic economy to capture how free trade advocates and protectionists aligned the western interest with the world.

The final chapter covers the extended period of inaction on the tariff question that followed the Walker Tariff of 1846. Bolstered by commercial growth and distracted by sectional conflicts over the territorial extension of slavery, Congress avoided major conflict over trade policy for a decade before northeastern industrialists successfully pushed for higher rates on manufactured goods in the Tariff of 1857. Despite legislative inaction, protectionists published innovative texts in the period following the Tariff of 1846 that westerners adapted to their own regional political economy. This chapter highlights the role of Henry Charles Carey in shifting the focus of protectionism to local and regional development in response to the sectional crisis over slavery. In the context of North-South sectional division, westerners saw in Carey's ideas the need for bolstering a dynamic and diversified western market that tied the union together. Protectionists mobilized their emphasis on local and regional development in response to the Panic of 1857, which stimulated another period of intense debate on whether sudden financial disruption was a natural and inevitable consequence of market-oriented growth. Political, rather than financial, crisis set the stage for the protectionist Morrill Tariff in 1861, which passed only because of the lack of southern opposition in Congress that resulted from the secession of seven southern states

after the election of 1860. This protectionist victory rang hollow for westerners who envisioned high tariffs as one tool in shaping a regional market that sustained economic prosperity and political union.

Any historian who spends a significant amount of time reading congressional debates on trade policy or the voluminous works of political economy on free trade and protectionism will appreciate the seemingly infinite amount of words inspired by the tariff issue. In telling the expansive narrative of tariff politics from the early republic through the Civil War, this project joins a large body of literature that still leaves room for future insights on the politics of trade policy. Regulating trade by its very nature forced policymakers and economic actors to engage with international political and economic realities. Throughout the pages that follow I have tried to highlight the international influences on western perspectives of trade and economic development, but a truly international history of American tariff politics is still necessary. Additionally, my interest in the role of economic change in shaping conceptions of markets and governmental authority complements broader narratives of party systems, but does not pretend to displace them. As scholars explore why Americans invested so much energy in the seemingly mundane issue of trade policy, we continue to uncover captivating stories of public demonstrations and private remonstrances that shape our collective understanding of the relationship between democratic governments and a private free-market economy. This story, told through the western lens, begins with the seizure of a ship.

## CHAPTER 1

### STABILITY AND INDEPENDENCE: CREATING A RIGHT TO PROTECTION IN THE TRANS- APPALACHIAN WEST, 1792-1816

Responding to the news in 1793 of the capture of a “vessel built on the Ohio” and “owned by the citizens of the United States, and whose cargo belong[ed] to American citizens,” one Kentuckian pleaded that Congress recognize the “necessity of a treaty with Spain, respecting the navigation of the Mississippi.” Such blatant predation on their commerce periodically disrupted the confidence of early settlers in the trans-Appalachian West in the future prospects of their “western country.” Alongside access to the port at New Orleans and the free navigation of the Mississippi River, this correspondent identified a dependence on the foreign market for surplus produce as a primary obstacle towards western prosperity. This dependence resulted from a lack of large urban areas and the dominance of agriculture, both of which exposed westerners to the “arbitrary proceedings of Spain.” Consequently, the “courageous and enterprising people” of the western country labored under the oppression of foreign powers, remaining “attached to the federal government,” but in desperate need of its wanting protection. Lacking a market both at home and abroad, this correspondent warned that the failure of the federal government to secure free navigation of the Mississippi River would compel westerners to exercise “their favorite axiom in politics,” a lesson supposedly learned from the American Revolution: “*that allegiance and protection are reciprocal.*”<sup>1</sup>

Between the 1790s and the end of the War of 1812 concerns about foreign trade and economic prosperity united the merchants, farmers, and manufacturers who settled west of the Appalachian Mountains. Both above the Ohio River, in the area organized under the Northwest Territory, and southward along the Mississippi River, in Kentucky and Tennessee, shared challenges with trade and economic development joined settlers within a coherent “western interest.”<sup>2</sup> Securing free navigation of the Mississippi, alongside violent dispossession of

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<sup>1</sup> “From the General Advertiser,” *Kentucky Gazette* (Lexington), October 12, 1793.

<sup>2</sup> Reliance on the Ohio and Mississippi Rivers for access to eastern and Atlantic markets shaped a western regional identity influenced by networks of commercial exchange and agriculture. For the centrality of the Ohio

Indigenous peoples, constituted an important aspect of state building for the early federal government in making the claims to the trans-Appalachian West, both the land and its peoples, a reality.<sup>3</sup> This was a contingent process in which westerners' commitment to national unity correlated directly with the success of the federal government in securing western commercial and territorial interests. Historians thus portray settlers in the trans-Appalachian West on a relentless pursuit in favor of free trade in the first two decades of independence, motivated both by ideological concerns and a commitment to commercial capitalism.<sup>4</sup>

However, the interests of economic actors in the trans-Appalachian West were not static. Throughout these years of transition from territorial status to statehood, a vocal contingent of western political elites, merchants, farmers, and manufacturers increasingly coupled their demands for secure access to foreign markets with support for government promotion of economic diversification in both agriculture and manufacturing. Commercial agriculture appeared as essential for stability and independence when steady demand for agricultural exports provided westerners with cash they used to attain landed independence and "competency."<sup>5</sup> Western confidence in this system though waned in response to the failure of state legislative efforts at development, structural issues with labor and transportation, and restrictions on commerce from

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River in shaping western regional identity see Gruenwald, *River of Enterprise*; Andrew R.L. Cayton, "Artery and Border: The Ambiguous Development of the Ohio Valley in the Early Republic," *Ohio Valley History* 1 (Winter 2001): 19-26; Matthew Salafia, *Slavery's Borderland: Freedom and Bondage Along the Ohio River* (University of Pennsylvania Press, 2013).

<sup>3</sup> Andrew R.L. Cayton, "'Separate Interests' and the Nation-State: The Washington Administration and the Origins of Regionalism in the Trans-Appalachian West," *Journal of American History* 79 (June 1992): 39-67; William Bergmann, *The American National State and the Early West* (Cambridge University Press, 2012); Rob Harper, *Unsettling the West: Violence and State Building in the Ohio Valley* (University of Pennsylvania Press, 2018).

<sup>4</sup> Cayton and Onuf, *The Midwest and the Nation*, 34-42. Ideologically, historians point to the persistence of "neomercantilism" in guiding postrevolutionary economic thought. This framework embraced governmental intervention as a legitimate means for improving American, and western, standing in foreign markets. Complaints about the negative balance of trade and the flow of currency out of western markets fit within this neomercantilist ideology. William Appleman Williams, "The Age of Mercantilism: An Interpretation of the American Political Economy, 1763 to 1828," *William and Mary Quarterly* 15 (1958): 420-437; John E. Crowley, *The Privileges of Independence: Neomercantilism and the American Revolution* (John Hopkins University Press, 1993); Peskin, *Manufacturing Revolution*.

<sup>5</sup> Susan Gaunt Stearns highlights the connection in western political economy between land, cash, and trade, in which a desire for obtaining land stimulated commerce and a demand for cash. Gaunt Stearns, "Streams of Interest: The Mississippi River and the Political Economy of the Early Republic, 1783-1803" (PhD diss., University of Chicago, 2011), 11. The importance of landed independence in western settlement is covered in Christopher Clark, "The Ohio Country and the Political Economy of Nation Building," in *Center of a Great Empire: The Ohio Country in the Early Republic*, ed. Andrew R.L. Cayton, and Stuart D. Hobbs (Ohio University Press, 2005), 149-152; For a broader discussion of "competency" see Daniel Vickers, "Competency and Competition: Economic Culture in Early America," *William and Mary Quarterly* 47 (Jan., 1990): 3-29.

both foreign rivals and the federal government. Even while Congress employed tariffs primarily for revenue, early demands for economic diversification ensured support for later protective legislation from advocates of the western interest. Political and economic developments in the trans-Appalachian West in these formative years thus influenced later political conflicts over trade policy, which necessitates a closer reexamination of a period omitted entirely by recent monographs on tariff politics in the United States.<sup>6</sup> More broadly, tracking how certain westerners shifted from pursuing free trade and open markets to demanding protective legislation offers an opportunity to illuminate evolutions in ideas about markets, prosperity, and the authority of the federal government itself.<sup>7</sup>

The 1780s were the most intense period of western dissatisfaction over commerce. Congress, under the Articles of Confederation, responded to Spanish closure of the Mississippi River in 1784 by dispatching John Jay, then Secretary for Foreign Affairs, to negotiate a new treaty that secured navigation rights. Instead, Jay and his Spanish counterpart, Don Diego de Gardoqui, produced a treaty that guaranteed Spanish control of commercial access to the Mississippi River for a period of twenty-five years. The Confederation Congress rejected the Jay-Gardoqui Treaty, which left the Mississippi question unresolved and westerners furious that eastern officials appeared unable, or unwilling, to address their commercial demands. In the face of this inaction, western elites turned to “borderland diplomacy” and pursued possible alliances with Spanish, British, and French officials.<sup>8</sup> Despite the persistent frustrations with trade, discussions of economic diversification in the 1780s were minimal, as most westerners saw unfettered access to foreign markets and commercial agriculture as essential for prosperity.

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<sup>6</sup> For recent works that begin with the passage of the first protective tariff in 1816 see Bolt, *Tariff Wars*; Peart, *Lobbyists*. For an important exception see Irwin, *Clashing over Commerce*, 68-124. The two classic studies of tariff politics also provide coverage of the period prior to the Tariff of 1816: Taussig, *The Tariff History*, 8-18; Stanwood, *American Tariff Controversies*, I: 39-136.

<sup>7</sup> The ideas and actions of eastern policymakers have often dominated historical coverage of the economic development of the trans-Appalachian West. For examples, see Peter Onuf, “Liberty, Development, and Union: Visions of the West in the 1780s,” *William and Mary Quarterly* 43 (April, 1986): 179-213; Martin Öhman, “Perfecting Independence: Tench Coxe and the Political Economy of Western Development,” *Journal of the Early Republic* 31 (Fall 2011): 397-433; Drew McCoy, *The Elusive Republic: Political Economy in Jeffersonian America* (University of North Carolina Press, 1980).

<sup>8</sup> The term “borderland diplomacy,” and larger discussions of various western conspiracies, can be found in Susan Gaunt Stearns, “Borderland Diplomacy: Western Elites and the ‘Spanish Conspiracy,’” *Register of the Kentucky Historical Society*, 114 (Summer/Autumn 2016): 371-398. Stearns rightly asserts that “from 1754 to 1815, the trans-Appalachian West defied categorization as ‘belonging’ to a specific nation or polity.” Western identification of their regional market within an American “home market,” as expressed through demands for protective legislation, was a critical development in tying the trans-Appalachian West to the United States.

The outbreak of war in Europe in the 1790s created commercial opportunities that fueled expansive growth throughout both the trans-Appalachian West and the eastern states. War between Britain and France pushed Spain towards commercial peace with the United States, which led to the recognition of western navigation rights of the Mississippi River in Pinckney's Treaty in 1795. However, Spanish officials maintained mercantilist restrictions on American trade through the port of New Orleans, and eventually closed the port entirely in 1802. Meanwhile, Jay's Treaty, ratified in 1795, removed British troops from western posts in the Ohio Valley and opened trade with British colonies in the West Indies.<sup>9</sup> Closer commercial ties with Britain prompted retaliation from France, who aggressively seized American ships in the Caribbean. French privateers, primarily sailing from Guadeloupe, seized over five hundred American ships throughout the Atlantic in the late-1790s, which created chaos for American merchants and instability in western access to Atlantic markets.<sup>10</sup> Westerners demanded more federal action against foreign interference in the 1790s by employing the rhetoric of the American Revolution and framing the use of the Mississippi River as a "natural right."<sup>11</sup> The almost monopolistic importance of the Mississippi River in giving westerners direct access to the Atlantic economy shaped western economic pursuits and, more importantly, their commitment to political unity.<sup>12</sup>

Eastern fears of anarchy and disunion in the trans-Appalachian West influenced the creation of a new government that centralized fiscal and military powers within a federal

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<sup>9</sup> François Furstenberg contextualizes the significance of this diplomatic achievement with concerns about the allegiance of western settlers and developments in the Atlantic World. See, François Furstenberg, "The Significance of the Trans-Appalachian Frontier in Atlantic History," *American Historical Review* 113 (June 2008): 668.

<sup>10</sup> Nathan Perl-Rosenthal, *Citizen Sailors: Becoming American in the Age of Revolution* (Harvard University Press, 2015), 165-166.

<sup>11</sup> Susan Gaunt Stearns most clearly lays out the "natural right to trade" espoused by westerners, which she asserts "grew out of a newly articulated belief that the government had a positive duty to provide its citizens with the ability to become prosperous; becoming prosperous, required, in turn, trade." This chapter extends the demands for trade from westerners into a broader concern for access to stable markets. Stearns, "Streams of Interest," 180; Andrew J. Forney, "Radical Rhetoric, Conservative Goals: The Democratic Society of Kentucky and the Language of Transatlantic Radicalism in the 1790s," *Register of the Kentucky Historical Society* 114 (Summer/Autumn 2016): 447.

<sup>12</sup> The difficulties in transportation and isolation from eastern and foreign markets also shaped labor patterns in the trans-Appalachian West. Slavery expanded rapidly below the Ohio River as Virginian enslavers migrated westward and settlers without bound laborers responded to the scarcity of available labor by purchasing or hiring enslaved persons. Despite the ban on chattel slavery in the Northwest Territory, labor scarcity also encouraged the development of bound and unfree labor systems above the Ohio River. The same structural features of the western economy that motivated the push for economic diversification and demands for access to a stable domestic market encouraged the development of these labor systems that, to varying degrees, embraced racialized understandings of unfree labor. See Ellen Eslinger, "The Shape of Slavery on the Kentucky Frontier, 1775-1800," *Register of the Kentucky Historical Society* 92 (Winter 1994): 1-23; Salafia, *Slavery's Borderland*, 70-107. See also Etcheson, *The Emerging Midwest*, 70.

government seemingly capable of addressing western demands for stability and independence. The 1788 ratification of the Constitution of the United States wrested commercial powers from the states and established a national market regulated by uniform tariff laws.<sup>13</sup> Importantly, states still retained significant control over their own revenue and the ability to promote economic development within their borders.<sup>14</sup> However, the centralization of commercial powers meant local and regional demands for trade and trade policy needed to align with the national interest. More simply, the western interest had to become American. As dissatisfaction with commerce fueled calls for economic diversification within the western states, supporters of protective tariffs framed western demands for a “home market” as critical for national trade interests. The swelling support for protection throughout the 1790s and 1800s thus constituted another step in the process of legitimizing national authority within the western states. Facing the prospect of seemingly endless commercial disruption, westerners shifted the language of stability and independence in favor of trade restriction and the need for internal economic development encouraged by protective tariffs.

### ***Turning to Congress: Trade and Western Development***

Competing ideas on economic diversification and independence dominated congressional debates over trade policy prior to 1816. Tariff legislation in this period included statements in favor of protecting domestic manufacturing, but fears of harming revenue through high protective rates, disagreements regarding the unequal benefits bestowed by protection, and relative inexperience in crafting trade policies limited the extent to which early tariffs actually promoted industrial interests. The Tariff of 1789, one of the first pieces of legislation passed by the Congress organized under the Constitution, set average rates at five percent, far lower than tariffs enacted after the War of 1812. Additionally, federal leaders in economic policy promoted the efficacy of other legislative tools for the encouragement of domestic manufacturing. This included bounties, or government subsidies to manufacturers engaged in certain specific industries. Treasury Secretary Alexander

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<sup>13</sup> The interpretation of the Constitution presented here is informed primarily by Edling, *A Revolution in Favor of Government*; Andrew Shankman, *Original Intent: Hamilton, Jefferson, Madison, and the American Founding* (Oxford University Press, 2018).

<sup>14</sup> State legislative efforts in shaping political economy, and the broader influence of federalism on economic and political development, deserves more attention. Gary Gerstle draws attention to the need for more coverage of states in American political development, “The Resilient Power of the States across the Long Nineteenth Century: An Inquiry into a Pattern of American Governance” in *The Unsustainable American State*, ed. Lawrence Jacobs and Desmond King (Oxford University Press, 2009), 61-87. For federalism and economic development in this period see David Brian Robertson, *Federalism and the Making of America* (Routledge, 2012), 19-53, 74-80.

Hamilton in his *Report on Manufactures* embraced higher tariff rates, at least on a temporary basis, but he viewed bounties as a better tool for encouraging diversification. However, bounties, even more than protective tariffs, drew charges of governmental favoritism and corruption.<sup>15</sup> Congressional actors who expressed a serious intent towards protecting domestic manufacturers were thus restrained by withering attacks on bounties and tariffs.<sup>16</sup>

Hamilton's *Report on Manufactures* presented the most developed vision of industrial growth guided by public policy in the 1790s. In the most inventive parts of the report, Hamilton argued that a developed manufacturing sector created both producers and consumers who increased the rewards to agriculture by fostering a domestic market of exchange. Manufacturers though, Hamilton calculated, would not develop "as soon and as fast as the natural state of things and the interest of the community may require." Instead, private initiative and market incentives required the "aid of government" for spurring industrial investment. This applied especially in the United States, according to Hamilton, because foreign economic rivals employed bounties, tariffs, and trade restrictions in support of their domestic interests. Maintaining "independence and security" against foreign producers demanded that the American government similarly secure "the prosperity of manufactures" through legislation. Hamilton's report enumerated a number of goods ideally situated for government subsidized bounties, and also suggested a higher tariff with average rates set at 7.5 percent.<sup>17</sup> Unlike the other reports that comprised his financial plans, Congress did not immediately consider the *Report on Manufactures*, which deferred the immediate relevance of Hamilton's policy suggestions.<sup>18</sup>

For a brief period, the protection of settlers living west of the Appalachian Mountains intersected directly with the issue of tariff policy. During the Indian Wars of the 1780s and 1790s Congress requested information from Hamilton regarding the best means to raise revenue for

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<sup>15</sup> Thomas K. McCraw, *The Founders and Finance: How Hamilton, Gallatin, and Other Immigrants Forged a New Economy* (Harvard University Press, 2012), 122-136.

<sup>16</sup> In his assessment of the Tariff of 1789 Frank Taussig makes a key claim that this tariff was "protective in intention and spirit," and explains the low rate as, in part, a result of ignorance on the part of policymakers as to what constituted a protective tariff. *Tariff History*, 14.

<sup>17</sup> *ASP: Finance* 1:123-144.

<sup>18</sup> Mike O'Connor provides succinct coverage of Hamilton's *Report on Manufactures* and the ensuing debate. *A Commercial Republic*, 36-47. Hamilton's evocation of "independence and security," which he applied specifically to "the essentials of national supply...the means of *Subsistence habitation clothing and defence*," aligns with Lindsay Schackebach-Regele's coverage of national security interests in the production of arms and textiles. *Manufacturing Advantage: War, the State, and the Origins of American Industry, 1776-1848* (Johns Hopkins University Press, 2019).

fighting Native Americans and protecting western settlers. His response identified higher tariffs as the ideal tool for raising this revenue, and they also had the added benefit of aiding the “spirit of manufactures” in the United States and improving the “industry, the wealth, the strength of independence, and the substantial prosperity of the country.” Angered by this rhetoric, congressional rivals argued that Hamilton and his allies were pursuing unrelated policy goals under the guise of protecting western settlers from Native attacks. John Mercer vocalized this objection when he asked why Congress “should be compelled to consider the extensive range and delicate refinement of encouraging manufactures by extensive duties operating as indirect bounties, under the pressure of providing for an Indian war?”<sup>19</sup> Despite these concerns, the Tariff of 1792 passed in May, and implemented many of the policies outlined in Hamilton’s *Report on Manufactures*, including raising the tax on imports to 7.5 percent and additional duties on various enumerated goods.<sup>20</sup>

While national tariff policy offered only mild support in the encouragement of manufacturing, westerners looked to private initiative and state governments in their pursuit of economic diversification. Settlers in the Kentucky district of Virginia built on the neomercantilist legacy of the American Revolution by calling on their fellow westerners to “cheris[h] every source of active commerce and manufacture, increas[e] the productions of the soil” and “discar[d] their unmanly fondness for the tinsel of European luxury in foppery.” These settlers promoted the development of private associations that adopted “such rules and regulations as will tend to promote the increase and use of the productions and manufactures of the District, and to exclude all articles of foreign growth and manufacture.”<sup>21</sup> In response, settlers in Danville formed “The Kentucky society for the encouragement of manufactures,” which alleviated the capital shortages necessary for cloth production by collecting subscription fees used to purchase machinery from Philadelphia for textile manufacturing.<sup>22</sup> Societies like the one formed in Danville modeled the private initiative and associational activity that defined much of the early push for manufacturing. Even without national policy support, westerners at the local level focused private initiative towards economic diversification that lessened the burdens of their reliance on commerce.

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<sup>19</sup> Quotes found in Irwin, *Clashing over Commerce*, 84-85. This broader theme is explored in Gerard Clarfield, “Protecting the Frontiers: Defense Policy and the Tariff Question in the First Washington Administration.” *William and Mary Quarterly* 32 (1975): 443-464.

<sup>20</sup> These rates were still much lower than the later rates in more protective tariffs passed after the War of 1812.

<sup>21</sup> *Kentucky Gazette*, August 29, 1789.

<sup>22</sup> *Ibid.*, October 31, 1789; February 27, 1790.

An obsessive focus on the necessity of securing commerce along the Mississippi River played a significant part in pushing residents of Kentucky towards separation from Virginia, but Kentuckians laid out a broader vision of western development once they achieved statehood. As they conceptualized the responsibilities of the new state government, some residents advocated “lay[ing] the foundation of our government so as...to promote Domestic manufactures, especially those which are made from the natural productions of the country.”<sup>23</sup> While the pursuit of the natural right to trade provided an effective impetus towards statehood, the residents of Kentucky saw a future grounded in the economic independence offered by diversification. This did not necessarily indicate support of large-scale industrial manufacturing, but rather household manufacturing coupled with small to medium-sized establishments that could effectively meet the demand for finished goods in the western states. These early promoters of manufacturing did not envision the west as a primary exporter of manufactured goods over agricultural products. Instead, they focused on easing the burden of the reliance on shipping raw goods to distant markets in exchange for finished goods out of necessity. Opponents of an excessive reliance on foreign commerce consistently argued that overconsumption of finished European goods drained specie from the western economy and worsened problems associated with the lack of a steady currency. Shortages in cash and specie concerned western settlers because it threatened their ability to buy land, the key to economic prosperity and independence.<sup>24</sup>

Failure to capitalize on the commercial prosperity of the 1790s by developing beyond agriculture earned intense criticism from some western sources. In a series of essays written under the title “The Monitor,” one Kentucky resident provided a scathing assessment of the reality of Kentuckians’ living up to their lofty ideals of independence. Believing that his neighbors had become “intoxicated with [their] temporary prosperity,” this author predicted “impending ruin.” Westerners, in this assessment, wasted the prosperity of the growth of the 1790s by embracing “foreign luxuries” instead of goods and food produced domestically. In doing so, a “free people” became “ashamed to think and act for themselves.”<sup>25</sup> They committed the sin of wasting their independence. Economic diversification through the encouragement of domestic manufactures

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<sup>23</sup> *Ibid.*, June 2, 1792.

<sup>24</sup> Susan Gaunt-Stearns explores the role that land played in providing westerners with the ability “to provide for their families’ current and future happiness...feed their families,” and provide a landed inheritance for their children. “Streams of Interest,” 11.

<sup>25</sup> “The Monitor. No. I.” *Kentucky Gazette*, November 4, 1797.

offered “the only foundation on which the health and prosperity of the state can be rested,” and the only way to avoid economic calamity.<sup>26</sup>

“The Monitor” essays identified hemp as an emerging market for western manufacturers. By employing the labor of enslaved persons, this essayist argued hemp could emerge as an affordable, domestically produced good suitable for both domestic and foreign consumption. After identifying the areas for growth and the role of private initiative in establishing domestic manufactures, “The Monitor” turned to the role of the Kentucky state legislature. Whatever attempts in the Constitution “to define [and] limit the power of the [state] legislature,” this essayist argued only the Kentucky legislature could judge “what ‘the general welfare’ does require,” which bestowed it with the “full power to appropriate any sum of money...for the encouragement of manufacture[s].” Rejecting the idea of bounties, “The Monitor” identified state-funded loans given to manufacturers as the only option for “draw[ing] the manufacture into existence.” Farmers afraid of the prospect of increased taxation to fund these loans required only “a little reflection” to realize that the benefits of state funded manufacturers outweighed their “love of money.” Like Hamilton’s *Report on Manufactures*, these essays embraced legislative interference, and not private initiative, as necessary for economic diversification. Without using the authority of the state, “The Monitor” doubted that any entrepreneur would “make the experiment to see whether the real situation of the country is adapted to” manufacturing. Most importantly, “The Monitor” portrayed Kentucky in a “decaying condition,” in need of an immediate stimulus that private initiative could not afford.<sup>27</sup>

Not all assessments of private action shared the pessimism of “The Monitor” essays. Various associations and societies that promoted manufacturing, commerce, and agriculture emphasized the sufficiency of individual production and consumption habits when engaged in correct pursuits. These groups employed a strategy adopted from the Revolutionary period and considered consumption as a patriotic act that reduced the dependency of the western states on foreign markets. One group in Bourbon County, Kentucky warned of “the total ruin of our citizens,” caused by the “great scarcity of money,” and resolved to eliminate the purchase of a variety of foreign manufactured woollens, linens, cottons, and silks. Going further, they also pledged to “encourage the raising of sheep, the cultivation of hemp, flax, and cotton, and the promoting of

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<sup>26</sup> “The Monitor. No. III.” *Ibid.*, November 11, 1797.

<sup>27</sup> “The Monitor. No. VI.” *Ibid.*, December 9, 1797.

home manufactures of every kind.”<sup>28</sup> Economic independence and the pursuit of a stable market required merchants and farmers look inward and limit the consumption of foreign goods. Settlers across the mountains needed to “appear in homespun garb...grow less grain, raise more sheep, and cultivate the cotton plant.”<sup>29</sup> This strategy connected private consumption to the public goals of economic independence and the development of a home market aimed at weaning westerners off of foreign goods.

Despite the focus on private actions and initiatives, western entrepreneurs and political leaders actively debated and promoted the benefits of economic diversification and manufacturing in western state legislatures. Settlers focused most of their attention in the development of their domestic market towards state governmental institutions, where they petitioned for articles of incorporation, applied for loans granted by the state, and secured land grants for the purpose of manufacturing. Settlers had varying levels of success in procuring state assistance for their economic activities. In his appeal to the Kentucky legislature Elijah Craig contended that “it is of great public utility to encourage useful manufactures” before “praying that the legislature will advance him by way of loan three thousand dollars” as capital for manufacturing sailcloth. The committee that considered his petition deemed his request for a loan “reasonable,” but when put to a vote the legislature rejected the loan.<sup>30</sup>

Western state governments also had a powerful tool in ceding land for the purpose of promoting manufacturing. State cessions of land shaped western development by incentivizing emigration for early Americans seeking the opportunity for landed independence. Ceding land for the purpose of manufacturing iron, wool, cotton, and brass therefore reflected a commitment of state political leaders to the pursuit of economic diversification. In order to take advantage of the “valuable bank of iron ore” on the land of Jacob Myers, the Kentucky Legislature allowed Myers and his family to survey two thousand acres of vacant land within eight miles of his planned iron works factory in search of a reliable source of timber. The legislature extended Myers the right to purchase the land at a discounted rate, contingent on the completion of an iron works factory within

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<sup>28</sup> “Lexington, March 6,” *Ibid.*, March 13, 1800.

<sup>29</sup> “To the Citizens of Kentucky, Tennessee, and the North-western Territory.” *Ibid.*, August 3, 1801.

<sup>30</sup> *Journal of the House of Representatives at the second session of the sixth General Assembly for the Commonwealth of Kentucky* (John Bradford, 1798), 18-19, 50, 67, 86.

five years of settlement. While a relatively small-scale project, this legislation represented a shared public-private effort in the support of domestic manufacturing.<sup>31</sup>

In a larger project, the Kentucky General Assembly passed “an act vesting a tract of land in trustees for the purpose of promoting manufactories,” which incorporated Samuel Hopkins, Harry Toulmin, and David Walker for the purpose of organizing the settlement of up to six thousand acres south of Green River. Doled out in individual tracts of two hundred acres, the legislature mandated that any cession of land should respect the rights of Indian peoples and not infringe upon any other claims. The act specified that the trustees would encourage “widows, free male persons above the age of eighteen years, or other free persons above the age of eighteen years, or other free persons holding slaves” on the two hundred-acre plots. Complying with the act also required that settlers manufacture wool, cotton, brass, or iron for a minimum of two years. As an additional incentive, landholders who “erect[ed] a building for manufacturing purposes” or hired additional laborers for assistance in manufacturing activities doubled their land holdings to four hundred acres.<sup>32</sup> In evaluating state legislative efforts to encourage manufacturing, including this specific act, historian Victor S. Clark asserted that there did not exist “a single instance, prior to 1860, where the intervention of a State government directly to encourage or regulate industries left permanent results in our manufacturing history.”<sup>33</sup> While the long-term results of state legislative efforts may have been limited, demands for state level promotion of manufacturing demonstrate the willingness of western settlers to employ public resources in support of lessening the reliance on foreign commerce and achieving economic independence. As westerners navigated the economic forces and environmental conditions that impeded prosperity, they viewed state governments as a partner in promoting their interests.

State political leaders joined entrepreneurs in demanding legislative action that assisted private, entrepreneurial initiative. In his speech to the general assembly of the state of Kentucky Governor James Garrard stressed the importance of state action in promoting economic development. To make his case, Garrard first laid out the challenges Kentuckians faced, highlighting a growing deficit caused by “the nature and system of our trade.” He framed western

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<sup>31</sup> *Acts of a local, or private nature, passed at the second session of the sixth General Assembly for the Commonwealth of Kentucky* (John Bradford, 1798), 48-50.

<sup>32</sup> *Acts passed at the first session of the eighth General Assembly, for the Commonwealth of Kentucky* (William Hunter, 1800), 23-25.

<sup>33</sup> Victor S. Clark, *History of Manufactures in the United States, 1608-1860* (Carnegie Institution of Washington, 1916), 265.

dependence on the Ohio and Mississippi River as “both natural and practicable,” but mused “whether it be within the power of government” to give “a new direction to our system of commerce.” When turning to the subject of domestic manufactures, Garrard noted that closing the gap between the goods Kentuckians produced and the goods they consumed required “pecuniary aids...consistent with the interests and resources of the commonwealth.”<sup>34</sup> In these calls for state promotion of manufacturing western political leaders echoed the rhetoric of private economic actors by asserting that private initiative alone could not overcome a precarious dependence on foreign commerce.

The relative prosperity of the 1790s and the success of Congress in securing commercial rights along the Mississippi River encouraged petitions for protective tariffs explicitly aimed at western interests. Similar to the western embrace of federal authority over commerce, these appeals to Congress provide an early example of westerners embracing a role for national policy in shaping the western economy. In a petition that called for increased duties on hemp, cordage, and sail duck, “inhabitants of the State of Kentucky” connected the local geography and circumstances of the western states to the responsibilities and authority of the federal government. These petitioners believed their local circumstances made them favorable candidates for protection because the “people of the West [were] compelled to descend...one...of the most difficult rivers in the Universe.” They contrasted their situation with their eastern counterparts, who could “command the earliest information of the state of the market, and the best prevailing prices for their commodities.” Overcoming this natural obstacle had the small reward of placing westerners in “that position from which their Eastern brethren set out.” These natural disadvantages, the petitioners claimed, made export-oriented articles like flour and tobacco unsuited for ensuring western prosperity. However, nature had not completely deprived these petitioners of any blessings, as their “soil and climate” permitted growing enough hemp for both domestic consumption and export to foreign markets. The petitioners complained they could not adequately reap the benefits of nature because of the interference of “despotic” foreign governments, which required action from “a wise Government” to “fully counterbalance this disadvantage.”<sup>35</sup> In response, the Committee of Commerce and Manufactures regarded the request as inexpedient and rejected the claims of the petitioners. Despite the failure, these early petitions for protective tariffs demonstrate

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<sup>34</sup> SPEECH!” *Kentucky Gazette*, November 10, 1800.

<sup>35</sup> *ASP: Finance* 1:732.

that western demands for federal policy extended both to economic diversification alongside secure commercial rights, united ultimately by a demand for a stable market.

While these petitioners highlighted geographic, economic, and political circumstances that frustrated settlers throughout the trans-Appalachian West, their backgrounds and prospects did not necessarily reflect that of typical western settlers. It is impossible to find detailed information on all sixty-five signers of this petition, but among the list of names are prominent individuals who had a significant stake in pushing for economic diversification and lessening a reliance on foreign commerce. Future Senator Isham Talbot and land commissioner and later Navy Agent James Morrison comprised just a few of the notable names on this petition. While less representative of the overall population in Kentucky and the western states, their backgrounds and circumstances differed from the urban mechanics in New York, Philadelphia, and Baltimore who also petitioned for support from the federal government. The emphasis on local conditions in connection to demands for government intervention reflected a distinct moral economy in which governmental authority had a legitimate role in guiding economic outcomes. In a region where talk of disunion in relation to matters of trade and commerce persistently frightened people on both sides of the Appalachian Mountains, the connection between local circumstances in the west to federal policy represented an important development in bringing the western states, and their market, under the authority of the early American state.

### ***Power and Prosperity***

When westerners turned to the federal government for intervention in regulating commerce, promoting economic diversification, and securing western prosperity outside the Atlantic economy, they connected the basis of union to the federal government properly exercising its authority. However, not all eastern authors were satisfied that federal promotion of western development provided a stable basis for union. Near the end of his life Edmund Pendleton, a Virginia politician and Judge, warned that union could “only be preserved by confining, with precision, the federal government to the exercise of powers clearly required by the general interest.” Federal authority, in Pendleton’s formulation, suffered from a “want of local knowledge” and could not account for the variety of “character & interests” in the states. Pendleton warned that a system of federal bounties or protective tariffs which prevented the states from “encourag[ing] their agriculture or

manufactures, as their local interest may dictate,” threatened the “continuance of the union” because of the threat federal policy posed to local initiative.<sup>36</sup>

Not everyone echoed Pendleton’s pessimism about the ability of federal power to coexist alongside western prosperity. Any suggestion of disunion elicited enormous fear from easterners, as rumors and plots of western separation and alliance with foreign powers threatened the future of the republic. Defining a political economy in which western states and the federal government each had a role in regulating the economic development of the trans-Appalachian West allayed eastern fears of disunion. In an article defending the Jefferson administration, “Algernon Sidney” dismissed entirely the prospect of the western states separating from the union and forming an alliance with foreign rivals, particularly France. To defend this position, the author put forth a modified “harmony of interests” argument that portrayed a natural unity between isolated western farmers and eastern merchants. The differences in economic geography ensured that “no jealousy or competition in interest” could emerge between east and west, and both could focus their pursuits towards “the general wealth of the nation.” Distance away from coastal ports meant “the people of the western country” needed eastern commerce “to supply their wants” and “preserve their free intercourse with the Atlantic.” Unity between the eastern and western states thus became a necessity for ensuring western access to Atlantic markets free from foreign predation.<sup>37</sup>

Settlers in the trans-Appalachian West increasingly spoke of national unity as a necessity for commercial advancement in the early part of the nineteenth-century. Reacting to foreign interference in the carrying trade, one Ohio essayist identified structural issues of western commerce stemming from the inability to “ascend the Mississippi” and lack of “direct communication to sea-port towns,” both of which made the western states unable to “trade at home with European vessels.” This dependency caused westerners to look to the American government for protection of their privilege to the carrying trade, and if this protection waned they threatened to “protect themselves.” However, threats from foreign powers convinced this author that “to divide, is to destroy.” While accepting that “nature may have designed the western country for

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<sup>36</sup> “The Danger Not Over,” *The Scioto Gazette* (Chillicothe, OH), November 14, 1801.

<sup>37</sup> “A Vindication of the Measures of the Present Administration,” *Ibid.*, June 18, 1803. The argument presented in this essay represented the exact reason why some westerners demanded further encouragement of manufacturing. Dependence not only on foreign markets, but on eastern ones still threatened economic independence and long-term prosperity. This did not necessarily mean westerners desired political independence from the eastern states, but fueled a demand for a diversified market west of the Appalachian Mountains.

many distinct governments,” this essayist elaborated a connection between the vulnerability of western commerce and federal authority as justification for national unity.<sup>38</sup>

The growth fueled by commercial prosperity in the 1790s inspired visions of grandeur among some westerners who depicted a future that united prosperous merchants, farmers, and manufacturers in a western market. The success of the federal government in combatting Native Americans, signified by victory in the Battle of Fallen Timbers, and the ratification of Pinckney’s Treaty addressed the two most pressing demands of western settlers for the federal government. Achieving these goals motivated westerners as they explored the prospects for future economic prosperity. In a lengthy letter to his family in England, Henry Alderson wrote glowingly of “the rapid settlement of [the western] country.” Alderson worked in England before he moved to the United States and settled in Kentucky’s Fayette County. After he escaped his “hateful situation” in England, Alderson boasted to his family that Kentucky offered “a refuge from the murdering starvation governments of Europe.” Alderson also echoed the familiar complaint of having “little money in circulation” as a result of the dominance of distant exchange in western commerce, but he viewed economic diversification as the solution to this pervasive issue. Alderson estimated that western efforts in “establishing manufactures,” of cotton, wool, flax, and hemp grown in Kentucky and neighboring states would “supercede the necessity of sending to England for Goods” that defined western commercial activity.<sup>39</sup>

Western manufacturers shared in the optimism expressed by Alderson. Before his election to Congress, Kentuckian Samuel Hopkins engaged in a variety of manufacturing pursuits. Writing in 1801 to a correspondent in North Carolina, Hopkins described the changing “complexion of [Kentucky] as it affects agriculture commerce & manufacture,” and estimated that the “extension of commerce” in the western states was “fully adequate to the agricultural interest,” which incentivized the development of manufacturing interests.<sup>40</sup> In a later letter written to his son, Hopkins detailed his own direct role in encouraging the diversification of Kentucky’s economy through an unsuccessful experiment in growing cotton. Motivated by depressed prices in wheat, corn, and flour, which he blamed on Spanish interference at the “port at Havannah,” Hopkins saw

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<sup>38</sup> “Union, No. 2,” *Ibid.*, December 25, 1806.

<sup>39</sup> Henry Alderson (Cane Run, Fayette County Kentucky) to “Dear Father & Mother Brothers & Sisters,” September 10, 1801, Henry Alderson Letters, 1801, KHS. Cayton, “‘Separate Interests’ and the Nation-State,” 39-67.

<sup>40</sup> Samuel Hopkins (Frankfort) to Walker Alves (Hillsborough, North Carolina), November 22, 1801, Samuel Hopkins Papers 1796-1823, KHS.

in cotton the ability for Kentuckians to add another staple crop less reliant on foreign commerce. Hopkins also clearly asserted that the private initiative alone was not responsible for the extraordinary growth of the western country. He attributed growing emigration to the western states to the “encouragement given the last two sessions of assembly to settlers on vacant and unappropriated lands.” Hopkins derisively styled the early settlers on these lands as “Indian bait,” but felt their “successors” might be “industrious” enough to “evince [Kentucky’s] superiority.”<sup>41</sup>

Optimism in future economic development in the early part of the nineteenth century still faced the threat of foreign influence upon westerners. French control of the port at New Orleans, obtained by Napoleon in response to the Haitian Revolution, worried future Representative William T. Barry of the disruptive power the French could exert as a result of controlling western commerce. Barry argued that French possession of “the only marts for the commerce of these states” provided them with “a lever with which they can wield and regulate our interests as they please...[and] accelerate the disunion between the Western and Eastern States.” Barry’s use of the term “accelerate” hinted at the supposed inevitability of disunion between settlers on both sides of the Appalachian Mountains even without the interference of France. Indeed, Barry asserted that “without the aid of France,” the “discordant interests” of the eastern and western states suggested a likelihood of eventual disunion. In this assessment, political unities reflected economic interests, and the dependence on foreign ports aligned western interests with rival nations rather than the United States.<sup>42</sup> Advocates for economic diversification countered that a strengthened domestic market for westerners created an incentive for eastern and western unity and freed them from possible foreign predation.

The case for unity earned a major victory with the purchase of the Louisiana Territory in 1803. The cession of Louisiana finally secured navigation along the Mississippi and access through the port of New Orleans on a permanent basis, which ensured a stable outlet for western commerce. Historians have emphasized the connection between the Louisiana Purchase and a broader vision of commercial agriculture rooted in free trade and open markets.<sup>43</sup> While a number of influential

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<sup>41</sup> Samuel Hopkins (Spring Garden) to “My Dear Son” (Chapel Hill, North Carolina). *Ibid.*

<sup>42</sup> William T. Barry to Dr. John Barry, May 9, 1803. William Taylor Barry Papers, 1798-1835, FHS.

<sup>43</sup> McCoy, *The Elusive Republic*, 185-208. Drew McCoy’s seminal work stresses the importance of foreign commerce for the formation of republican societies in the West, and asserts that “most commentators...seemed to recognize that domestic trade could never be an adequate substitute for foreign commerce, at least in the immediate future.” Consequently, the Louisiana Purchase became yet another motivator for territorial expansion. McCoy’s analysis is certainly correct in the connection between Jeffersonian ideological commitments and policies that encouraged expansion, but this chapter highlights an alternative perspective that framed the acquisition of Louisiana

political leaders and economic actors certainly saw territorial expansion as essential for maintaining an export-oriented economy rooted in agriculture, another perspective existed that framed the purchase of the Louisiana Territory as an ideal catalyst for adjusting the balance between commerce, agriculture, and manufacturing in western political economy. Even prior to the purchase of the Louisiana territory, Samuel McDowell declared the United States could “very easily have taken [New] Orleans [*sic*],” but this access meant little if Spanish and French ships could still stymie Atlantic trade.<sup>44</sup> Obtaining unfettered access to the port at New Orleans through the purchase of the Louisiana Territory was thus only one part of a western political economy that recognized the vulnerabilities of dependency on foreign trade.

A series of “Reflections on Political Economy” composed by “Aristides” and specifically “addressed to the citizens of the Western Country” argued that the acquisition of Louisiana offered westerners a chance to radically revise the relationship between western farmers and merchants. “Aristides” embraced commercial agriculture, but decried the “misguided policy” of neglecting the production of “materials for domestic manufacture, when no markets were open for exchange.”<sup>45</sup> These essays claimed the export-oriented economy of the western states operated like any other monopoly by placing “a large and universally necessary portion of . . . wealth into one solitary channel of operation” that benefitted merchants while harming farmers.<sup>46</sup> “Aristides” warned that the continued reliance on this commercial system would exhaust the soil of the western country, drain specie out of the western economy, and contribute to the degradation of western society. Combatting these developments required looking to the “legislator whose mind” focused on policies that diversified the western economy and stabilized the domestic market. This included support for “digging canals, clearing off roads, ship building, the erecting of machines for the encouragement of labor and ingenuine the rearing of factories, [and] the reward of talents in the various branches of mechanics and agriculture, by pecuniary or honorary donations.”<sup>47</sup> In contrast

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as the first step in securing internal development. McCoy, *The Elusive Republic*, 206. For Louisiana Purchase and connection to the expansion of slavery see Roger G. Kennedy, *Mr. Jefferson’s Lost Cause: Land, Farmers, Slavery, and the Louisiana Purchase* (Oxford University Press, 2003). On Jefferson, western unity, and the Louisiana Purchase see Jon Kukla, *A Wilderness so Immense: The Louisiana Purchase and the Destiny of America* (Alfred A. Knopf, 2003), 19-21.

<sup>44</sup> Samuel McDowell (Jefferson County, Kentucky) to Andrew Reid (Rockbridge County, VA), April 12, 1803, box 1, folder 1, McDowell Family Letters, KHS.

<sup>45</sup> “Reflections on Political Economy, and the Prospect Before Us. Addressed to the Citizens of the Western Country.” *Kentucky Gazette*, September 13, 1803.

<sup>46</sup> *Ibid.*, September 27, 1803.

<sup>47</sup> *Ibid.*

to risky long-distance exchange between relative strangers in foreign markets, the domestic market placed producers by the side of consumers, and offered “an *economical commerce*.”<sup>48</sup> Westerners responded enthusiastically to the Louisiana Purchase precisely because it mitigated much of the risk and uncertainty they associated with foreign trade by securing access along the Mississippi River on a permanent basis. Some commentators went further by elaborating a new vision of commerce, agriculture, and manufacturing that emphasized the need for economic diversification as the means to secure a stable and prosperous agricultural economy within a strengthened home market.<sup>49</sup>

### ***Stimulus: War and Embargo***

The outbreak of the Napoleonic Wars in 1803 collapsed any hopes of uninterrupted western commerce that accompanied the purchase of the Louisiana Territory. Western merchants and farmers worried especially about the violation of American neutral rights by Great Britain and France, which threatened the commercial exports of the western states. Familiar complaints regarding the vulnerability of western commerce emerged as European warfare led to attacks on American neutral ships. Representatives from Tennessee justified the Non-Importation Act, which suspended importations from Britain in 1806, as a response to British attacks on neutral American ships. They estimated that withholding the American market would “materially affect the manufacturing and merchantile [*sic*] interests of [Great Britain]” with minimal disruption to the United States.<sup>50</sup> William Dickson framed the harmful effects on American commerce from the restrictive measures as a “temporary inconvenience” until commerce found “a different channel.”<sup>51</sup> John Rhea, another Tennessee Representative, similarly emphasized the coercive intentions behind the Non-Importation Act, but added that suspending the importation of British goods could also “promote manufactures.” Both Rhea and Dickson agreed that British violations of American

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<sup>48</sup> *Ibid.*, February 21, 1804.

<sup>49</sup> Drew McCoy incorporates these essays in his analysis of Jeffersonian responses and justifications for the Louisiana Purchase, but his analysis overlooks the sections that discuss private and public initiatives focused on fostering economic diversification and domestic exchange. Certainly there were westerners and Jeffersonians who primarily saw the Louisiana Purchase as a favorable policy for delaying social decay associated with the growth of manufacturing, but the essays published in western papers by “Aristides” offers an alternative response. McCoy, *Elusive Republic*, 199-201.

<sup>50</sup> *The Impartial Review and Cumberland Repository* (Nashville, TN), May 10, 1806.

<sup>51</sup> *Ibid.*

neutral rights could not go unpunished, but they stressed the importance of averting war and obtaining an “honorable peace.”<sup>52</sup>

War fever in the western states peaked after the attack on the *Chesapeake* in July 1807 by the British ship *Leopard*. In this brazen violation of American neutral rights, the British demanded the return of three deserters aboard the *Chesapeake*. The British turned to force after the Americans rebuffed their demands, killing three crew members aboard the *Chesapeake* and seizing the deserters. Citizens throughout Kentucky responded to this attack by arranging public meetings and adopting various resolutions where they not only condemned the attack, but they outlined a new relationship between the western states and the Atlantic economy. If previous violations of American neutral rights justified the Non-Importation Act, then it seemed only logical, argued one Kentucky essayist, that Congress respond to the destruction of the *Chesapeake* with “an unequivocal, an unqualified declaration of war.”<sup>53</sup> The bold attack on an American ship provided proof for these advocates that the Non-Importation Act did not sufficiently coerce the British into respecting American neutrality or even sovereignty. Along with prior abuses, the attack on the *Chesapeake* confirmed to these westerners the existence of a “settled determination on the part of the British government...to depredate on the property, harass the citizens, destroy the commerce, and insult the independence of the United States of America.”<sup>54</sup> Participants in one Kentucky meeting resolved to “pledge our lives and fortunes in support of such measures as our government may adopt for revenging this flagrant breach of the laws of nations.”<sup>55</sup> Westerners shared in the outrage towards the attack on the *Chesapeake*, and prepared themselves for war with Great Britain despite the possible economic harm.

President Thomas Jefferson tested the limits of the willingness among westerners to endure economic troubles through the enactment of the Embargo Act of 1807, which shut down all access to distant markets and halted trade to foreign nations. This period of extraordinary federal intervention in the economic affairs of all Americans provided a new justification for demanding a federal trade policy oriented towards economic diversification rather than state legislative efforts

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<sup>52</sup> *Ibid.*

<sup>53</sup> “*From the Western World*,” signed “Kentuckianus,” *The Mirror* (Russellville, KY), August 22, 1807.

<sup>54</sup> *Ibid.*

<sup>55</sup> At least two public meetings took place in Frankfort and Lexington in response to the attack on the *Chesapeake*. Governor Christopher Greenup presided over the meeting in Frankfort and James Morrison, an active promoter of domestic manufacturing, was selected as chairman of the meeting in Lexington. Henry Clay reported the resolutions and report emerging from the meeting in Lexington. *The Mirror*, August 8, 1807.

or private entrepreneurial initiative. Westerners increasingly framed the diversification of the trans-Appalachian economy as a central responsibility of federal public policy in response to the enactment of the Non-Importation Act and, later, the Embargo Act. Merchants and manufacturers highlighted the disruption of the restrictive measures when they appealed for trade policies that promoted domestic exchange.<sup>56</sup> Westerners did not abandon encouraging diversification through private and state initiatives, but contended that their numerous sacrifices during the years of the restrictive measures necessitated that the federal government encourage domestic manufacturing to secure western economic independence.

When explaining the Embargo Act of 1807 to one of his constituents, Senator Buckner Thruston relied on familiar language of protection of commerce and self-preservation. He explained that the embargo “entirely closes the door to all exports of the produce of our country” for an unlimited period as a “measure of self preservation and not of hostility.” The purpose of the embargo, he contended, was to “avert the dangers of war.”<sup>57</sup> Whatever the intention, the embargo constituted a real sacrifice for westerners who relied on the Atlantic market as an outlet for western crops and as a source for finished goods. However, public rhetoric did not always emphasize the sacrifices made by westerners. For some, the embargo fit perfectly in a strategy that encouraged economic diversification and independence. “It is a fact,” one such argument began, “that if the embargo continues, our manufactures and internal impro[v]ements will rapidly increase, which will then be of...more profit to our *farmers*, than spending their money in foreign luxuries.” In response, Britain would supposedly “compel” westerners “to send 4000 miles for manufactured articles for our *own wear*.” If the United States succumbed to these efforts and lifted the embargo, then this essayist saw it as inevitable that “the naturalized Frenchmen and Englishmen...in our sea ports” would draw the United States into European warfare.<sup>58</sup>

Some westerners advocated turning away from the Atlantic economy as a means for avoiding war with either England or France. In his first speech before the Kentucky legislature Governor Charles Scott described the desire of Americans not to be “involved in the calamities of those conflicts which agitate the European world.” He recognized though that the right to free trade

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<sup>56</sup> The connection between the restrictive measures and support for protective legislation is explored in Taussig, *The Tariff History*, 16-17.

<sup>57</sup> Buckner Thruston (Washington D.C.) to Robert Alexander (Frankfort, KY), January 8, 1808, Alexander Family Papers, KHS.

<sup>58</sup> “*More Stubborn Facts*” by “Embargo,” *Kentucky Gazette*, August 23, 1808.

claimed by westerners needed the backing of “*force*.” The violations of American commerce by Britain and France convinced Scott that Americans needed “to make that resistance which the God of nature has put in our power.” The “necessary restraints imposed by the embargo” demonstrated a clear need to “resort to our internal resources” precisely because “home manufactures furnish the strongest safe-guard against the...unjust operations of foreign powers.” Other advocates of domestic manufacturing focused on the need for hemp and wool manufacturing, but Scott highlighted the importance of westerners manufacturing their own guns. Keeping the militia “well organized, armed, disciplined, and...fit for actual and immediate service” required encouraging “the manufacture of arms and warlike accoutrements of every description.” Scott contended Kentuckians would gladly support a tax in favor of this plan as a “tribute of freedom, and an appropriation for national existence.” Ultimately, the governor envisioned a commitment to internal development that made early Americans “truly independent,” and protected from the sorts of foreign predation that inspired the Embargo.<sup>59</sup>

The Embargo Act devastated western merchants and farmers who relied on the gains from trade for their livelihoods. Even domestic exchanges became complicated as westerners searched for markets for their raw and manufactured goods. Hemp farmer and manufacturer Thomas Bodley earned direct experience with the problems of exporting western products during the period of the embargo. Bodley and Sterling Grimes, a southern merchant, agreed on a contract that empowered Grimes with selling cotton bagging manufactured by Bodley in eastern markets. In a letter announcing the cancellation of this contract, Grimes informed Bodley that his contract depended “on the agency of merchants for their perfectability.” The series of commercial restrictions though “completely unnerved the mercantile citizens of the Atlantic States, and placed an implacable seal on their commercial coffins.” Despite travelling throughout the major Atlantic markets, including trips to New York and Savannah, Grimes could not find a merchant willing to purchase Bodley’s cotton bagging. Although unable to honor his contract, Grimes encouraged Bodley to look to southern markets, where “bagging is an article that the planters must have,” for consumers of his manufactured goods.<sup>60</sup> Instances like these confirmed the difficulties western manufacturers faced

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<sup>59</sup> *Journal of the House of Representatives of the Commonwealth of Kentucky* (William Hunter, 1809), 14-16.

<sup>60</sup> Sterling Grimes (Philadelphia) to Thomas Bodley (Lexington, KY), November 24, 1808, folder 4, Bodley Family Papers, 1773-1939, FHS.

in relying on distant markets for exchanging their goods, and signaled the adjustments made in response to federal restrictions on commerce.<sup>61</sup>

State legislatures employed both symbolic gestures and legislative measures to support domestic manufacturing during the economic disruptions caused by the restrictive measures. The Kentucky legislature approved two resolutions during the period of the embargo, which recognized the “interest of the nation...that a preference should be given” to domestic goods. The state legislature also adopted a leadership role in encouraging domestic consumption by resolving to “clothe themselves in productions of American manufacture” and discourage “the use of...European Fabric.”<sup>62</sup> Going beyond a focus on consumption, the legislature directly encouraged manufacturing through its powers of incorporation.<sup>63</sup> The Madison Hemp-Mill Company received a charter of incorporation for the manufacture of hemp, and was prohibited from purchasing, selling, or producing any other commodity.<sup>64</sup> The legislature lifted this restriction shortly after the embargo with a specific provision allowing the “purchasing and manufacturing [of] wool.”<sup>65</sup> Even when western state legislatures rejected petitions for grants of incorporation, often out of a fear of creating undesirable monopolies, they still recognized “the great utility...of the policy of encouraging domestic manufactures.”<sup>66</sup>

Despite the advantages to economic development detailed by some westerners who favored the restrictive measures, the lifting of the Embargo Act received enthusiastic praise in public papers. Declaring the end of the “tyrannical” and “impolitic” embargo as a “DAY OF JUBILEE,” one correspondent looked forward to the return of the “happy condition” of the 1790s.<sup>67</sup> In a biting satirical address to Thomas Jefferson, the “The Lay Preacher” decried the embargo as an extension of Jefferson’s “vain imagination.” Instead of punishing Britain and its citizens, this mock sermon

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<sup>61</sup> More detail on the Embargo Act can be found in Irwin, *Clashing over Commerce*, 99-116.

<sup>62</sup> *Acts Passed at the first session of the seventeenth General Assembly for the Commonwealth of Kentucky* (Gerard & Bledsoe, 1809), 133-134.

<sup>63</sup> The focus on consumption reflected a larger connection between consumption and citizenship that was central to protectionist political economy. Protectionists framed the consumption of domestically manufactured goods as a patriotic duty, making the promotion of domestic manufactures a central issue in political economy. See, Joanna Cohen, *Luxurious Citizens: The Politics of Consumption in Nineteenth-Century America* (University of Pennsylvania Press, 2017), 112-148.

<sup>64</sup> William Littell, *The Statute Law of Kentucky* (5 vols. William Hunter, 1809-1819), 3: 532-545.

<sup>65</sup> *Acts Passed at the first session of the seventeenth General Assembly for the Commonwealth of Kentucky* (Gerard and Bledsoe), 112-113.

<sup>66</sup> *Journal of the House of Representatives of the State of Ohio* (R.D. Richardson, 1807), 137. James Hopkins, *A History of the Hemp Industry in Kentucky* (University of Kentucky Press, 1951; University Press of Kentucky, 1998), 117-118.

<sup>67</sup> “DAY OF JUBILEE!” *Scioto Gazette*, March 2, 1809.

scolded Jefferson for distressing “thine own servants...and...strengthen[ing] the hands of the enemies.”<sup>68</sup> Despite these lamentations, an essayist adopting the name “Sophronicus” stressed the sacrifice made by westerners and argued that all citizens of the United States should “appreciate the loyalty of the Kentuckians, and...hope for a continuance of their fidelity.” Recognizing the possibility of a renewed sense of disunion thanks to “designing persons” and “distempered minds,” “Sophronicus” hoped to “preserve that attachment to the general government” by lauding the sacrifice made by Kentuckians and suggesting the federal government follow suit.<sup>69</sup>

In response to the experience of the Embargo and Non-Importation Acts, Kentuckians once again petitioned the federal government for protection of domestic manufactures. A petition drafted by “manufacturers of hemp into linen, and inhabitants of the State of Kentucky,” argued that the restrictive measures encouraged new establishments devoted to manufacturing hemp into linen, and the proprietors of these nascent factories worried that a resumption of normal trade with European powers would introduce a flood of foreign imported cloth they could not compete with. In addition to an abundance of cheap labor and extensive capital, manufactures in Great Britain and other European countries received generous public encouragement through bounties, which, these western manufacturers argued, required a legislative response from Congress. Therefore, the petitioners tasked themselves with demonstrating an extensive history of protectionist sentiment in American governance, all aimed at making “the United States independent of the world.” Building their case for protection of hemp manufacturing required a convincing argument in favor of promoting a defined, narrow interest for the “general good of the whole.”<sup>70</sup> Ultimately, the petitioners presented their demands in a framework of moral economy in which economic outcomes should not be left to abstract “natural” forces, already undermined by European interference, but required the authority of Congress for ideal outcomes.<sup>71</sup>

Earlier petitions from Kentuckians for tariff protection emphasized the unique challenges faced by westerners as a result of their economic geography, but the restrictive measures of the Embargo and Non-Importation Acts provided westerners another justification for protective

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<sup>68</sup> “To Thomas Jefferson, Esq. *President of the United States of America*” by “The Lay Preacher” *Ibid.*, November 3, 1809.

<sup>69</sup> “*To the free and Enlightened Citizens of Kentucky*,” *Kentucky Gazette*, March 21, 1809.

<sup>70</sup> *ASP: Finance* 2:367-368.

<sup>71</sup> Ruth Bogin elaborates the connection between the act of petitioning and moral economy, emphasizing the importance petitions placed on community outcomes. Ruth Bogin, “Petitioning and the New Moral Economy of Post-Revolutionary America,” *William and Mary Quarterly* (July 1988): 392-425.

legislation. Kentucky's "distance from the seas" complicated commerce, but the "rich soil" made hemp production a favorable outlet for either household manufacturing of clothing or as a dependable source of sail cloth for the Navy. Sufficient encouragement for hemp manufacturing thus could "furnish a never-failing resource" for both private and public consumption in times of "peace or war." The petitioners framed the importance of hemp for their local economy as a result not only of environmental circumstances, but government policies. The restrictive measures supposedly altered "the direction of much capital" towards manufacturing hemp and created a situation in which unanticipated competition from cheaper European imports threatened to sink the industries that government had brought to life. These petitioners pointed to the resources expended in protecting "the fishermen of the East"—including protective tariff rates, bounties, and naval expenditures—as examples of the legislative encouragement that could aid westerners in overcoming natural obstacles and demonstrate the value of union.<sup>72</sup>

In addition to protective tariffs and bounties, westerners also looked to the federal government as a source of information in guiding their economic activities. Historians have clearly elaborated the importance of information in driving capitalistic growth, as Americans persistently sought out new sources for vital information on prices and markets.<sup>73</sup> This applied especially to westerners, whose distance from seaports and access to information constituted a distinct burden not shared by their eastern counterparts.<sup>74</sup> Treasury Secretary Albert Gallatin thus played an important role in promoting western economic development by publishing his report on American manufactures in 1810. In this report Gallatin acknowledged the role of the restrictive measures in promoting hemp manufacturing in Kentucky, and also identified western advancements in manufacturing salt and gunpowder. Gallatin detailed challenges to American manufacturers that echoed much of the same language westerners used in describing their own local economic

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<sup>72</sup> *ASP: Finance* 2:367-368.

<sup>73</sup> For works that highlight the importance of information in the economic context of early America see Jessica Lepler, *The Many Panics of 1837: People, Politics, and the Creation of a Transatlantic Financial Crisis* (Cambridge University Press, 2013); John, *Spreading the News*; Richard D. Brown, *Knowledge is Power: The Diffusion of Information in Early America, 1700-1865* (Oxford University Press, 1989).

<sup>74</sup> Although this was a constant refrain from westerners, isolation from the eastern states and Atlantic markets should not be overstated. Elite westerners operated in networks that provided critical access to information, and symbols of westerners' connections to distant markets could be found in markets and stores stocked with a variety of goods. See Marion Nelson Winship, "Kentucky in the New Republic: A Study of Distance and Connectivity," in *The Buzzel About Kentuck: Settling the Promised Land*, ed. Craig Thompson Friend (University Press of Kentucky, 1999), 101-124, and Elizabeth Perkins "The Consumer Frontier: Household Consumption in Early Kentucky," *Journal of American History* 78 (September, 1991): 486-510.

circumstances, including the abundance of land, the high cost of labor, a “want of sufficient capital” in conjunction with competition from the superior amounts of capital in Europe. Gallatin’s plan for overcoming these obstacles identified raising an essential source of capital through bounties on manufactured goods most fit for export and loans to manufacturers.<sup>75</sup>

Kentuckians specifically identified this report as a vital source of information when they explored manufacturing pursuits. In response to an inquiry by Adam Beatty about the prospects and logistics of starting a cotton factory, James Morrison deferred to Lewis Sanders, an industrialist in Lexington who operated his own cotton and woolen factory.<sup>76</sup> Sanders started spinning cotton in Lexington around 1805, on a large property that included multiple stores and his home. The establishment built by Sanders later expanded into a town, known as Sandersville, which featured a larger cotton and woolen mill, houses, and schools for the laborers and their families. In this early period of personal prosperity, Sanders referred Beatty to “Mr. Gallatin in his report on domestic manufactures,” which contained “more correct information” than any other source. Alongside the information conveyed in public reports, the profitability of a specific cotton factory relied on “the manner of conducting the factory—the knowledge of the hands and number of spindles.” Adding to the list of challenges confronting western manufacturers, Sanders noted that “good machinery cannot be had in Kentucky,” and he advised that Beatty look to Providence, Rhode Island instead.<sup>77</sup> Local knowledge and experience combined with governmental efforts in encouraging domestic manufacturing as westerners increasingly stressed the need for economic diversification.

Lewis Sanders also viewed protective legislation as a necessary ingredient for economic diversification. Sanders is recorded as the lead signatory on an 1810 petition drafted and signed by 113 “Mechanics and Manufacturers of Lexington.” Decrying the “predilection for the interest of commerce,” Sanders and the fellow mechanics complained that the history of congressional tariff policy demonstrated only a “partial” and incidental protection for manufacturing. Despite being “remote...from the seats of commerce,” the manufacturers did not take issue with the fact that

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<sup>75</sup> *ASP: Finance* 2:425-431.

<sup>76</sup> Adam Beatty was a circuit court judge and state legislator in Kentucky. He also owned a large farm and was an influential source of information on agriculture. He composed a number of essays on agricultural issues, the most famous of which were published together in an 1844 work titled *Essays on Practical Agriculture*.

<sup>77</sup> James Morrison (Lexington) to Adam Beatty, October 12, 1811, folder 1, Beatty-Quisenberry Family Papers, 1796-1962, FHS. Anna Virginia Parker, *The Sanders Family of Grass Hills* (Madison, IN: Coleman Print Company, 1966).

Congress promoted mercantile enterprises, but that this promotion was “not made universal, and extended to every pursuit.” The economic prosperity of the western states during the 1790s and 1800s, these petitioners argued, resulted from an “unnatural extension of commerce, and an unnatural demand for the productions of agriculture.” European warfare encouraged these transitory sources of wealth, but the petitioners recognized that “an eternal war in Europe is not to be expected.” In addition to the changing developments in foreign relations, these petitioners stressed the possible consequences of population growth throughout the United States, which they argued increased the production of goods without the assurance of an increase in foreign demand. This exposed all Americans, but westerners in particular, to the risk of sudden deflation. The petitioners elaborated a producerist critique of commerce in which foreign trade kept Americans dependent on unstable markets, while manufacturing promised economic independence through “the multiplication and diversity of pursuits.”<sup>78</sup> In contrast to the importance previously placed on state legislation, Sanders and the petitioners argued the threat posed by foreign powers meant Congress alone could adequately encourage economic diversification. The economic adjustments westerners made as a result of the restrictive measures of the Embargo and Non-Importation Acts, in addition to the visions of supplying the navy with clothing and cordage, focused western attention on congressional legislation as the ideal tool for local and regional economic development.<sup>79</sup>

State political elites echoed the demands of these citizens in outlining a role for state legislatures to build upon the momentum of the restrictive measures. Responding to increased private investment in manufacturing establishments that resulted from the restrictive measures, Ohio Governor Samuel Huntington called for the state legislature to lend “some encouragement for the raising and improving the breed of sheep” in addition to establishing incorporation laws that assisted individuals in “prosecuting the most useful manufactures.” Huntington argued that the “successful establishment of manufactures” not only saved “money and industry,” but provided westerners “a market for the productions of our soil.”<sup>80</sup> Return Jonathan Meigs, Huntington’s successor, built on these sentiments when he called for an amended inspection law that accounted for “the increased variety of exports” from Ohio. Meigs stressed the importance of these measures

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<sup>78</sup> *ASP: Finance* 2:465-467. Petition also published in *Kentucky Gazette*, December 25, 1810.

<sup>79</sup> For coverage of producerist critique of commerce see Steven Watts, *The Republic Reborn: War and the Making of Liberal America, 1790-1820* (Johns Hopkins University Press, 1989).

<sup>80</sup> “Governor Huntington’s Message,” *Scioto Gazette*, December 19, 1810.

in avoiding the reduction of Ohio to a “maritime vassalage” entirely dependent on foreign goods.<sup>81</sup> Citizens and state officials thus elaborated a similar vision of stability and independence that relied on state initiative as well as federal authority.

More westerners embraced federal authority in promoting manufacturing as they became convinced the free trade and commercial economy they advocated for in the 1780s constituted a threat to their independence. Stated bluntly in the *Kentucky Gazette*, westerners could never “be really independent” through commercial agriculture. A reliance on European nations “for some of the necessaries, and many of the comforts of life” jeopardized American independence, even to the point of undermining the legacy of the Revolution.<sup>82</sup> Consolidating around the theme of economic independence through manufacturing necessitated new ideas about foreign relations. An 1810 essay in the *Scioto Gazette* described the possible benefits and the “reciprocity of advantages” that accompanied global trade as long as nations behaved according to “the eternal principles of justice.” However, this essayist contended that nations, “like many individuals of a society,” always “infringe[d] upon the rights of their innocent neighbors” when possible. The “injuries” inherent in foreign relations required that Americans make their “existence unconnected with that of other nations.” This essayist laid the specific blame for dependence on foreign markets on “an extraordinary partiality” for imported clothes. The “stigma” of homespun clothing led to an “unpardonable infatuation” with imported foreign clothing, and the consumption of domestic goods offered the only path for establishing independence and reducing the need “to court exotic friendship.” The non-importation agreements of the Revolutionary era, when the colonists voluntarily denied themselves foreign imports “for promoting...their country’s good,” provided an example of patriotism in private consumption.<sup>83</sup>

Settlers in Chillicothe, Ohio modeled the behavior of citizens associating for the “encouragement of domestic manufactures” after the experience with the restrictive measures. Citing the “frequent interruptions of the commerce of the United States by the belligerents of Europe” this group resolved that the establishment of domestic manufacturers would “render us independent” of European countries. Future political leaders including Governor Thomas Worthington and Representatives Samuel Finley and William Creighton participated in this

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<sup>81</sup> “Governor’s Message,” *The Supporter*, December 14, 1811.

<sup>82</sup> “Real Independence,” *Kentucky Gazette*, February 13, 1810.

<sup>83</sup> “Philo-Patrie,” *The Scioto Gazette*, August 25, 1810.

meeting and contributed to a report issued by a select committee. This report defined the industries most fit for “promot[ing] the public good” and highlighted the advantages of manufacturing rope, pot and pearl ash, and paper for the citizens of Chillicothe. This committee also proposed forming a manufacturing company with a capital of \$10,000 divided among 200 shares. The committee advertised that their company could “benefit the people at large, by cherishing domestic manufactures, and ...giving a profitable source of employment to those of their fellow citizens, who may choose to be employed in that business.”<sup>84</sup> The period after the embargo witnessed western settlers embracing a renewed focus at both a private and public level towards capturing economic independence through manufacturing. Individuals who associated for these ends, like the prominent capitalists in Chillicothe, bestowed their efforts with a larger patriotic importance rooted in the need for economic diversification and stability.

### *Hemp*

Western farmers and manufacturers, particularly in Kentucky, consolidated around hemp as the primary article for securing economic independence. The *Scioto Gazette* conveyed the promise of hemp in the anecdotes section of their paper, telling the story of a “countryman...sowing his field.” In the middle of his labor “two London bucks,” representing Great Britain, came by and ridiculed the farmer, declaring that while he expended his labor ““it is we that reap the fruit.”” Not to be outsmarted, the countryman countered: ““Mayhap it may be so, master...there is many a true word spoke in jest, for *I am sowing hemp.*””<sup>85</sup> The countryman equated his commitment to hemp with an assertion of economic independence as a rebuttal to the boastful arrogance of his foreign rivals. However, this anecdote ignores that settlers in the most productive state for growing and manufacturing hemp, Kentucky, viewed hemp as a favorable industry because the labor came primarily not from solitary “countrymen,” but enslaved laborers. Access to the labor of enslaved persons that performed the most intensive aspects of growing hemp—including breaking the stalks, carrying it to market, or more specialized tasks in factories—gave Kentuckians confidence that individuals with relatively little capital could successfully grow and manufacture hemp into a staple crop that improved western standing in the

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<sup>84</sup> *Ibid.*, March 21, 1810.

<sup>85</sup> *Ibid.*, July 6, 1809.

Atlantic economy. Labor performed by enslaved persons thus fueled the promise and profitability of the crop Kentuckians embraced as essential to their independence.<sup>86</sup>

Advocates of hemp manufacturing repeatedly emphasized the importance of consolidating the growth, manufacture, and consumption of hemp within the western market. Alexander Scott Bullitt, among the wealthiest enslavers in Kentucky, complained of the “inconvenience” of shipping raw, unmanufactured hemp to distant markets. Consequently, he called for bolstering the local consumption of raw hemp through the “considerable addition to the Number of Rope Works at present among us.”<sup>87</sup> Manufacturers who promoted their new establishments after the restrictive measures held up their efforts as “essential to the interest and comfort of the citizens of the western states.” In an advertisement for a new oilcloth factory the proprietors Levett and Smith not only boasted of their “durable and elegant” carpets, but added that support of their factory would “make the western states independent of all other American or European markets.” More significantly, the advertisement claimed the success of the factory would encourage the sale of hemp by providing the farmers of Kentucky with a direct market for their most important crop.<sup>88</sup> Even easterners interested in the economic development of the western states emphasized the importance of hemp in the “astonishing progress which has been made in the Western section of the Union...toward complete independence.”<sup>89</sup> Kentucky’s neighbors in Cincinnati also noted that hemp “turned the balance of trade in favor of the people of Kentucky,” which encouraged them to shift “their views to the culture of hemp.” However, they conceded that obtaining a fair price for hemp required “the interference of Congress.” As a result, they drafted a petition calling on Congress to raise tariff rates on imported hemp that would “enable our own citizens, instead of

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<sup>86</sup> Henry Clay once wrote “where slaves are used, the capital is chiefly in slaves and hemp” which was much cheaper “in comparison to what is required in other branches of manufactures.” See Andrew P. Patrick, “Hemp and Henry Clay: Binding the Bluegrass to the World,” *Register* 117 (Winter 2019): 44-45. Patrick addresses the central role of hemp, and the contributions of enslaved persons, through a case study of Henry Clay, providing key insights into the connection between Clay’s support of protective tariffs and his interest in promoting hemp as a response to developments in the Atlantic economy. For the centrality of the labor of enslaved persons to the growth and manufacture of hemp see also Hopkins, *A History of the Hemp Industry in Kentucky*, 24-30, 135-137. While prominent Kentuckians like Clay promoted the accessibility of hemp and hemp manufacturing because of the affordability of enslaved labor, purchasing enslaved laborers was not necessarily as accessible as promoters of hemp argued. See Lowell H. Harrison and James C. Klotter, *A New History of Kentucky* (University Press of Kentucky, 1997), 168-169; Stephen Aron, *How the West Was Lost: The Transformation of Kentucky from Daniel Boone to Henry Clay* (Johns Hopkins University Press, 1996), 143-148.

<sup>87</sup> Alexander Scott Bullitt to Henry Massie (Chillicothe, Ohio), March 1, 1811, folder 10, Bullitt Family Papers—Oxmoor Collection, 1683-2003, FHS.

<sup>88</sup> “Lexington Oil Floor-Cloth Factory.” *Kentucky Gazette*, June 5, 1810.

<sup>89</sup> “Practical Patriotism,” *Virginia Argus* (Richmond), September 11, 1810. Originally published in *Baltimore American*.

foreigners, to supply our markets with that article.” Attaining independence through hemp manufacturing meant encouraging the development of a staple good that gave western states a defined advantage in foreign and domestic trade.<sup>90</sup>

Hemp manufacturers especially demanded a role in supplying the United States navy with sail duck and rope, but faced competition from Russian manufacturers of water-rotted hemp. Westerners though constantly stressed the importance of using domestically produced goods for military purposes so the United States might avoid supply shortages in case of foreign war. Secretary of the Navy Paul Hamilton responded with a report that addressed the “expediency of encouraging the culture of hemp” through protective tariffs. This report not only recommended certain measures to Congress, but again demonstrated the federal government providing vital information for individuals that pursued certain economic activities. Hamilton lauded the “enterprise” of hemp manufacturers in the United States, but noted that “they have not yet acquired that extensive information... which would assure to them all the advantages arising from the culture of hemp.” Specifically, Americans relied on “dew rotting” their hemp, which Hamilton referred to as a “pernicious practice” because of its inconsistent strength and unappealing dark color. In contrast, Hamilton preferred “water rotted” hemp, the primary preparation method of Russian manufacturers, which domestic producers could not yet supply adequately. If Americans water rotted their hemp then Hamilton assured them they could “always command a price equal to the hemp of Russia,” and rely on the Navy as a purchaser. Hamilton believed that westerners would only abandon dew rotting their hemp with publicly funded assistance, so he suggested that Congress annually appropriate money for contracts that supplied the Navy with domestically produced water rotted hemp and canvass. With public promotion and the strategic use of contracts, Hamilton contended the United States could become net exporters of hemp while securing a stable market and shielding the Navy from interruptions in their supply of hemp. By employing the power of federal authority, Hamilton’s plan guided western economic development in direct response to the demands of westerners and in favor of national interest.<sup>91</sup>

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<sup>90</sup> “Cincinnati,” *Kentucky Gazette*, December 3, 1811; Hopkins, *A History of the Hemp Industry in Kentucky*, 119.

<sup>91</sup> *ASP: Naval Affairs* 1:245-247.

## *Conclusion*

Economic geography, the structural realities of their market, and adjustments to the Atlantic economy all convinced westerners of the need for economic diversification and the instability of foreign markets by the time war broke out again between the United States and Great Britain. The wartime experience only built on earlier assessments of the market forces that shaped the western economy and the lessons learned during the period of the Embargo and Non-Intercourse Acts. The mobilization of goods and troops in the western states, primarily aimed at fighting Native peoples, demonstrated the existence and importance of the early American state, but this period did little to shape western perspectives of governmental authority in matters of economic development and trade.<sup>92</sup> States continued encouraging specific establishments, such as Ohio's efforts to subsidize salt manufacturing by granting exclusive use of the Scioto Salt Works to a group of proprietors for five years.<sup>93</sup> The state legislature even appropriated \$1,500 to assist private efforts in perforating the rock and extracting the salt from these wells.<sup>94</sup> Entrepreneurs in Lexington, including James Prentiss and Samuel and George Trotter, also received a grant of incorporation shortly after the War of 1812 ended to construct a wool and cotton factory. The proprietors received a twenty-year charter and were allowed to raise no more than the generous sum of \$200,000 under the title the "Lexington Manufacturing Company."<sup>95</sup> These acts of incorporation and state led efforts continued the momentum towards economic diversification, but reflected longer term visions for a diverse western economy rather than a specific response to the wartime experience.

Western manufacturers also continued searching for institutions and measures that devoted public resources towards aiding private initiative during the early period of the War of 1812. In announcing his intention to present himself as a candidate for the director of the Bank of Kentucky to the state legislature, William Hunter stressed his desire to employ the resources of the bank

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<sup>92</sup> On the early American state and conflict with Native groups in the Ohio Valley see Bergmann, *The American National State*; Harper, *Unsettling the West*.

<sup>93</sup> *Acts Passed at the First Session of the Twelfth General Assembly of the State of Ohio* (Chillicothe, 1813), 88-92. Bergmann

<sup>94</sup> *Acts passed at the First Session of the Eleventh General Assembly of the State of Ohio* (Chillicothe, 1812), 78.

<sup>95</sup> Littell, *The Statute Law of Kentucky*, 5: 251-254. On the Lexington Manufacturing Company see Dale Royalty, "James Prentiss and the Failure of the Kentucky Insurance Company, 1813-1818" *Register of the Kentucky Historical Society* 73 (January 1975): 3-6. On the Trotters see, Gary A. O'Dell, "The Trotter Family, Gunpowder, and Early Kentucky Entrepreneurship, 1784-1833," *Register of the Kentucky Historical Society* 88 (Autumn 1990): 394-430.

towards assisting manufacturing pursuits. Hunter recognized the Kentucky legislature could not “grant bounties for the encouragement of manufactures,” but argued “its fostering aid can be very usefully extended...through the agency of the Bank.” This meant providing manufacturers with loans that allowed for projects that benefitted “the community at large” and met the demand “to render this country independent of foreign nations.”<sup>96</sup> Hunter’s support for employing the resources of the Bank of Kentucky towards manufacturing fit within the “commonwealth ideal” that motivated the original charter of the bank. This ideal placed the general welfare of Kentuckians within the authority of the Bank of Kentucky and demanded that the resources of the bank directly benefit the broader citizenry rather than individual proprietors. Hunter’s call for direct loans to manufacturers identified economic independence and the encouragement of manufacturing as the two measures needed for supporting the general welfare, and a measure that could only be accomplished through public-private cooperation.<sup>97</sup>

Towards the end of the War of 1812 easterners boasted that “the Western section of the Union offers prospects of advantage far beyond anything held out on this side [of] the mountains.” The growth and “progress of improvement” supposedly lacked “a precedent in the world,” fueling visions of grandeur for the western states.<sup>98</sup> However, not all westerners believed manufacturing ensured future prosperity. Writing from Frankfort, Henry Crutcher expressed pessimism regarding manufacturing establishments in the western states. With a hypothetical capital of \$100,000, Crutcher contended he would “goe to the eastward & open a correspondence—in the mercantile way [*sic.*]” This reflected his belief that “manufactoreys will not flourish [*sic.*]” in the western states.<sup>99</sup> Debates over the proper balance between commerce, agriculture, and manufacturing continued in the post-War of 1812 period, but focused more intensely on national tariff policy as a result of the introduction of higher protective tariff rates and the emergence of a national protectionist movement.

The presence of an influential protectionist sentiment would have surprised prominent western economic actors and political leaders of the 1780s. In this period westerners formulated a

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<sup>96</sup> William Hunter (Frankfort), November 20<sup>th</sup>, 1812, folder 2, Thomas C. Howard Papers 1780-1844, FHS.

<sup>97</sup> For the Bank of Kentucky and the “commonwealth ideal” see Dale Royalty, “Banking and the Commonwealth Ideal in Kentucky, 1806-1822,” *Register of the Kentucky Historical Society* 77 (Spring 1979): 91-107.

<sup>98</sup> Tobias Lear to “Dear Sir,” September 23, 1814, box 1, folder 7, Taylor Family Papers 1774-1876, KHS.

<sup>99</sup> Henry Crutcher (Frankfort) to Lewis Sanders (Grass Hills, KY), August 7, 1815, letterbook 1, Sanders Family Papers, 1804-1979, FHS.

critique of the nascent federal government and entertained ideas of disunion by building on the Revolutionary legacy of free trade. This critique espoused a “natural right to trade” in which western prosperity depended on protection of access to the Mississippi River as well as eastern markets available through the Ohio River. By the end of the War of 1812, a significant number of farmers, merchants, and manufacturers in the western states demanded the federal government foster a domestic market of exchange that reduced the necessity of foreign trade. Westerners always accepted economic diversification as a legitimate responsibility of state governments, but a growing number became convinced protective tariffs passed by Congress alone could sufficiently achieve this goal. They not only published these ideas in print, but also gained experience in mobilizing public meetings that pushed demands on the national and state governments. These meetings produced petitions for action and began what became a longstanding tradition of citizens mobilizing in support of specific tariff policies, which contributed to the democratizing effect of trade politics.<sup>100</sup> The frustrating, and at times severely detrimental, experience with European powers, the expensive cost of transporting goods eastward, and the limited success of state efforts—despite significant investment—contributed to the emergence of a committed protectionist movement in the western states that embraced federal authority in regulating western commercial markets. When tariffs with rates that offered significant levels of protection actually emerged in Congress, these early experiences ensured advocates of the western interest were prepared to mobilize governmental authority in their favor, motivated by demands for stability and independence.

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<sup>100</sup> Discussion of the democratizing aspect of trade politics can be found in Peart, *Era of Experimentation*, 73-107; Bolt, *Tariff Wars*, 208.

## CHAPTER 2

### **“WE MUST MAKE KNOWN OUR CASE AT WASHINGTON”: PEACE, PANIC, AND PROTECTIVE LIBERALISM, 1816-1820**

*“From the west the money is always going to the east and never is returning. The congress prefers encouraging the Russian and British manufactures, to our own, and peace abroad has put an end to most of our foreign markets, and lessened the price of all our productions. We have now arrived at the age of manhood and must act.—We must make known our case at Washington; and tell our brethren there that they must give as well as take; and no longer consider us as colonies, as inferior appendages of their empire, but as principal and equal members of our great and growing confederacy that if they must have large fleets to protect their trade, dock yards, harbors fortified, light houses, and other good things we too must have roads and canals, and find markets for our home manufactures and other productions.”<sup>1</sup>*

Peace set the stage for the enactment of a truly protective tariff. In his first message after the War of 1812 Ohio Governor Thomas Worthington asserted that “peace and leisure” allowed public officials to “review the past and avail ourselves of the lessons of experience.” From this reflection Worthington concluded it was “the sacred duty” of public officials “to use their best exertions to promote the welfare and happiness of the state.”<sup>2</sup> Hezekiah Niles also observed, through his upstart periodical *Niles’ Weekly Register*, that the end of war with Britain put “*the world in peace*,” and Niles hoped Americans would realize the “*necessity of retiring within ourselves...to seek wealth and arrive at independence and ease*.”<sup>3</sup> The end of fighting with British and Indian rivals opened new opportunities in international trade and dynamic internal growth for farmers, merchants, and manufacturers within the trans-Appalachian West and policymakers along the Atlantic coast. However, these developments also presented Congress with a problem. American trade policy in the first twenty years after independence relied on the persistence of European warfare to ensure foreign demand for American goods. The new conditions of peace left the existing trade policy, in the assessment of Treasury Secretary Alexander Dallas, unfit for “the

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<sup>1</sup> “From the (KY.) Reporter,” *The Clarion and Tennessee State Gazette* (Nashville), September 14, 1819.

<sup>2</sup> “Governor’s Message,” *Scioto Gazette*, December 12, 1815.

<sup>3</sup> “Home Market.” *Niles’ Weekly Register* (Baltimore), 10 (March 30, 1816).

present epoch.”<sup>4</sup> Dallas supported new trade legislation adapted to the growing population and economic diversification in the United States and the changes in foreign relations. In the five years after the signing of the Treaty of Ghent, protectionists coordinated a national movement for protection and scored a victory with the higher rates enacted by the Tariff of 1816. They nearly raised the tariff again in 1820 as a response to the Panic of 1819, but fell one vote short—a bitter defeat for settlers in the trans-Appalachian West who viewed the tariff as an identifiably western measure.

Historian Steven Watts once framed these postwar years as a period of rebirth for the United States that encouraged the emergence, and eventual dominance, of economic liberalism.<sup>5</sup> Settlers in the western states navigated rapid population growth, expansion in banking, competition with foreign imports, and eventually a modern financial collapse. These overlapping developments shaped how early Americans conceived of markets and the degree to which they accepted markets as a societal arbiter. At the same time westerners confronted these economic developments, they consolidated around a more defined embrace of protectionist policies through a positive elaboration of an American “home market.” In his analysis of the emergence of market societies economic historian Karl Polanyi describes a double movement in which the push for the establishment of a self-regulating market meets resistance by farmers and wage laborers promoting the “principle of social protection,” for “the conservation of man and nature.” The movement towards protectionism in the trans-Appalachian West in the decades after the War of 1812 provides a limited example of Polanyi’s double movement thesis.<sup>6</sup> Early American protectionists did not reject of the emergence or logic of a market society. Instead, they elaborated a “protective liberalism” that viewed the establishment of a self-regulating market and the protection of

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<sup>4</sup> *ASP: Finance* 3:87.

<sup>5</sup> Watts, *The Republic Reborn: War and the Making of Liberal America, 1790-1820*) Recent historical works further emphasize the importance of the War of 1812 in shaping American finance, state development, and national identity. See especially Max Edling, *A Hercules in the Cradle: War, Money, and the American State, 1783-1867* (University of Chicago Press, 2014), 108-144; Paul A. Gilje, *Free Trade and Sailors’ Rights in the War of 1812* (Cambridge University Press, 2013).

<sup>6</sup> Karl Polanyi, *The Great Transformation: The Political and Economic Origins of Our Time* 2<sup>nd</sup> ed. (Beacon Press, 2001), 136-140. Christopher Calvo similarly applies the relevance of Karl Polanyi’s double movement concept to antebellum protectionism, which he frames as a form of “hybrid capitalism” that “favored competitive commercial and industrial markets at home” while also calling for “the extraction of America from international trade.” This chapter applies Polanyi’s insights to the discussions of markets and trade that unfolded throughout the trans-Appalachian West during a time of disruptive economic transformation rather than the intellectual world of protectionism explored in Calvo’s work. Christopher W. Calvo, *The Emergence of Capitalism in Early America* (University Press of Florida, 2020), 172-173.

commercial, agricultural, and manufacturing interests as mutually reinforcing principles. Supporters of protective liberalism argued a domestically oriented market society, a truly dynamic “home market,” permitted the innovative operations of self-regulation and preserved social protection. Economic and political actors both within the trans-Appalachian West and throughout the United States responded to the experience of peace and panic in the years following the War of 1812 by defending the ability of the market process to operate alongside the exercise of governmental authority in trade policy.

Westward movement of peoples and goods propelled the economic growth of the western states after the War of 1812. The introduction of steamboats on western waters promoted much of this movement, and strengthened a regional identity centered around trade throughout the Ohio Valley, where westerners declared that “the invention of the steamboat was intended for us.”<sup>7</sup> Robert Fulton’s famous *New Orleans* began its first voyage in 1811, but it was not until 1817, when the *Washington* completed a trip from New Orleans to Louisville in twenty-eight days, that westerners realized the full potential of steam. With the “wonderful improvement” of steam navigation, in the words of one observer, “the ocean is brought to our doors, and by which we are placed on an equal footing with the interior of the Eastern States.”<sup>8</sup> Seventy-three steamboats operated along the Ohio and Mississippi rivers before the end of the decade, which brought peoples, goods, and information from Atlantic markets at a dizzying pace.

Settlers who moved westward chased the opportunities for landed independence and prosperity offered by the expansion of the western economy. In the decade after 1810 the population swelled in Ohio, Kentucky, Tennessee, and Indiana by 85 percent. Ohio, the largest of these states and the fifth most populous state nationally, managed an impressive 152 percent growth in population. Indiana led the way in rate of growth with a nearly 500 percent increase in population and also achieved statehood in 1816.<sup>9</sup> New Englanders lamented the westward flow of

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<sup>7</sup> Literature on steam navigation and western economic development is vast. Any discussion should begin with Louis C. Hunter, *Steamboats on the Western Rivers: An Economic and Technological History* (Harvard University Press, 1949). See also, Kim M. Gruenwald, “‘The invention of the steamboat was intended for US’: Steamboats and Western Identity in the Early Republic,” *Ohio Valley History* 12 (Fall 2012): 3-20; William Lewis, “Building Commerce: Ohio Valley Shipbuilding during the Era of the Early American Republic,” *Ohio Valley History* 16 (Spring 2016): 24-44; Andrew R.L. Cayton, “Artery and Border,” 20-21.

<sup>8</sup> Western Commerce,” *National Intelligencer* (Washington, D.C.), May 9, 1817.

<sup>9</sup> *Historical Statistics of the United States: Colonial Times to 1970* (Washington, D.C. Bureau of the Census, 1975), 27-35.

their residents, particularly to Ohio, and detailed the economic and social conditions that motivated this drain in their population:

“HOW sad, New England, is the truth,  
That thy support and pride, the youth,  
And e’en thy aged men forsooth,  
Forsake thee for Ohio.

And Damsels too, whose looks betray  
That of some youth their bosoms say,  
‘Over the hills and far away,’  
‘He loves me in Ohio.’

Thy sons, who spurn fatigue and toil;  
Whose souls at poverty recoil;  
Seek riches in some kinder place,  
And travel to Ohio...

The rich, who every path explore,  
Intent on means t’increase their store,  
Whose Gold’s the Idol they adore,  
Oft look towards Ohio.

Others, who long to see the land,  
And have not money at command,  
With Cane and bundle in their hand,  
Are walking to Ohio...

The poor man, says, and heaves a sigh,  
To live, it is in vain to try,  
The times are, the taxes high,  
Not so in blest Ohio.<sup>10</sup>

From the mid-Atlantic region, Pennsylvania lawyer John Blanchard echoed the hopes early Americans saw in moving westward to a correspondent in Indiana. With the future success of his law career appearing bleak, Blanchard asserted that if he failed in Pennsylvania he was “determined to leave it and bend my course to the western country, for unless a man can make money there is no motive to stay in this country among these stupid jackasses.”<sup>11</sup> Residents of the trans-Appalachian West provided more discriminatory assessments of the opportunities offered by westward migration. Westerners highlighted differences in the legality of slavery and the status of Native-settler relations throughout the western states when they recommended areas for settlement. In a letter to his son, Lexington merchant John Corlis warned against moving to Indiana for the dual reasons that “slaves are not permitted there” and the likelihood that “it will be the worst Indian frontier in the United States.” Consequently, Corlis believed “white men...of the hardiest race” in Indiana labored in toil with limited hopes for improvement. Corlis instead encouraged settlement in Kentucky or Tennessee, where slavery was permitted and “the Indians are completely surrounded by three powerful states which will keep them always in awe.”<sup>12</sup> Whether escaping unwelcome neighbors, chasing riches, or searching for love, the westward movement of early

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<sup>10</sup> “Emigration.” *The Clarion and Tennessee State Gazette*, August 12, 1817. Originally published in the *Connecticut Courier*.

<sup>11</sup> John Blanchard (Bellefonte, Pennsylvania) to Samuel Merrill (Vevay, Indiana), December 21, 1817, box 1, bolder 3, Samuel Merrill Papers, 1812-1934, IHS.

<sup>12</sup> John Corlis to George Corlis, April 14, 1816, folder 23, Corlis-Respass Family Papers, 1757-1852, FHS.

Americans brought along closer kinship ties, fostered growing communities, introduced much needed labor, and fueled urbanization and economic diversification.<sup>13</sup> Western supporters of protection celebrated this movement and emphasized the role of trade legislation in stabilizing the rapid economic growth of the western country.

Residents of the trans-Appalachian West confronted a period of expansion that touched upon all aspects of the market revolution, including changes in transportation wrought by steam, the influx of new settlers, the explosion in the number of state banks, and the rise of prominent urban hubs. At the same time, free trade advocates and protectionists began a decades-long sustained debate over trade policy in which protectionists achieved their greatest legislative successes. Economic actors within the western states paid close attention to discussions of trade policy as they navigated this moment of growth and disruption. Likewise, congressional actors and cabinet officials involved directly in policymaking engaged in specific discussions about the role of tariffs in shaping western economic development. As evolutions in finance, transportation, and communication brought the western states closer to distant markets, supporters of protective tariffs aimed at recapturing the dynamism they witnessed prior to the crash in 1819 while avoiding the disastrous economic fluctuations free trade advocates framed as “natural” and “inevitable” events. High tariffs supposedly achieved this goal by integrating the western states within a diversified “home market” free from hostile foreign actors who restricted American trade and disrupted the market process. Henry Clay and Mathew Carey outlined the contours of the home market and established themselves as the most influential advocates of protection through their support for an innovative “American System” that promoted centralized banking, protective tariffs, and internal improvements.<sup>14</sup> The opposing views of markets and governmental authority expressed by

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<sup>13</sup> For studies that provide a greater focus on westward migration, both before and after the War of 1812, and address the movement patterns of specific groups see Etcheson, *The Emerging Midwest*; Onuf and Cayton, *The Midwest and the Nation*, 25-31, Rohrbaugh, *The Trans-Appalachian Frontier*, 157-161; Gruenwald, *River of Enterprise*, 82-90.

<sup>14</sup> For coverage of the American System see Songho Ha, *The Rise and Fall of the American System: Nationalism and the Development of the American Economy, 1790-1837* (Routledge, 2009); Andrew Shankman, “Capitalism, Slavery, and the New Epoch: Mathew Carey’s 1819,” in *Slavery’s Capitalism: A New History of American Economic Development* eds. Sven Beckert and Seth Rockman (University of Pennsylvania, 2016): 243-261; Maurice G. Baxter, *Henry Clay and the American System* (University Press of Kentucky, 2004); Stephen Meardon, “‘A Reciprocity of Advantages’: Carey, Hamilton, and the American Protective Doctrine,” *Early American Studies* 11 (Fall 2013): 431-454; Cathy Matson, “Mathew Carey’s Learning Experience: Commerce, Manufacturing, and the Panic of 1819,” *Early American Studies* 11 (Fall 2013): 455-485; John R. Van Atta, *Securing the West*, 113-138.

supporters and opponents of protective liberalism framed the debate over trade policy during the heightened tariff conflicts of the 1820s.

***“Many conflicting interests and prejudices”: The Tariff of 1816***

Congress embarked on an especially active series of legislative initiatives after the War of 1812, highlighted by the charter of the Second Bank of the United States and the passage of the first protective tariff in 1816. Alexander Dallas laid out the basic framework for the Tariff of 1816 in a report communicated to Congress in February. Dallas identified the difficulties of legislating a geographically broad and diverse nation with a developing economy and elaborated a vision of governmental authority that reconciled “many conflicting interests and prejudices.” The existence of diverse, and at times opposing, interests did not convince Dallas that “individuals should be left to pursue their own course untouched by the hand of Government, either to impel or to restrain.” Instead, he claimed the resumption of peace, after nearly a decade of restrictive measures and war, compelled government action towards the encouragement of private economic initiative. Protection and “legislative care” belonged especially to those manufacturers who could fully supply the domestic market if not crushed by foreign exports. In practical terms this meant laying the highest protective rates on coarse cotton and woolen goods as well as iron manufactured goods. Dallas placed many of the commodities produced in the western states—including hemp, silk, and other wool products—in the class least fit for legislative protection because of the almost total reliance on foreign sources for these products.<sup>15</sup>

The same day Dallas outlined his vision for a new tariff the Committee of Commerce and Manufactures, chaired by Virginian Thomas Newton, issued their own report that responded to various petitions in favor of protective rates on cotton goods. In contrast to the Treasury Secretary, the committee included a specific discussion of the role of governmental authority and protectionist political economy for western economic development. The report claimed that the United States faced a “new epoch” in which Congress possessed “the intelligence and the art of improving the resources of the nation,” and could “increase its efficient powers, and, [enjoy] the confidence of those whom it has made happy.” The disastrous experience of the War of 1812, which the committee blamed on the lack of a domestic manufacturing sector and a reliance on

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<sup>15</sup> *ASP: Finance* 3:87-91.

foreign markets, justified this expansive view of governmental authority and a favorable assessment of the claims of the petitioners.<sup>16</sup>

Newton calculated that a robust manufacturing sector could emerge, with legislative assistance, within the western states. “The distance of most of the Western States from the ocean, the exuberant richness of the soil, and the variety of its products” practically ensured the growth of manufacturers across the Appalachian Mountains if not for the “jealous and monopolizing policy” of foreign governments who flooded American markets with finished goods and restricted American exports.<sup>17</sup> This optimism in western industrial development contradicted prevailing economic theory, which rooted the future prosperity of the western states in agriculture. Newton argued political economists miscalculated because the western states grew too rapidly for economic theorists “to catch their expression, and to fix their physiognomy,” and whatever rigid and immutable “laws” they crafted quickly became obsolete. Congress, in contrast, could devise legislative solutions that adapted to evolving internal and external circumstances. For Newton, converting the multitude of interests in the United States into one national interest required that Congress exert its authority in trade policy and establish a protective system during a critical moment of relative international peace.<sup>18</sup>

Whatever the claims of Alexander Dallas and the Committee of Commerce and Manufactures, the actual work of crafting new tariff legislation fell to the Committee of Ways and Means. Both Dallas and congressmen within the Committee of Commerce and Manufactures turned to petitions and lobbyists for guidance as they drafted their reports and crafted tariff rates, but the Committee of Ways and Means produced a bill that fell short of the unambiguous protectionism endorsed by the Treasury Secretary and the other committee. However, goods central for manufacturers in the trans-Appalachian West received protection close to what Dallas recommended in his report. Hemp received a 20 percent tax, exactly what Dallas laid out, and woolen textiles received a 25 percent tax, down from the 33<sup>1/3</sup> percent prescribed by Dallas. The Tariff of 1816 also introduced the minimum valuation principle into American trade policy, which

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<sup>16</sup> Lindsay Schakenbach Regele’s recent study provides greater clarity on the specific challenges in arms and textile manufacturing during the War of 1812. While the mobilization of guns and clothes for the War of 1812 was nowhere near as difficult as the Revolutionary War, further industrial development was necessary for meeting the national security concerns of early Americans. As Regele notes, the support for protective tariffs and use of government contracts justified by the wartime experience “sparked long-term industrial development, even as it led to postbellum economic contraction.” Regele, *Manufacturing Advantage*, 60.

<sup>17</sup> *ASP: Finance* 3:82-84.

<sup>18</sup> *Ibid.*

set a minimum price of value for an imported good. The new tariff placed a minimum valuation of twenty-five cents per yard on imported cotton goods, so cotton goods imported for less than the minimum price were valued at twenty-five cents, and paid the ad valorem duty at that valuation. This provided additional protection from imports made with advanced machinery or cheap labor and kept the ad valorem rate on an imported good lower than its actual effect. The minimum principle later became one of the most controversial aspects of protectionist-oriented tariffs, but it drew little attention in 1816.<sup>19</sup>

Advocates of protection elaborated their expansive view of governmental authority and economic development during debate on the Tariff of 1816. Pennsylvanian Samuel Ingham contended it was a “duty” of republican governments “to encourage every pursuit (not morally wrong) in which the conditions of the country and the inclinations and capacity of the people may authorize a reasonable prospect of success.” Ingham categorically rejected that “doctrine” which “let industry pursue its natural channels” in favor of one which “support[ed] the industry of the country...and straighten[ed] and clear[ed] away the obstructions from the channels it has chosen to flow in.”<sup>20</sup> Proponents of the tariff also expressed optimism in the prospects offered by “the perfection of machinery.” John C. Calhoun, in the young nationalist phase of his career, disassociated machinery with the “minute subdivision of labor” that was “undoubtedly unfavorable to the intellect.”<sup>21</sup> Labor-saving improvements in machinery, Calhoun claimed, reduced the

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<sup>19</sup> Act of April 27, 1816, ch. 104, 107 *Stat.* 310-314; Peart, *Lobbyists*, 21-23; Bolt, *Tariff Wars*, 17. As an example, if a cotton good was imported at fifteen cents per yard, but given a minimum valuation of twenty-five cents and taxed at a twenty percent ad valorem rate then the subsequent five cent tax would amount to an effective tax rate of 33 1/3 percent.

<sup>20</sup> *AOC*, 14<sup>th</sup> Cong., 1<sup>st</sup> Sess., 1243-1244.

<sup>21</sup> *Ibid.*, 1335. Although Calhoun was likely not referring to the writings of Adam Smith, the possible harmful effects of the division of labor, and the necessity of governmental action in combatting them, are explored in a famous section of Smith’s *Wealth of Nations*: “The man whose whole life is spent in performing a few simple operations...has no occasion to exert his understanding, or to exercise his invention in finding out expedients for removing difficulties which never occur. He naturally loses, therefore, the habit of such exertion, and generally becomes as stupid and ignorant as it is possible for a human creature to become. The torpor of his mind renders him, not only incapable of relishing or bearing apart in any conversation, but of conceiving any generous, noble, or tender sentiment, and consequently of forming any just judgment concerning many even of the ordinary duties of private life...It corrupts even the activity of his body, and renders him incapable of exerting his strength with vigour and perseverance, in any other employment than that to which he has been bred. His dexterity at his own particular trade seems, in this manner, to be acquired at the expence of his intellectual, social, and martial virtues. But in every improved and civilized society this is the state into which the labouring poor, that is, the great body of the people, must necessarily fall, unless government take some pains to prevent it.” Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations* (2 vols. Oxford University Press, 1976; Liberty Fund, 1981), 2: 782. Calhoun associated the division of labor with this same degradation of condition but saw the potential that mechanical advances in production would replace laborers performing simple, repetitive tasks.

number of laborers who toiled in factory work, which was a positive development for avoiding the degrading condition associated with British paupers. The Tariff of 1816 was the only protective tariff that received significant support from southern politicians like Calhoun, who conceded that the national security circumstances of the postwar moment required a temporary increase in tariff rates. Congress passed the Tariff of 1816 in April by relatively substantive margins, but the higher rates did not meet the most extreme demands of protectionists who considered the postwar period as the ideal moment in international and diplomacy for major revisions in American trade policy.<sup>22</sup>

### ***Demanding the “fostering hand of public patronage”***

Public demands for protective tariffs appeared through the rapidly growing number of societies that promoted the encouragement of domestic manufacturers. In his study of the intellectual foundations of American industrialization historian Lawrence Peskin explored the efforts of voluntary associations that advocated for economic diversification in major eastern urban hubs.<sup>23</sup> Merchants, farmers, and mechanics in these societies coordinated private efforts in fostering technological innovation and pushed for legislative support from state governments and Congress. Western societies employed similar strategies as their eastern counterparts when they encouraged private consumption of domestic goods and petitioned for protective tariffs, but these actions did not represent a coherent wave of associational activity. Societies in the trans-Appalachian West framed their demands for economic diversification within the context of an identifiably western political economy informed by environmental and economic dynamics within their region. Participants in these voluntary associations framed manufacturing and agricultural development as the solution for the dangers they associated with open international trade. Free trade, they argued, exposed the western market to hostile foreign actors while protection fostered regional development through the uninterrupted operation of the market process.

Political and economic leaders in Lexington, Kentucky capitalized on the enthusiasm for domestic manufacturing when they formed a new Kentucky Society for the Encouragement of Domestic Manufactures. Former Kentucky Senator William T. Barry joined the society with other prominent politicians and industrialists at a public meeting in Lexington, where they resolved to

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<sup>22</sup> Norris W. Preyer, “Southern Support for the Tariff of 1816—A Reappraisal,” *Journal of Southern History* 25 (1959): 306-322; Bolt, *Tariff Wars*, 14-16; Peart, *Lobbyists*, 23-30.

<sup>23</sup> Peskin, *Manufacturing Revolution*, 60-132, 170-181.

promote themselves as an example for the rest of the western states and pledged to “clothe themselves in Domestic Manufactures” and withhold all purchases of imported goods when possible.<sup>24</sup> They also formed a Committee of Correspondence that communicated the goals of the society and encouraged the emergence of other local associational groups. A circular drafted by the committee argued that “national prosperity and independence in all parts of the union” required a personal commitment to the consumption of domestically produced goods, especially from “gentlemen of intelligence, patriotism, and influence.”<sup>25</sup> Citizens in Mercer County accepted the call of their Lexington counterparts and formed the Mercer Society for the encouragement of Domestic Manufactures. The members of this society agreed that “a nation cannot long remain free, when it is dependent on foreign countries for the most necessary articles of comfort and convenience.” Building on this claim, the associates in Mercer County also pledged to “give a decided preference to internal fabric” on the condition that it was of the same quality and price as foreign cloth.<sup>26</sup>

Within three months of its formation the Committee of Correspondence for the Kentucky Society issued a lengthy report, written primarily by William T. Barry, that thoroughly explained the need for significant adjustments in trade legislation. Barry and his associates credited the emergence of “populous and extensive towns” to the dual extension of the “hand of Providence” and the “hand of industry.” However, these hands had “measurably subsided,” meaning the “fostering hand of public patronage” alone could “keep alive the spirit of improvement.” Instead of protecting and promoting commercial interests through free trade and foreign imports, the committee argued legislators and private citizens should focus their efforts “to improve our manufactures until they are in a state to require other markets.” Foreign trade, the report reasoned, exposed westerners to sudden economic fluctuation, resulted in a dependency on agriculture, and inhibited the connection between individual economic interest and the national interest. Congress, through the Tariff of 1816, laid the “foundation of a system for the encouragement of home trade and domestic manufactures,” but Barry stressed that private efforts needed to match governmental

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<sup>24</sup> “Kentucky Society for the Encouragement of Domestic Manufactures,” *Kentucky Gazette*, August 23, 1817.

<sup>25</sup> Circular of the Kentucky Society for the Encouragement of Domestic Manufactures to Gen. James Taylor, Nov. 10, 1817, box 1, folder 8, Taylor Family Papers, 1774-1876, KHS.

<sup>26</sup> “Mercer Society for the encouragement of Domestic Manufactures,” *Kentucky Gazette*, March 27, 1818.

policy. In practice, Barry called on Kentuckians to rid themselves of the “superfluities and luxuries of foreign countries” in favor of a consumption of domestic goods.<sup>27</sup>

Ohio wool manufacturer Thomas Rotch embodied the “spirit of improvement” desired by the Kentucky Society. Rotch earned a small fortune during the 1790s while working for his family’s whaling and shipping firm in New Bedford, Massachusetts. In 1800 Rotch left his comfortable situation and pursued a variety of business ventures in Hartford, Connecticut before he found his calling as a sheep farmer. Like other northern farmers and manufacturers, Rotch joined in the “merino mania” caused by the restrictions in trade prior to the War of 1812. Robert Livingston and David Humphreys introduced Americans to merino sheep, which produced superior wool to other breeds, in the early 1800s, but demand for merinos skyrocketed as imports of British woolen goods plummeted. Rotch grew his flock to approximately 400 sheep and began his foray into manufacturing when he built a small wool factory on his farm.<sup>28</sup> This flock made the 600-mile journey across the Alleghany Mountains after Thomas and his wife Charity again uprooted and set their course for Ohio. Rotch purchased a large tract of land in Stark County and founded the town Kendal, which he envisioned as a western hub for the manufacture and trade of wool.<sup>29</sup> As his settlement grew Rotch rented his sheep to farmers throughout the Ohio Valley and sustained a profitable wool factory even as British imports flooded American markets after the War of 1812. In addition to his interest in wool, Rotch grew fruit, manufactured pottery, and opened a general goods store stocked with valuable consumer products. These efforts reflected Rotch’s impressive commercial connections, primarily with eastern merchants, and his commitment to economic diversification as a means for financial stability.<sup>30</sup>

The inaction of politicians unaware or unconvinced of the essential role of manufacturers in the west often frustrated Thomas Rotch. Western manufacturers in the immediate postwar period combatted the influx of European imports into western markets, and Rotch offered two solutions for the “stagnation of business” caused by the dumping of foreign goods. First, state-chartered banks in areas “where population & respectability of character is sufficient to gain the confidence of the Government” would “operate as a check to the redundancy of foreign goods.”

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<sup>27</sup> “Report,” *ibid.*, October 25, 1817.

<sup>28</sup> Barbara K. Wittman, *Thomas and Charity Rotch: The Quaker Experience of Settlement in Ohio in the early Republic, 1800-1824* (Cambridge Scholars Publishing, 2015), 100, 121.

<sup>29</sup> Rotch took the name Kendal from an English town famous for its wool manufacturing industry. Wittman, *Thomas and Charity Rotch*, 123-124.

<sup>30</sup> Wittman, *Thomas and Charity Rotch*, 134-156.

Regulated banks, Rotch argued, supplied a convenient medium of exchange, which facilitated domestic trade between consumers and producers. Secondly, Rotch desired “the promotion of Manufactorys of every Kind where the raw materials are the product of the different neighborhoods.” Industrial development through both household production and small factories “convert[ed] a portion of agricultural productions into such articles of necessity” and channeled the labor of women and children to the production of woolen goods.<sup>31</sup> Rotch recommended Ohio as a possible place of settlement to one correspondent, and wrote positively of the domestic demand for western wool from farmers who were “fond of raising and clothing themselves with their own wool.”<sup>32</sup> Similar to congressional analysis of western economic development and trade policy, Rotch thought the “peculiar situation” of Ohio “country manufacturers” favored the consumption of domestic goods because of the prohibitive distance to unsteady foreign markets.<sup>33</sup> Still, the sudden influx of European imports presented a serious challenge, and Rotch identified a role for private and legislative encouragement for domestic manufactures directly aligned with the western interest.

Rotch addressed his appeals for expanded governmental authority in banking and trade policy directly to Ohio Governor Thomas Worthington, members of the Ohio state legislature, and congressional Representatives. His efforts in banking focused on obtaining a state charter for a bank in Canton. Rotch recognized the “danger from too great an increase of banks,” but contended the lack of a state bank deprived local citizens of an essential source of capital.<sup>34</sup> Failure to enact measures that “relieve[d] the distress of a numerous class of Industrious enterprising Citizens” would, Rotch warned, “expos[e] the imbecility of an Infantile Government and...unnerve its powers.”<sup>35</sup> Rotch also petitioned the state to revise its military requisition laws and exempt factory workers from military service, so he could avoid “the dissertation[*sic*] of a number of as good American Workman as can be procured in the United States.” Rotch’s legislative demands presented the problem of competition—whether against foreign imports, eastern manufacturers, or even state laws—as an existential threat to his manufacturing pursuits.<sup>36</sup>

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<sup>31</sup> Thomas Rotch to Seth Adams, April 13, 1816, *RWP*.

<sup>32</sup> Thomas Rotch to Isaac Russell, August 6, 1816, *RWP*.

<sup>33</sup> Thomas Rotch to “My beloved Brother,” December 29, 1816, *TRL*.

<sup>34</sup> Thomas Rotch to Thomas Worthington, January 10, 1817, *TRL*, 94.

<sup>35</sup> Thomas Rotch to Doct. Thompson, January 10, 1817, *TRL*, 96.

<sup>36</sup> Thomas Rotch to John Myers, December 23, 1817, *TRL*, 119.

This petitioning activity extended to Congress. In a letter to Ohio Senator Benjamin Ruggles, that included a swatch of his manufactured cloth, Rotch detailed his disappointment with the lack of a sustained focus on protective legislation in President Monroe's annual address, which the western states would "feel the effects of...more forcibly than our Sister States." Without "a rigid protection to our Infant Manufactures," Rotch warned that westerners "shall remain largely tributary to the support of foreign power & foreign influence & without Internal active Capital." Rotch believed Congress could only legislate properly if equipped with "correct intelligence from every part of the Union," so he purposely framed his petition within the economic geography of the trans-Appalachian West. The brief petition illuminated the "General pressure upon the Manufacturing establishments from the great quantity of foreign Woollen goods" imported into the United States, which justified "the interference of Congress for the protection of our infant manufactures who are ready to perish."<sup>37</sup> Ruggles confirmed he presented the petition to the Senate and showed the "specimens of manufactured cloth" to fellow Senators "who seemed much surprised to see the manufacture of cloth carried to such perfection in the Western woods." Ruggles even planned to show the samples to President Monroe in the hopes of forging a consensus in favor of encouraging western manufacturers.<sup>38</sup>

Thomas Rotch also confronted skepticism about the fitness of the western states for industrial development from some fellow Ohioans. Jacob Atkinson pressed Rotch on why goods manufactured in the western country were prohibitively expensive despite reduced costs in transportation and the increased tariff rates. Atkinson concluded that the critical difference in the prices of foreign and domestic manufacturers proved American manufacturers were "not satisfied without an exorbitant profit." A more "politic" approach for domestic producers, Atkinson argued, was to "sell low so that the Sovereign people might ascertain the superior value of" domestic wool.<sup>39</sup> Atkinson dismissed Rotch's emphasis on legislative support for infant manufacturers and challenged manufacturers to accept thinner margins on their goods, which would draw greater demand from domestic consumers and establish legitimate competition against foreign producers.

Atkinson's solution offered little to western manufacturers who emphasized the challenges they faced from apathetic consumers and a negative balance of trade. Bezaleel Wells, the operator

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<sup>37</sup> Thomas Rotch to Benjamin Ruggles, January 18, 1818, *TRL*, 121-122.

<sup>38</sup> Benjamin Ruggles to Thomas Rotch, February 4, 1818, *RWP*.

<sup>39</sup> Jacob Atkinson to Thomas Rotch, March 14, 1817, *RWP*.

of the largest wool factory west of the Appalachian Mountains in Steubenville, Ohio, complained that his Ohio neighbors showed him “a cold hearted indifference, as if they thought our establishment of no importance to the country.” In response, he resolved to seek markets in Kentucky where he would “try [the] boasted patriotism of the Kentuckians.” Wells found this solution “humiliating,” but concluded the alternative was failure.<sup>40</sup> Another prospective western manufacturer detailed the challenges he faced from the influx of foreign imports and advocated that manufacturers “become more promoted and established in our country” to reduce the imbalance in trade.<sup>41</sup> The cumulative efforts of manufacturers like Rotch and Wells focused on overcoming foreign competition and the negative balance of trade through patriotic appeals, adaptation to market conditions, and adjustments to trade policy.

Merchants also helped alleviate the fears of an overdependence on foreign markets held by western manufacturers. After the War of 1812 western and eastern merchants established closer commercial connections through the Ohio River, where they exchanged a growing amount of domestically manufactured goods. Eastern merchants and manufacturers viewed the western states as an integral part of their operations, and declared it was their duty to “clothe the western people” who “feed us in return.” If this system faltered, then “all [would] be compelled to turn planters or starve.”<sup>42</sup> Western merchants also stimulated economic development within the western states when they facilitated trade between western hubs like Louisville and Cincinnati. These connections encouraged the westward movement of goods and peoples and bolstered some western manufacturing industries. A recognizable “western country” emerged from the interregional activities of these merchants and manufacturers who exposed settlers in the trans-Appalachian West to a growing array of markets.<sup>43</sup>

The private and public efforts in support of a western country that linked merchants, farmers, manufacturers, and policymakers within a coherent political economy helped define the tariff issue as an effective catalyst for interaction between private interest and public policy. As westerners confronted the challenges of industrial development, foreign competition, and market access, they viewed policy at the state and national level and the efforts of economic actors as

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<sup>40</sup> Bezaleel Wells to Thomas Rotch, May 10, 1817, *RWP*.

<sup>41</sup> John Street to Thomas Rotch, May 30, 1817, *RWP*.

<sup>42</sup> Stephen H. Smith (Providence, RI) to John Corlis, January 24, 1817, folder 7, Corlis-Respass Family Papers, 1754-1934, FHS.

<sup>43</sup> Gruenwald, *River of Enterprise*, 101-117.

intertwined. Changing economic conditions inspired public and private demands from westerners towards policymakers precisely because the exercise of governmental authority through trade legislation appeared compatible with economic diversification. Individuals like Thomas Rotch and Bezaleel Wells channeled their efforts not only towards their respective industries, but to securing correct legislation at the state and federal level. These efforts manifested both from economic interests and their broader ideas about the harmonious relationship between public policy and private initiative within market-oriented exchange.

### ***Bursting the Bubble: The Panic of 1819***

The flurry of economic activity that took place in the period after the War of 1812 came to a halt in 1818, as crisis spread from Atlantic hubs along the eastern coast throughout the entire United States. The Panic of 1819 resulted from a mixture of foreign and domestic realities that fueled a speculative land boom, an explosion in the number of state-chartered banks, and unsteadiness in the prices of commodities abroad. The bottom fell out when purchasers in England offered only fifteen cents per pound for cotton, which cut the price of cotton in half. However, as historian Jessica Lepler's study of the Panic of 1837 shows, economic crises in the nineteenth century consisted of a series of panics that resulted from the inability to access critical information about prices and goods.<sup>44</sup> The collapse in the price of cotton resulted from a complex series of developments that worried Americans throughout the postwar period, and when crisis arrived it confirmed the strains in the global economy feared by economic actors. Historians trace the origins of the Panic of 1819 as far back as the Louisiana Purchase, which stipulated that the American government make its first payment for the Louisiana Territory, in specie, in 1818. At the same time, revolutions in Mexico and Spain disrupted the global supply of silver and gold and restricted the ability of the United States to meet these financial payments. Additionally, prices for cotton, grain, flour, and wheat rose steadily during the Napoleonic Wars as a result of restrictions in trade that accompanied European warfare, cold weather that ruined harvests in Europe, and England's willingness to pay high prices for southern cotton. Domestically, land was cheap and readily available, and state banks provided the capital and loans for purchasing land in place of the First Bank of the United States, whose charter expired in 1811. These factors fueled a land boom that

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<sup>44</sup> Lepler, *The Many Panics of 1837*.

began in Ohio and Indiana and spread throughout the trans-Appalachian West. Between 1796 and 1816 average annual land sales equaled 350,000 acres. In 1818 alone 2.5 million acres were sold as Americans sought to capitalize on high commodity prices and attain their own landed independence.<sup>45</sup>

The land bubble burst as demand for commodities collapsed. Favorable weather provided plentiful harvests in Europe and reduced the purchases of American grain and flour. Additionally, England bought cheaper cotton from India and banned the import of foreign grain with the infamous “corn laws.” In domestic politics, Congress chartered the Second Bank of the United States in response to the explosion of state-chartered banks that issued notes without even pretending to have the ability to redeem in specie. As the payment for the Louisiana Purchase loomed, the Bank of the United States curtailed loans to state banks, demanded immediate payment for outstanding debts, and restricted the ability of state banks to pay loans in notes not redeemable in specie. This contractionary policy reversed the traditionally loose regulation of state and commercial banks, and while historians have argued the circumstances justified the shift in policy, they nevertheless accept that it resulted in the failure of many banks and businesses. For the first time in American history unemployment swept through urban markets, including western cities such as Lexington, Louisville, and Cincinnati. The collapse of commodity prices also slowed

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<sup>45</sup> Literature on the Panic of 1819 is broad. My analysis relies primarily on Andrew H. Browning’s recent monograph length treatment of the Panic, the first in more than fifty years, *The Panic of 1819: The First Great Depression* (University of Missouri Press, 2019). See also, Sharon Ann Murphy, *Other People’s Money: How Banking Worked in the Early American Republic* (Johns Hopkins University Press, 2017), 82-88; Robert M. Blackson, “Pennsylvania Banks and the Panic of 1819: A Reinterpretation,” *Journal of the Early Republic* 9 (Fall 1989): 335-358; Andrew R.L. Cayton, “The Fragmentation of ‘A Great Family’: The Panic of 1819 and the Rise of a Middling Interest in Boston, 1818-1822,” *Journal of the Early Republic* 2 (Summer, 1982): 143-167; Larson, *The Market Revolution in America*, 39-41; Edward J. Perkins, “Langdon Cheves and the Panic of 1819: A Reassessment,” *Journal of Economic History* 44 (June 1984): 456-457; Samuel Reznick, “The Depression of 1819-1822: A Social History,” *American Historical Review* 39 (Oct. 1933): 28-47; Murray Rothbard, *The Panic of 1819: Reactions and Policies* (Columbia University Press, 1962; Ludwig von Mises Institute, 2007), 2-10, 17-19; Charles G. Sellers, *The Market Revolution: Jacksonian America, 1815-1846* (New York: Oxford University Press, 1991), 135-136; Gary L. Browne, “Baltimore and the Panic of 1819,” in *Law, Society, and Politics in Early Maryland*, ed. Aubrey C. Land, Lois Green Carr, and Edward C. Papenfuse (Baltimore: The Johns Hopkins University Press, 1977), 212-214; Richard E. Ellis, “The Market Revolution and the Transformation of American Politics, 1801-1837,” in *The Market Revolution in America: Social, Political, and Religious Expressions, 1800-1880*, ed. Melvyn Stokes and Stephen Conway (Charlottesville: University Press of Virginia, 1996), 163; Kevin M. Gannon, “The Political Economy of Nullification: Ohio and the Bank of the United States, 1818-1824,” *Ohio History* 114 (2007): 83; Thomas H. Greer, “Economic and Social Effects of the Depression of 1819 in the Old Northwest,” *Indiana Magazine of History* 44 (Sept. 1948): 228-230; Clyde A. Haulman *Virginia and the Panic of 1819: The First Great Depression and the Commonwealth* (London: Pickering and Chatto, 2008), 8-14; Daniel S. Dupre, “The Panic of 1819 and the Political Economy of Sectionalism,” in *The Economy of Early America: Historical Perspectives & New Directions*, ed. Cathy Matson (University Park: Pennsylvania State University Press, 2006), 279-282.

westward migration and land sales, which compounded the problems with trade and manufacturing. In the Panic of 1819, Americans experienced the first in a series of booms and busts associated with the development of market capitalism. While prior bubbles and busts concentrated almost entirely in specific areas or among a defined group of speculators, the Panic of 1819 exposed all Americans to the process of creative destruction central to modern economic development.<sup>46</sup>

The Panic of 1819 hit the emerging urban hubs in the trans-Appalachian West especially hard. Cincinnati, Lexington, Louisville, and Steubenville all experienced tremendous disruption that included a sharp reduction in imports, and, in the case of manufacturing-oriented towns like Lexington, the closure of mills and factories.<sup>47</sup> Wool and hemp manufacturers in Ohio and Kentucky suddenly found themselves without employment, farmers in rural areas of Indiana struggled to find a suitable market for their wheat, and cotton growers in Tennessee were devastated when prices for cotton plummeted. The rapid expansion in state-chartered banks after the War of 1812 made financial conditions in the western states especially precarious. According to economic historian Howard Bodenhorn, state legislatures in the trans-Appalachian West played an exceptional role in their banking institutions.<sup>48</sup> Both Kentucky and Tennessee had complete ownership of a state bank and Indiana owned a significant stake in the Indiana State Bank chartered in 1817. These institutions provided a significant source of capital that encouraged economic growth, increased the monetization of assets, and financed internal improvement projects. At the same time, state-chartered banks exposed the state to possible liabilities, as relatively inexperienced bankers faced contradictory demands for responsible lending and access to generous credit terms. No state jumped into the post-war banking expansion more enthusiastically than

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<sup>46</sup> Historians have debated the extent to which the Panic of 1819 can be considered a “modern” economic crisis. My analysis agrees primarily with Clyde Haulman’s study of the Panic of 1819 in Virginia, which framed the crash as “a complicated modern economic event,” Haulman, *Virginia and the Panic of 1819*, 3. Debate on whether the panic can be considered an example of a modern business cycle can also be found in Rothbard, *The Panic of 1819*, 26-29; Greer, “Depression of 1819 in the Old Northwest,” 228; Blackson, “Pennsylvania Banks,” 344; Ellis, “The Market Revolution,” 149; Larson, *The Market Revolution in America*, 39-45; Janet A. Riesman, “Republican Revisions: Political Economy in New York after the Panic of 1819,” in *New York and the Rise of American Capitalism: Economic Development and the Social and Political History of an American State, 1780-1870*, ed. William Pencak and Conrad Edick Wright (The New York Historical Society, 1989), 2-3; Sellers, *The Market Revolution*, 104, 137.

<sup>47</sup> Richard Wade’s classic study of western cities details the varying length of depressions wrought by the Panic of 1819 that resulted from differences in the commitment of residents to commerce and manufacturing across urban areas. Richard C. Wade, *The Urban Frontier: The Rise of Western Cities, 1790-1830* (Harvard University Press, 1959), 161-202.

<sup>48</sup> Howard Bodenhorn, *State Banking in Early America: A New Economic History* (Oxford University Press, 2002), 219-248.

Kentucky, which chartered forty-six banks in 1818 alone. The dominance of commercial exchange, the fragile state of manufacturing, and the rapid expansion of banking all contributed to a particularly severe collapse in the western states and a depression that lingered longer than in many other regions of the country.<sup>49</sup>

These larger structural issues of the economic crisis are central in understanding the importance of the Panic of 1819, but often overlooked are the personal and, at times, mundane responses to the financial troubles. Most early Americans only partially understood the causes of the crisis, and none could realize that the Panic of 1819 would be the first in a series of financial crises that struck nearly every twenty years through the crash in 1929. The actual experience and reality of panic, as expressed through private correspondence, did not always match the apocalyptic rhetoric that appeared in public speeches and newspapers. In his “short sketch of the times and business at...pres[en]t” George Buckner described to his brother how the lack of business led workers to “take a seat and talk politicks [*sic*] all day long and quarrel and dispute about the election.” Those involved in “selling goods,” confronted a situation where bringing “in five-dollars one day” was “thought very good business indeed, and getting rich as fast as could be wished.”<sup>50</sup> In their daily lives, early Americans adjusted their expectations and attitudes in accordance with the realities of the “dull” times.<sup>51</sup>

Thomas Rotch employed a more active response to the “general calamity” of the times and turned to eastern markets for the sale of his textiles, with the hope he could “realize the Value of the Cloths.”<sup>52</sup> Even with his impressive commercial connections, Rotch struggled to trade with anything other than “a barter medium.” Because of the desperate scarcity of money, Rotch effectively used his woolen cloth in place of currency to further interregional trade.<sup>53</sup> Bartering was a common response to the crisis, especially in the western states, because of the lack of specie and volatility in cash, but it presented the predictable difficulties of trading without an adequate medium of exchange. Western producers like Rotch chased opportunities for trade in viable markets, but the crisis left them without a functioning circulating medium and forced a greater alignment in the demands between trading partners.

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<sup>49</sup> Browning, *The Panic of 1819*, 127-155, 217-250.

<sup>50</sup> George Buckner to “Dear Brother,” July 30, 1818, folder 2, Buckner Family Papers, 1784-1991, FHS.

<sup>51</sup> For coverage of nineteenth-century economic crises that addresses the more personal experience of panic see Daniel Dupre, “The Panic of 1819,” 273-274; Lepler, *The Many Panics of 1837*; Larson, *The Market Revolution*.

<sup>52</sup> Thomas Rotch to NP Atkinson, May 31, 1819, *TRL*, 145.

<sup>53</sup> Thomas Rotch to John Davison, May 5, 1821, *TRL*, 173.

### *Explaining Hard Times: Banking and Western Sectionalism*

Settlers in the trans-Appalachian West identified a number of internal and external causes for the Panic of 1819. Three explanations emerged among westerners as the most likely causes of the hard times: the irresponsible behavior of nefarious bankers who operated through state-chartered banks as well as the Second Bank of the United States, predation by eastern and British merchants, and a negative balance of trade pushed by the consumption of foreign “luxury” goods. These explanations overlapped at times, but each contributed to significant developments within the western states. Controversies over banking precipitated a debtor relief crisis in Kentucky and a serious challenge to the authority of the BUS in Ohio resolved eventually by the Supreme Court in *Osborn v. Bank of the United States*. Antipathy towards eastern merchants and a broader dissatisfaction with the relationship between the eastern and western states fueled a renewed sectionalist hostility towards the eastern states.<sup>54</sup> Finally, concerns about consumption and the balance of trade motivated a push for higher tariff rates that resulted in significant western support for a new tariff proposed by Henry Baldwin in 1820. Discussions about the balance of trade and subsequent demands for the modification of tariff rates are the most relevant for this project, but each of these explanations for the Panic of 1819 deserve explicit attention for the insights they provide into how early Americans navigated the disruptive growth of the market revolution.

Panic became real for many western settlers once state-chartered banks stopped redeeming their notes in specie, which made these banks, and the seemingly magical operations of banking in general, primary targets of blame for the financial crisis. Concern over the value of the notes people held in their hands or traded with their neighbors was central to the experience of panic. Alpheus Lewis portrayed the chaos of “hard times together with broken banks” when he described the fluctuating value of bank notes that kept “the people in suspense and [made] them lay out their money for something they do not want for fear of it laying on their hands.” Lewis noted that people hurriedly rid themselves of their banknotes because they lacked a circulating medium they “could put confidence in,” in which case “they would lay it bye.”<sup>55</sup> Indiana lawyer Samuel Merrill responded to the contractionary policy of the BUS and recognized the especially concerning

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<sup>54</sup> This crisis is explored especially in Dupre, “The Panic of 1819,” but is often overlooked because of the political crisis that emerged, in the middle of the depression, when Missouri requested statehood. The issue of Missouri’s admission into the union caused a severe northern-southern split over the balance of slave and free labor states, and historians have at times erroneously included the tariff debates in 1820 in the same north-south divide, ignoring the east-west divide over the tariff issue.

<sup>55</sup> Alpheus Lewis to Sidney Payne Clay, Oct. 21, 1819, folder 14, Sidney Payne Clay Papers, 1779-1898, FHS

situation of the western states, where it was “probable that all of the Banks west of the mountains will suspend the payment of specie.” However, Merrill faulted state bankers, who he predicted would “raise a general prejudice against [the BUS] by imparting to it all the evils that have originated with themselves.”<sup>56</sup>

Merchant John Corlis saw the possibility of financial collapse well before it arrived, and blamed western consumers for their own irresponsible actions once hard times ensued. Corlis informed his partners in the Rhode Island based firm Brown & Ives of the possibility of a downturn caused by “excessive importations into the Western Country,” and the inability of the “the legislature...to relieve that embarrassment.” Once the crisis unfolded these eastern merchants concluded the panic “must work its own cure & time is necessary.”<sup>57</sup> Corlis warned as early as March 1818—about four months before the first wave of banking failures in Kentucky—of the consequences of overconsumption and the speculative bubble in banking. Corlis criticized Kentucky planters for being “more governd by the prices of Virginia...& New Orleans,” which led them to ignore prices offered by Kentucky merchants. He also recognized that debtors in Kentucky struggled “to keep their heads above water with the banks who are pressing them very hard.” While Kentucky currency was “always cheaper” and more available, Corlis advised his partners against purchasing paper notes from Kentucky banks because he could “not see how the mother bank & branches of K[entuck]y can get along & pay specie and I very much fear they will all stop specie paym[en]t.”<sup>58</sup> Despite these concerns, Corlis could not fully halt his commercial activities on behalf of Brown & Ives, which forced him to draw on the Lexington branch bank at a time when “the best inform[e]d merchants” expected “the most distressing times, that was ever experienced here.”<sup>59</sup>

By the end of 1818 Corlis felt his worst predictions about the vulnerability of Kentucky banks had been realized. He complained to his partners that “every kind of banking game, prevails here, the banks themselves, have become brokers & every shop keeper a shaver.” Kentuckians, Corlis claimed, noticed the calamity unleashed “by the host of banks” and that “they would gladly suppres[s] if they could.”<sup>60</sup> By the end of 1818 he lost all hope that merchants could obtain any

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<sup>56</sup> Samuel Merrill to Harzen Merrill, November 24, 1818, box 1, folder 4, Samuel Merrill Papers, 1812-1934, IHS.

<sup>57</sup> Brown & Ives to John Corlis, January 12, 1820, folder 9, Corlis-Respass Family Papers, 1754-1934, FHS.

<sup>58</sup> John Corlis to Brown & Ives, March 11, 1818, folder 29, Corlis-Respass Family Papers, 1698-1984, FHS.

<sup>59</sup> John Corlis to Brown & Ives, March 23, 1818, folder 30, *ibid.*

<sup>60</sup> John Corlis to Brown & Ives, Sept. 7, 1818, folder 34, *ibid.*

specie and would have to rely on “paper currency...or no money at all.” Corlis also had little hope of meaningful legislation that addressed the banking crisis from the Kentucky because of the power of the “banking influence in the legislature.”<sup>61</sup> Neither the private habits of irresponsible consumers nor the public efforts of elected officials could escape the speculative craze of the times.

Corlis’ criticism of banks represented a common reaction to the Panic of 1819. Disdain for state banks inspired a public meeting of the “citizens of Franklin county” in Frankfort that implicated the banks for the financial crisis and called on Kentucky political leaders for legislative solutions to the hard times. Rather than holding themselves accountable for imbibing in the banking craze, these Kentuckians blamed banks for “conducting to extravagant importation and consumption of foreign luxuries, and encouraging extravagant speculations by furnishing the means.” Excessive emissions of paper currency supposedly exacerbated the larger issue of western reliance on foreign trade, destabilized the circulating medium, and drained specie from the western states. In addition to calling for banks to stop specie payments, the participants in this meeting issued a resolution in favor of regulating the emissions of paper currency as a “peaceable remedy” for the crisis.<sup>62</sup>

Citizens in Mason County responded to the Franklin resolutions through their own public meeting chaired by Adam Beatty, a wealthy planter who emerged later as an influential proponent of protectionism in the western states. In response to the “anxiety” and “alarm” expressed by their neighbors in Franklin County, the members reprimanded the “conduct of the banks” in a resolution that received unanimous approval. However, they also scolded the state legislature for chartering forty-six banks as a misguided solution to the scarcity of capital in the western states. Although they agreed with the citizens of Frankfort about the guilt of bankers in contributing to the crisis, the Mason County gathering attacked the “voice of the speculating” interest, which supposedly favored the suspension of specie payments, and argued that banks that stopped payment no longer deserved a charter.<sup>63</sup> Additionally, the Mason resolutions, in a point likely influenced by Adam Beatty, emphasized the necessity of encouraging domestic manufacturers for reducing the consumption of foreign imports. Agreement on the complicity of banks in causing panic did not indicate complete alignment on the proper solution for restoring normal economic conditions, but

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<sup>61</sup> John Corlis to Brown & Ives, December 6, 1818, folder 35, *ibid.*

<sup>62</sup> “Banks of Kentucky,” *Niles’ Weekly Register* 16 (August 21, 1819).

<sup>63</sup> *Ibid.*

residents like Adam Beatty provided vocal support for policies that promoted internal development as a means for financial stability.

The connection between banking and the financial crisis invited focused attention on the role of state governmental authority in mitigating the economic harm. Historians have noted the lack of discussion of legislative solutions to the crisis at the federal level in the years following the crisis, a notable contrast to modern expectations of stimulus packages and other forms of legislative aid during financial downturns, but the connection between state governments and banks made the authority of state legislatures a more important area of debate.<sup>64</sup> “The wretched state of our banking system,” contended one author, “requires some interposing hand.” Ideally, the hand “foremost to correct great evils” was that of “national councils,” but if Congress did not act then “the states must interfere and become their own physicians.” Proper governance at the state level, this author hoped, would reduce “the extravagant indulgence in foreign luxuries” and “inspire us with a pride for the products of our own manufactories.”<sup>65</sup> The role played by state legislatures as they regulated the operations of banks created a broader legislative responsibility during the financial crisis through the promotion of stable economic development.

Emphasis on the role of state legislatures accompanied renewed sectionalist sentiment among residents of the Ohio Valley. Western sectionalism constituted a serious threat to the longevity and future prospects of the United States in the first two decades of American independence. The ability of the federal government to placate western interests and the nationalist sentiments in response to the War of 1812 dampened talks of disunion in the western states and strengthened the legitimacy of the federal government throughout the United States. The Panic of 1819 disrupted this process of integration and fostered antipathy both to the federal government and the eastern states within a renewed western sectionalism. The hard times “fully convinced” some westerners “that many of our embarrassments spring from the ungenerous policy of the General Government, towards the Western country,” which not only ignored western interests, but “operated most severely against” them. Eastern merchants supposedly preyed on western consumers through the introduction of luxury goods in western markets, which drained specie from the western states. Public papers also cited inadequate support for infrastructure projects, limited

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<sup>64</sup> Rothbard, *The Panic of 1819*, 30-35.

<sup>65</sup> “The Legislature,” *Kentucky Gazette*, October 8, 1819.

investment in western courts and judges, and the small number of western settlers that received political patronage, as they pushed the idea of an eastern conspiracy against the western states.<sup>66</sup>

Some advocates of the western interest argued in favor of refocusing western commerce through New Orleans and reducing exchange with eastern hubs like Philadelphia to counter the pernicious operations of eastern merchants. Tennessee salt maker John Stump saw New Orleans as “the point to which every western eye ought to be turned” and the best market for relieving westerners “from that daily tribute we are paying to eastern influence and eastern capital.”<sup>67</sup> Another Tennessee correspondent considered whether western merchants “should continue at all the ruinous and unnatural trade to the east,” and instead channel western commerce entirely through New Orleans.<sup>68</sup> For their part, eastern merchants recognized the importance of their trade with “a vast territory daily increasing both in population and wealth,” and worried that New Orleans was “without doubt, the natural market for the produce of the western states.”<sup>69</sup> Renewed hostility towards eastern merchants from western sectionalists threatened the commercial ties that helped integrate the trans-Appalachian West within the United States and encouraged western consumers and producers to look southward, rather than eastward, for open markets.

Western sectionalism and controversies over banking were not always directly related to the issue of trade policy during the Panic of 1819, but they nonetheless joined debates over trade as part of the response to hard times. Considered together, these overlapping concerns highlighted weaknesses westerners identified in their regional political economy. The influence of nefarious actors—whether they be local bankers, eastern merchants, or foreign rivals—upon producers and consumers appeared untenable for a significant number of westerners who struggled to comprehend the precipitous collapse in prices. When they blamed these outside influences for the crisis, western farmers, merchants, and manufacturers demonstrated their acceptance of the broader system of market-oriented exchange even as they lamented its vulnerabilities. Legislative solutions that limited the disruptive actions of irresponsible or insidious actors preserved the promises of markets and mitigated risks. This was especially true in the area of trade policy, where finding the right balance between the positive exercise of governmental authority and the

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<sup>66</sup> “The Interests of the West, No. 1” signed “Dion,” *Scioto Gazette*, May 26, 1819. Originally published in the *Cincinnati Gazette*.

<sup>67</sup> “To the Editor of the Clarion,” *The Clarion and Tennessee State Gazette*, October 6, 1818.

<sup>68</sup> *Ibid.*, June 29, 1819.

<sup>69</sup> “Inland Trade.” *The United States Gazette* (Philadelphia, PA), August 26, 1818.

opportunities offered by trade became a central task for westerners invested in discussions of political economy.

### ***Panic, Trade, and Protection***

A protectionist solution to the Panic of 1819 emerged from a determination that the vulnerability of consumers to the whims of foreign trade precipitated the crisis. Protectionists focused on stabilizing markets through restrictions on the importation of foreign goods and the encouragement of the production and consumption of American products. The Ohio state legislature rooted the cause of the crisis in the “want of encouragement and protection to *Domestic Manufactures*,” and suggested that “such modification of the *Tariff* on imported articles be immediately made” to stymie the import of goods which “destroyed or suspended the operations of the greater part of the *Manufacturing Establishments* of the United States.”<sup>70</sup> John Corlis expanded his list of actors responsible for the depression and included “European merchants... able to operate on our markets in this country” alongside local bankers<sup>71</sup> Corlis primarily traded tobacco during the panic, a commodity he embraced specifically because it provided a relatively stable demand, but felt threatened by European merchants who “know when to depress their own markets to operate where they purchase.”<sup>72</sup>

Westerners who worried about the harmful effects of foreign importations focused on the deficit in trade caused by excessive consumption. One Ohio essayist bluntly rejected the contention that individual bankers could be responsible for the widespread distress, and offered instead that “the only real and true cause, is to be found in the simple fac[t] that *we import more goods than we export*.”<sup>73</sup> Trade deficits, according to this argument, drained specie from the western states, contributed to unsteadiness in the value of paper notes, and deprived western manufacturers of a stable home market. One solution for closing this trade imbalance was the promotion of associations “extended over the whole country and connected with each other” that advocated “the *wearing* of domestic manufactures.”<sup>74</sup> Proponents of these private initiatives aimed directly at the supposed anti-republican attachments to unnecessary “luxury” goods that corrupted public virtue.

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<sup>70</sup> “Ohio Legislature,” *Louisville Public Advertiser* (Kentucky), December 29, 1819.

<sup>71</sup> John Corlis to Lebbeus Loomis, March 24, 1821, folder 11, Corlis-Respass Family Papers, 1754-1934, FHS.

<sup>72</sup> John Corlis to Brown & Ives, March 26, 1821, folder 11, *ibid*.

<sup>73</sup> “American Manufactures,” *Philanthropist* (Mt. Pleasant, OH), April 24, 1819.

<sup>74</sup> *The Clarion and Tennessee State Gazette*, June 22, 1819. Originally published in *Kentucky Argus*.

As a result, they tied citizenship and consumption within a larger framework of protectionist political economy.<sup>75</sup>

Despite widespread recognition of the problems caused by overconsumption of foreign goods, and the need for economic diversification, westerners remained divided on policy solutions. Some analysts inclined to a laissez-faire perspective argued that the panic, in the end, would drive out incompetent manufacturers and reward more skilled entrepreneurs. The “existing state” of the panic, according to former Kentucky Governor Isaac Shelby, was “probably more favorable to manufacturing enterprize” if manufacturers “possess[ed] real capital and the necessary skill in management.” Banks that extended generous credit “buoyed up” manufacturers “by...airy inflation,” and the panic offered the necessary corrective. For Shelby, a stable industrial sector emerged by confining manufacturing pursuits “to the calculation of the enterprising” with only “occasional assistance” from government legislation, so he supported letting the process of creative destruction identify the proprietors most suited for sustainable success.<sup>76</sup>

Mutual support for economic diversification also fostered division over the kinds of industries that deserved encouragement. Mathew Carey’s Philadelphia Society for the Encouragement of Domestic Manufactures emerged as one of the most important institutional outlets for protectionist ideas nationally, but residents of the trans-Appalachian West at times rejected the nationalist arguments presented by the society. Central to the criticisms of Carey’s organization was disagreement over the scale of government action. By definition, a writer for the *Cincinnati Gazette* asserted, support for “domestic manufactures” referred to goods produced for “a particular state, or *district*.” In contrast, this author criticized the Philadelphia industrialists for advocating the cause of “United States’ Manufactures,” who supplied goods for consumption across regions. An increase in tariff rates was unnecessary because trade “had found its level,” which allowed regional manufacturers to “flourish without any alteration of the present tariff.” This author recognized the growing protectionist sentiment within the trans-Appalachian West, so he highlighted the cries for tariff support from Kentucky hemp manufacturers as an example of the “covetousness, the grasping after instantaneous riches...[and] that CUPIDITY” responsible for the collapse of prices for raw and manufactured hemp. Legislators could rightfully promote household and regional manufacturers, but protection for large industrial producers supposedly

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<sup>75</sup> Cohen, *Luxurious Citizens*, 112-148.

<sup>76</sup> “United States Bank. No. III,” *Kentucky Gazette*, October 1, 1819.

opened Congress to corruption from elites who sought legislative favors. Protection for the “United States Manufactures” also encouraged the “establishment of a race of men and women, who shall be mere weavers or laborers for the few,” in other words a permanent wage labor force deprived of independence and competency. Division of labor, for this opponent of congressional tariff protection, operated best when “every family” included “one master or mistress of the loom” and every house joined the “plow and loom.”<sup>77</sup>

Former Congressman Matthew Lyon unsurprisingly offered one of the most extreme solutions for restricting foreign imports in the western states and reducing the deficit in the balance of trade. Lyon earned a reputation for inflammatory political rhetoric from his time as a Representative from Vermont, when he criticized President John Adams and was subsequently arrested for violating the Sedition Acts. Imprisonment bestowed Lyon with enough fame to win reelection to Congress while he sat in a jail cell in Vermont. Lyon moved to Kentucky after his term ended and engaged in a number of business pursuits before he returned to Congress as a Representative of Kentucky. After he lost his election to a fifth consecutive term in 1810 Lyon returned to life as a private citizen, but his response to the Panic of 1819 demonstrated that retirement from public life did not soften Lyon’s penchant for severe rhetoric.

Even in the midst of a national crisis, Lyon doubted that Congress would offer any substantive support for domestic manufacturers because of the dominance of merchants over northern representatives and southern fears that higher tariffs would force them to “give a cent or two a yard more for cloth manufactured in New England.” Concerted northern and southern opposition meant that any measure “in favor of American manufactures must originate in the west where no citizen despises a decent man because he is a manufacturer.” Lyon proposed Kentucky lead this effort and enact a state law that prohibited the importation of goods not manufactured in the United States for a period of at least ten years. Although his plan blatantly violated the constitutional power granted to Congress in trade policy, Lyon argued that “avarice and...ignorance” motivated any skepticism on the authority of states in regulating trade. Thomas Smith, the editor of the *Kentucky Reporter*, added a note to Lyon’s letter that admitted “the constitution of the United States seems to have taken the power from the individual states” to enact Lyon’s plan. However, Smith also suggested Kentucky could subvert this obstacle, and effectively prohibit imports of foreign goods from other states, by implementing an exorbitant tax on

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<sup>77</sup> “No. 1. Domestic Manufactures,” *Scioto Gazette*, July 21, 1819. Originally published in *Cincinnati Gazette*.

merchants who sold foreign goods.<sup>78</sup> The Ohio legislature provided an example for this policy. After Governor Ethan A. Brown argued “the power of congress to lay taxes, and levy duties on imports, has never been held so far exclusive, as to prevent our realizing...a duty on the retailer of foreign merchandise,” the legislature passed a law that prohibited the sale of foreign goods without a license, which cost anywhere from ten to one hundred dollars. These initiatives identified distant trade as a drain on western market-oriented exchange and employed state governmental authority towards mitigating the hard times at a period when congressional action appeared wanting.<sup>79</sup>

### ***Failure: The Baldwin Tariff***

Protectionist hopes for a new tariff appeared promising in 1820 when Representative Henry Baldwin introduced new trade legislation on the House floor. Baldwin framed the depression years as the ideal time to fundamentally change America’s revenue structure through an adjustment to trade policy. Revenue tariffs, Baldwin asserted, naturally focused the “internal industry” of the United States on the production of raw staple goods for export in exchange for foreign manufactured cloths. As the Panic of 1819 demonstrated, this system struggled during financial downturns because reduced demand for foreign goods precipitated a severe contraction of government revenue. Baldwin employed rhetorical flourish and warned of a popular uprising by the “voice of the people” in favor of a new system if Congress failed to provide some relief for the crisis. Congress willingly passed legislation in favor of commerce and “other interests...endangered by foreign powers or regulation,” and Baldwin saw no legitimate reason for the sudden embrace of laissez-faire ideals when discussing the protection of manufacturers.<sup>80</sup> Henry Clay, who spoke in favor of Baldwin’s measure, more exhaustively detailed the protection of commercial interests “by consuls, by foreign Ministers, by embargoes, by non-intercourse, by fortifications, by squadrons constantly acting abroad, by war, and by a variety of commercial

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<sup>78</sup> “Encouraging Manufactures.” *Scioto Gazette*, October 6, 1819. Originally published in *Kentucky Reporter*.

<sup>79</sup> “Gov. Brown’s Message,” *Scioto Gazette*, December 30, 1818; *Acts passed at the first session of the Seventeenth General Assembly, of the State of Ohio, begun and held in the town of Columbus, December 7, 1818* (Chillicothe, 1819), 140-143. Ohio had previously implemented similar legislation requiring a license, but the earlier legislation was always buried within broader regulations. This act was unique in focusing solely on taxing sellers of foreign imports and it also allowed for the possibility of a significantly higher cost to obtain a license, making it more focused and prohibitive. Nelson W. Evans, *A History of Taxation in Ohio, giving the legislation on the subject and a Commentary on the Methods of Producing Public Revenues* (The Robert Clarke Co.: Cincinnati, 1906), 14-15.

<sup>80</sup> AOC, 16<sup>th</sup> Congress, 1<sup>st</sup> Session, 1918-1932.

regulations in our statute books.”<sup>81</sup> Protectionists claimed Baldwin’s tariff bill balanced this inequity in government protection, provided necessary relief, and established a solid foundation for economic independence.

Support for Baldwin’s tariff bill incorporated a significant embrace of governmental authority and a rejection of the theoretical assumptions of the benefits of international trade. Regardless of what political economists wrote about “the advantages of a free exchange of the produce of the world,” Henry Clay determined that Americans were “politically free, commercially slaves.” Theories of international trade mattered little because truly free trade “never has existed, does not exist, and perhaps never will exist.”<sup>82</sup> Without a state of peace and an international cooperation in favor of open markets, Clay saw no use for the doctrine of letting things alone. The most sustained attack on laissez-faire came from Delaware Representative Louis McLane, who dismissed the idea that “labor and capital” would “become immediately or extensively employed in manufactures, without the fostering aid of government.” The “great distress” of the panic itself discouraged entrepreneurs from establishing new manufacturing firms in favor of a more secure and “immediate profit and relief.”<sup>83</sup> Domestic and international conditions, protectionists argued, favored a more expansive exercise of governmental authority regardless of the objections offered by theorists in favor of free trade.

The structure of Baldwin’s tariff bill ensured that this positive exercise of governmental authority benefitted the western states. Much of the congressional debate focused on the rates placed on hemp, which mattered most to Kentucky planters and manufacturers devastated by the Panic of 1819. Henry Clay voiced the distress of western hemp manufacturers and described how “villages, and parts of villages, which sprung up but yesterday in the Western country...are perishing and abandoned.”<sup>84</sup> Henry Baldwin defended the higher rate placed on hemp on the grounds that national security demanded protection of hemp for its naval use. Westerners struggled to make a profit on hemp, Baldwin contended, in part because of exclusion and discrimination in foreign markets, which made protection necessary to “enable [hemp] to compete with foreign productions.”<sup>85</sup> In a speech that both recognized the importance of the western interest in shaping

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<sup>81</sup> *Ibid.*, 2047.

<sup>82</sup> *Ibid.*, 2036, 2045.

<sup>83</sup> *Ibid.*, 2105.

<sup>84</sup> *Ibid.*, 2048.

<sup>85</sup> *Ibid.*, 1932-1933.

the Baldwin tariff and rejected the supposed benefits of manufacturing, Massachusetts Representative John Holmes bemoaned that protectionism was “the future policy of the West.” Despite the natural advantages of agriculture for westerners, the embrace of protectionism meant “the children of the West, with bodies sprightly, vigorous, and elegant, and minds free and elastic as the air they breathe, are to be caged and cooped up in a dismal dungeon.”<sup>86</sup> Holmes, and other opponents of Baldwin’s bill, envisioned the economic development of the west in agriculture, and as a great hub for finished goods from eastern states. These competing visions of western economic development emerged because of the explicit orientation of Baldwin’s measure towards western interests.

Supporters and opponents of the higher tariff also split on the merits of innovation in manufacturing societies versus commercial agricultural societies. Henry Clay embraced a positive view of manufacturing societies because of the process of innovation that spurred industrial development. Clay identified three inventions that offered positive examples of innovation in the previous five decades, the Arkwright spinning frame, the cotton gin, and the steamboat. These inventions demonstrated “the rapidity with which the whole manufacturing community avail themselves of an improvement.” Agricultural societies, in contrast, saw “the habits of generation after generation pass down the long trace of time, in perpetual succession, without the slightest change.”<sup>87</sup> South Carolina Representative William Lowndes countered Clay’s optimism in technological innovation and contended that the same innovative process lauded by Clay defeated the goals of protectionists. Lowndes conceded that the depression caused by the Panic of 1819 included a “loss peculiar to manufacturers.” However, this loss was one “from which no Government could insure them” because recovery required the implementation of more productive machinery rather than restrictions on trade.<sup>88</sup> Higher tariffs did not provide the capital for new machinery, and thus only encouraged manufacturers to “struggle a little longer with inferior machinery, but without permanent benefit, even to themselves.”<sup>89</sup> Protectionists, in other words, stifled the innovative process they identified as necessary for relief.

Protectionists outside of Congress also addressed the balance between agriculture, commerce, and manufacturing. In his “Address to the Farmers of the United States,” Mathew

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<sup>86</sup> *Ibid.*, 2092.

<sup>87</sup> *Ibid.*, 2039.

<sup>88</sup> *Ibid.*, 2130.

<sup>89</sup> *Ibid.*, 2131.

Carey expanded the benefits of protection to the agricultural interest, including those in the trans-Appalachian West. Carey employed the familiar rhetoric of the harmony of interests, in which “there [was] an identity of interest between the farmers and manufacturers” in the United States and abroad.<sup>90</sup> After he examined the causes of the hard times, Carey dismissed any blame placed on the resumption of peace in Europe and the expansion of banking at home. Instead, Carey argued the “root of the evil” was “the paralysis of the manufacturing industry of the country, by extravagant importations.”<sup>91</sup> The large-scale failure of industrialists “converted” manufacturers into farmers, which provided existing farmers with “rivals, instead of customers” and limited their access to finished goods.<sup>92</sup> These developments all demonstrated the failure of free trade, in Carey’s assessment, to achieve the twin goals of the market revolution, economic diversification and market integration. Carey believed the surplus in agricultural production “for the markets at home and abroad” demanded that Americans turn to other pursuits for more stable and diversified markets. Under protective policies farmers received customers, not competition.<sup>93</sup>

Western advocates of protection mourned when the Senate defeated Baldwin’s tariff bill by a single vote. The bill offered hope for residents embroiled in the economic crisis that the “western country, particularly, would have soon exhibited the delightful scene of flourishing prosperity.” Most troubling was that “a portion of the western representatives...neglected the dearest interests of their constituents” and voted against the higher tariff. Supporters of Baldwin’s bill in the *Kentucky Gazette* hoped western congressmen would “bear the just imputation” of their votes and be held accountable for their rejection of the tariff.<sup>94</sup> Hezekiah Niles offered solace to the writers of the Lexington based *Public Advertiser*, who adorned their paper in black as a lament for the loss of the tariff, with the “homely consolation” that if this Congress did not eventually enact protective legislation then the Congress “chosen *after* the next census” would.<sup>95</sup> The western states stood to gain a significant number of seats in Congress because of their rapid population growth since the last apportionment, and Niles and other political commentators anticipated that a stronger western interest in Congress benefitted the movement for a higher tariff.

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<sup>90</sup> Mathew Carey, *Address to the Farmers of the United States, on the Ruinous consequences to their Vital Interests, of the existing policy of this country* (Philadelphia: M. Carey & Son, 1821), 6.

<sup>91</sup> *Ibid.*, 25-26.

<sup>92</sup> *Ibid.*, 44.

<sup>93</sup> *Ibid.*, 45.

<sup>94</sup> “The Tariff Bill.” *Kentucky Gazette*, May 26, 1820.

<sup>95</sup> *Niles’ Weekly Register* 18 (June 3, 1820).

Settlers in western commercially oriented areas like Louisville denied the clamor for new trade legislation and trusted that the market process itself would ease the hard times. “Franklin” categorically rejected the idea that the tariff bill amounted to a positive “*western measure*,” and warned that higher tariff rates would necessitate the enactment of a “*direct tax on land and slaves* and an *excise on whiskey*.” Such legislation “would *destroy* the west” and discriminate against agriculturists in favor of manufacturers. The protectionist plan of integrating the west within a national market economy, as opposed to the broader Atlantic economy, would only “bind the west in perpetual chains to the Atlantic cities, and give a lasting preference of *eastern* over western agriculture and commerce.”<sup>96</sup> Elisha Bates, the editor of the *Ohio Philanthropist*, offered a more balanced assessment when he supported the need for economic diversification as a tonic for the depressed state of agriculture. Lower wages caused by the crisis, Bates argued, already operated in favor of manufacturers and mechanics who competed with lower priced imported goods. Bates trusted that if domestic manufacturers took advantage of reduced labor prices, then “things will regulate themselves after a while.”<sup>97</sup> Given the faith they placed in the market process, opponents of Baldwin’s tariff bill argued that trade restrictions were unnecessary, at best, and, at worst, further distressed western farmers and manufacturers.

### ***Conclusion***

Months after the Senate rejected Baldwin’s tariff, Nelson Nicholas stood before a crowd in Lexington, Kentucky and delivered a July 4<sup>th</sup> oration that illuminated the consequences of Congress’s failure to act. Western manufacturers who supported a higher tariff “appealed to Congress for that protection which had been so long promised, but most improvidently withheld.” When legislators rejected these appeals, they encouraged manufacturers “to abandon the unprofitable employment of the loom, and engage in the still more unprofitable pursuit of the plough,” where they further glutted the “markets of the world.” Nicholas criticized free trade advocates for their limited trust in the “genius of our government,” and their embrace of the doctrine “that commerce should be left free as the chartered breeze of Heaven.” Westerners could rely on their own experiences of the bustling period prior to the panic as proof “of the absurdity of the opinion...that the encouragement of domestic manufactures, is incompatible with the interests

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<sup>96</sup> “TO THE EDITOR: Tariff Bill—No. 1,” *Louisville Public Advertiser*, July 19, 1820.

<sup>97</sup> “Tariff,” *Philanthropist*, October 21, 1820.

of the nation.”<sup>98</sup> This speech characterized the broader protectionist conviction that proper economic development required the energetic exercise of governmental authority. Panic convinced Nicholas and other advocates of protection that prosperity would not return from the putatively “natural” outcomes of the market process, but required direct congressional action through trade legislation.

The period of adjustment after the War of 1812 set the stage for the most heightened era of political conflict over tariff policy in the antebellum United States. In this time of relative international peace and then disruptive economic crisis the contours of the tariff debate became increasingly clear. Supporters of high tariffs elaborated a protective liberalism that embraced the logic of a self-regulating market society, but argued self-regulation functioned properly in the context of a dynamic domestic market. Establishing a home market that captured the innovative potential of the market revolution and avoided the painful disruption of financial collapse required that the intervening hand of government set the boundaries of the market through trade policy. In contrast, free trade advocates argued any governmental intervention in international markets through trade policy created an artificial barrier to the natural operation of markets. Downturns like the Panic of 1819, in this framework, were painful but inevitable events that accompanied economic growth. Proponents of protective liberalism split with free trade advocates in their competing visions of markets, governmental authority, and economic development. The vitriolic political conflicts over trade policy in the 1820s sharpened these two perspectives as Americans sought to reignite that expansive growth that came with peace and ended with panic.

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<sup>98</sup> “Oration.” *Kentucky Gazette*, July 13, 1820.

## CHAPTER 3

### FOXES, MULES, AND SNAPPING TURTLES: ALIGNING THE WESTERN INTEREST, 1820-1833

*“Convinced as I am, that the whole tariff business, however honest & conscientious may be the design of its promoters, is ruinous...I cannot but oppose it. And believing as I do, that there is no honesty in the business, that it is a mere yankee scheme of oppression, (or rather, in allusion to Penn[sylvania] & the West, I may say, that it is the union of the fox with the mule, & a little of the snapping turtle.) I cannot but feel exasperated.”<sup>1</sup>*

A more literal “calamitous conflagration” interrupted the incendiary debate over a new tariff bill on June 18, 1827 when a fire broke out in James Green’s cabinet shop.<sup>2</sup> Congressional members halted their deliberations and watched the smoke rise as the residents of nearby Alexandria rushed to put out the blaze. Help eventually came when two fire engines and three hundred men from the Washington D.C. Navy Yard “almost literally flew to the assistance of their neighbors.”<sup>3</sup> Nearly fifty buildings burned by the time the fire was extinguished, including the shops of furniture makers, merchants, shoemakers, tobacconists, hatmakers, and bankers.<sup>4</sup> The indiscriminate destruction of the Alexandria fire contrasted with the focused protection offered solely to wool manufacturers in the new tariff bill. The heated conflict over the “woolens bill” was one episode in a series of increasingly vitriolic debates over trade policy during the 1820s, the decade that featured the most sustained controversy over tariffs in the antebellum United States. These debates sharpened the interests of northern, southern, and western advocates and opponents of protection, which contributed to an increasingly combustible sectional hostility that exploded into a full conflagration in the first years of the 1830s.

The origins of this crisis lay in the economic and political emergence of the western states. After a decade of rapid population growth, the reapportionment in Congress from the 1820 Census

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<sup>1</sup> James Craik (Charleston, Kanawha County, Virginia) to William Bodley (Maysville, Kentucky), August 25, 1827, folder 9, Bodley Family Papers, FHS.

<sup>2</sup> “Awful Fire at Alexandria,” *York Gazette* (Pennsylvania), January 23, 1827.

<sup>3</sup> “Awful Fire at Alexandria,” *National Intelligencer* (Washington D.C.), January 19, 1827.

<sup>4</sup> *Fire.* *The Evening Post* (New York, NY), January 22, 1827. Originally published in the *Washington Telegraph*.

strengthened the political power of representatives from the trans-Appalachian West.<sup>5</sup> As a result, western supporters of protection could finally exert their political strength in support of a new tariff. The fruits of this newfound strength came first with the Tariff of 1824 and continued through the conflict over the Tariff of 1828. While historians typically frame the 1820s as the beginning of the major sectional debates between northern and southern division over slavery, and intertwine the tariff issue within this sectional divide, this chapter instead emphasizes the political importance of an economically strengthened western interest.<sup>6</sup> Southerners became alarmed in this period not only because of northern backlash against the expansion of slavery, demonstrated most strikingly in the Missouri Crisis of 1820, but because of the emergence of a definable western interest that aligned with northerners on internal improvements and the tariff.<sup>7</sup>

Legislative successes for protectionists engendered growing hostility from free trade advocates in both the trans-Appalachian West and the cotton-growing South. Western supporters of free trade opposed what they viewed as protectionist attempts to completely insulate the western market, a step too far for farmers, merchants, and manufacturers who interpreted the transportation revolution as a catalyst for creating closer linkages to distant markets rather than setting up tariff barriers. Despite this fracture in western views on trade, southerners became convinced of a northern and western alliance arrayed against the southern free trade planting interest. By the 1820s, southern advocates of free trade formed a cohesive economic case against high tariffs, which, they claimed, restricted the ability of southern planters to sell their cotton in foreign markets, raised the prices of manufactured goods they purchased in exchange for cotton, and only aided industries that did not—and could not—exist in the southern states. Southerners could intuit that northern manufacturers who chased the early promises of industrial development would support such a system, although that did not dampen their outrage, but the near hysteric opposition to the tariff emerged when it became clear that a western interest joined alongside northern protectionists. Understanding the heightened tariff conflicts and the growing sectionalism of the 1820s thus requires a focus on the internal economic and political development of the trans-Appalachian West

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<sup>5</sup> Ohio gained eight seats in Congress while Indiana and Kentucky both gained two. More broadly, twenty-two of the twenty-six new seats in the House of Representatives belonged to states that backed the Baldwin tariff, Bolt, *Tariff Wars*, 39.

<sup>6</sup> William W. Freehling, *The Road to Disunion Volume 1: Secessionists at Bay, 1776-1854* (Oxford University Press, 1990); Bolt, *Tariff Wars*, 24; Charles Sellers, *The Market Revolution*, 273-281.

<sup>7</sup> Schoen, *Fragile Fabric of Union*, 126.

and the dire consequences southerners associated with the failure to align the western interest with free trade.<sup>8</sup>

South Carolina planter Robert J. Turnbull clearly outlined the combatants in the 1820s tariff debates in his series of essays later published as a pamphlet titled *The Crisis*. Historian William K. Bolt identifies this pamphlet as “the most important southern pamphlet before the Civil War,” and situates it within the broader story of a growing North-South sectional divide exacerbated by the tariff issue.<sup>9</sup> However, Turnbull’s screed did not just warn of a growing northern hostility towards the South, but of a broader “conspiracy” in which “the interests of the North and West, are diametrically opposed to the interests of the South.” Turnbull considered the tariff issue outside of the lens of party politics and framed the sectional divide as a consequence of market patterns. Rather than ambitious politicians who sought favor or power, it was the “movement of people in the Northern, Middle, and Western States,” in support of a higher tariff who demanded “an adequate market...for their grain, wool, iron, and other products of their soil, regardless of the evil to us in the South.”<sup>10</sup> This grassroots pressure for protectionism, according to Turnbull, pushed political leaders in the western states towards support for high tariffs and limited the prospects of party movements and elections for stemming the protectionist tide. Southerners saw a broad movement in support of greater governmental authority, especially in the

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<sup>8</sup> Brian Schoen’s study of the Cotton South is exceptional in the attention it devotes to the North-South-West divide in tariff politics. His analysis relies on contextualizing local, state, national, and international circumstances that influenced southern perspectives of free trade and protection. Schoen’s work provides critical insight into the connections between international political economy and economic development of the Cotton South. My analysis of this period of heightened tariff conflicts applies a similar focus and methodology in capturing the increasingly fractured views of trade policy from residents in the trans-Appalachian West. Unlike the Cotton South, a more vibrant debate existed within the western states about the proper system of trade policy for economic development, which placed a more intense focus on markets and governmental authority that demands further attention. Other works have addressed the critical role of the political and economic growth of the western states in the 1820s in shaping the conflicts over tariffs, but they have not provided a systematic look at how southerners, free trade advocates, and protectionists worked to align the western interest over trade. This is the key focus of this chapter. See Schoen, *The Fragile Fabric of Union*, 100-145; Economist Douglas Irwin also recognizes the distinct role played by the western states in his coverage of antebellum tariff politics, rightly recognizing these states as the “pivotal player in the political system” because of its position between northern and southern interests. This chapter builds on these insights by illuminating the economic dynamics motivating the western interest discussed by Irwin. See Irwin, *Clashing over Commerce*, 156-157. For another emphasis on western views of tariff in this critical period see Turner, *Rise of the New West*, 236-244.

<sup>9</sup> Bolt, *Tariff Wars*, 68; Schoen, *The Fragile Fabric*, 131-132.

<sup>10</sup> Robert J. Turnbull, *The Crisis: or, Essays on the Usurpations of the Federal Government* (Charleston: A.E. Miller, 1827), 9, 157, 117. This North-West alliance has not gone unnoticed in historical analysis, but most often has been presented as a transactional alliance in which westerners supported high tariffs in exchange for northern votes on internal improvements. In contrast, this chapter frames support for protectionist policies as rooted in ideas about economic development and markets rather than a transactional political relationship. See Irwin, *Clashing over Commerce*, 158.

tariff issue, that hastened their formulation of a states rights' ideology and eventually plunged the nation into crisis when political leaders in South Carolina attempted to nullify two tariffs in 1832.

This chapter emphasizes the role that markets, and ideas about the market process, played in aligning the western interest during the heightened tariff conflicts of the 1820s through the Nullification Crisis.<sup>11</sup> Western ideas of trade and trade policy fractured and fluctuated because of uneven economic development that accompanied the transportation revolution and industrialization. Consequently, this chapter follows Robert Turnbull's example and centers markets and economic transformations, both nationally and within the western states, rather than partisan or electoral alignments to explain the bitter debates over trade policy that precipitated the greatest threat of disunion in the Jacksonian period. It begins with an analysis of competing assessments of the market process presented in reports by the Committees on Agriculture and Manufactures, which introduced key themes on markets, governmental authority, and economic development that shaped tariff debates through the next decade. A close analysis of these reports illuminates where protectionists and free trade advocates stood at the beginning of the 1820s.

State legislators responded to the early promise of the transportation revolution by embarking on canal projects and internal improvements.<sup>12</sup> Changes in transportation had important consequences for discussions of markets, consumption, and development, as westerners interpreted the greater linkages to subregional hubs and distant markets in terms that supported both free trade and protectionist political economy. From transportation the chapter then turns to industrialization, presenting a case study of the wool factory in Steubenville, Ohio, which became a shining example for protectionists of the potential for a developed industrial sector within the trans-Appalachian West. Finally, the chapter explores the various tariff debates that dominated congressional attention in the 1820s. From the Tariff of 1824 through the Nullification Crisis,

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<sup>11</sup> In his classic synthesis of the Jacksonian period historian Harry L. Watson pays close attention to the political consequences of the economic adjustments of the 1820s. However, his emphasis on the ideological developments in republicanism and the formation of the second party system resulted in an analysis more concerned with the actions of political elites and partisan mobilization than is presented in this chapter. Harry L. Watson, *Liberty and Power: The Politics of Jacksonian America*, rev. ed. (Hill and Wang, 2006). Watson's example applies to other major studies of tariff debates in the Jacksonian period, which emphasize the developments in the political process. In contrast, this chapter centralizes how changes in ideas about the market process influenced debates over trade policy. Daniel Feller, *The Jacksonian Promise: America, 1815-1840* (Johns Hopkins University Press, 1995)

<sup>12</sup> For transportation revolution see George Rogers Taylor, *The Transportation Revolution 1815-1860* (Rinehart & Company, 1951); Hunter, *Steamboats on the Western Rivers*; Erik F. Haites, James Mak, and Gary M. Walton, *Western River Transportation: The Era of Early Internal Development, 1810-1860* (Johns Hopkins University Press, 1975).

legislators spent countless hours discussing both the grand principles and granular details of trade legislation. The narrative presented in this chapter highlights western perspectives of trade, markets, and governmental authority throughout these tariff debates as well as northern and southern perspectives of western economic development.

The critical question of the heightened tariff conflicts of the 1820s was whether the western interest would align in favor of free trade or protection. In contrast to the increasingly entrenched ideas of trade policy among northerners and southerners, western opinion on the tariff during the 1820s entered a period of fracture. Uneven access to markets, differing commitments to manufacturing, and competing interpretations of the lessons of the Panic of 1819 all contributed to competing views of trade and trade policy in the trans-Appalachian West. Additionally, the labels “free trade” and “protectionist,” do not always capture the nuanced perspectives of markets and governmental authority that shaped responses to tariff policy. The 1820s and 1830s witnessed novel developments in trade policy and politics, and some individuals rejected an upward revision in tariff rates while they maintained a generally favorable view of protectionism. Likewise, supporters of free trade sometimes made peace with temporary restrictions on trade in response to foreign competition or domestic unrest. Therefore, whether an individual supported or opposed a specific piece of trade legislation, as expressed through a vote on the floor of Congress or in public or private statements, did not indicate the totality their views on trade and political economy.

Despite their persistent attempts, southerners failed at aligning an overwhelming majority of westerners with support for free trade. Convinced this failure spelled doom for southern commercial interests, and even the future of slavery, nullifiers employed novel arguments about the supposed unconstitutionality of protective tariffs that justified state interference of federal trade laws. In their rejection of the arguments put forth by nullifiers, westerners expressed a view of markets that emphasized the ability of the market process to function alongside restrictive trade laws, even if those laws were misguided. Understanding the extended period of conflict over trade policy from 1820-1833 thus requires a sustained focus on how markets and economic development shaped alignments on the tariff issue.

### ***“A market must be the first great object”: Congress, Committees, and the Market Process***

Petitions for and against higher tariff rates flowed into Congress after the debate on the failed Baldwin Tariff in 1820. The continued relevance of the issue of protection for Americans still embroiled in the depression from the Panic of 1819 encouraged the production of two lengthy reports from the Committees on Agriculture and Manufactures that laid out systematic defenses of free trade and protection respectively. Embedded throughout these reports were competing visions of markets and the market process. In their support of a higher tariff the Committee on Manufactures—chaired by Henry Baldwin—portrayed the “natural” operation of markets as erratic and prone to exploitation by foreign rivals. Consequently, Congress had a legitimate role in optimizing the market process for domestic conditions. In contrast, the Committee on Agriculture—chaired by Pennsylvanian Thomas Forrest—elaborated a beneficent market process that trusted the ability of trade to find its “natural channel” when Congress avoided restrictive policies. No legislation sprang directly from these reports, but the arguments presented about markets and governmental authority framed the political and economic developments that shaped the contentious tariff debates of the 1820s.

In Congress, the Committee on Manufactures produced a systematic exploration of trade, economic development, and foreign relations that identified protection as necessary for alleviating the distress associated with the Panic. Protection relieved the United States of the reliance on revenue tariffs for federal income, which left the nation vulnerable to the whims of foreign rivals, primarily Britain.<sup>13</sup> Alongside other longstanding arguments in favor of protection, the Committee portrayed open markets as corruptible and exploitative of American interests, which justified the exercise of governmental authority through trade restriction. The prospect of a sudden and wrenching economic downturn in a country as abundant in resources as the United States convinced Baldwin that “man must be perverse or Government unjust.” Demands for protective tariffs “bound” Congress “to reward filial attachment by national protection” rather than allowing “the nation to be writhing under foreign policy, and...to be sunk under the appalling answer of ‘regulate yourselves.’”<sup>14</sup> This previewed Baldwin’s larger vision, which supported the democratic exercise of governmental authority as a response to the failures of self-regulating markets to utilize abundant resources and promote economic independence.

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<sup>13</sup> *ASP: Finance* 3:594-596.

<sup>14</sup> *Ibid.*, 595.

Competition played a critical role in the Committee's analysis of the market process. The Committee argued competition offered "the security of the consumer against imposition in what he buys, and of a market for what he has to spare."<sup>15</sup> Free trade failed because markets could not self-regulate around foreign restrictions placed on American trade, which limited competition. The report claimed that "foreign restrictive systems" forced the consumer "to look to foreign laws to know what productions he shall raise to supply his family with food and raiment, utensils and furniture."<sup>16</sup> For Baldwin, any initiative which "remove[d] foreign restraints and interference, so as to leave our citizens in the uninterrupted selection of their pursuits and modes of employment" could not be "unwise" or "oppressive" in the absence of markets that regulated this imbalance through competition.<sup>17</sup> Focusing consumption and production within the home market appeared as a way for legitimate market-oriented competition to unfold apart from the restrictive measures of foreign governments.

A protective system, Baldwin continued, fostered conditions in the domestic market that benefited all interests through industrial development. For those engaged in commerce, the report stressed the merits of domestic exchange, which, in contrast to the "forever fluctuating" foreign trade, was "as permanent as our Government." Farmers similarly profited from the diversification in agricultural production that accompanied the establishment of manufacturing industries. Rather than the production of basic foodstuffs, domestic manufactures encouraged farmers to turn to commodities like flax, hemp, wool, and silk. This argument reflected the primary concern of the committee, inherent in the exploration of markets and foreign relations embedded in the report, that "a market must be the first great object."<sup>18</sup> Industrial development fostered by a protective system, according to the committee, provided a solution to deficiencies in the market order that benefited merchants and farmers alongside manufacturers.

The Committee on Manufactures considered opposition to their desired protective system as a challenge to the very idea of positive government. Trade policy, as framed in the report, constituted a necessary and legitimate tool of Congress for promoting economic development while avoiding direct interference in the market process. Legislative interference from foreign rivals, rather than Congress, was a far greater threat to American consumers. Baldwin saw no

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<sup>15</sup> *Ibid.*, 606.

<sup>16</sup> *Ibid.*, 607.

<sup>17</sup> *Ibid.*, 607.

<sup>18</sup> *Ibid.*, 616.

possibility that foreign trade restrictions could be combatted or removed by the natural operation of markets nor “individual exertion or enterprise.” In perhaps the broadest claim of the entire report, Baldwin argued that “in the present state of the world, no new manufactory can be successfully established without legislative aid.”<sup>19</sup> Once foreign governments assisted their own manufactures, either through bounties or restrictions in trade, it became the duty of “Government to equalize the competition,” through a higher tariff, “for the express purpose of breaking down the competition.”<sup>20</sup> The Panic of 1819 demonstrated in dramatic fashion the inability of markets to overcome foreign restrictions on American exports and self-regulate the process of creative destruction, which left the use of governmental authority as the only viable option.

In response to petitions from various Virginia agricultural societies, Thomas Forrest and the Committee on Agriculture summarily rejected the conclusions of the Manufactures and methodically rebutted each argument in favor of protection through their own report. The overarching argument presented by Agriculture Committee was that protective tariffs reduced national wealth and redistributed wealth from the poor to the rich. While Forrest avoided any assessment on “the desirableness of manufactures,” the report argued in favor of the superiority of a self-regulating market in guiding industrial development over governmental legislation. “If the times and circumstances have a natural tendency to promote” industrial development, then any argument in favor of legislative support for manufacturing was “absolutely preposterous.”<sup>21</sup> While the report recognized that foreign restrictions on trade existed and were “injurious,” Forrest countered that capital still circulated in foreign trade despite the restrictions, and concluded that whatever burden did exist was not worthy of legislative interference.<sup>22</sup>

As part of its analysis of the market process, the Committee on Agriculture dismissed the protectionist claim that domestic competition reduced prices and alleviated the distress of consumers and producers. High tariffs might temporarily “reduce the market price” of a good; however, domestic competition could never “reduce the natural price” of a commodity because tariffs did not foster innovations that reduced the price of labor, the cost of raw goods, or the increase of skills.<sup>23</sup> These tangible advantages, and not simply the abstract notion of competition,

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<sup>19</sup> *Ibid.*, 623.

<sup>20</sup> *Ibid.*, 624.

<sup>21</sup> *Ibid.*, 650.

<sup>22</sup> *Ibid.*, 651.

<sup>23</sup> *Ibid.*, 654.

accounted for the low price of foreign goods and the success of foreign manufacturers. A protective system compelled farmers and planters into manufacturing, which, according to Forrest, was the exact opposite of the proper solution for the economic crisis. Instead, “an open market” that provided an unrestricted outlet for raw provisions and goods offered the means “to relieve the agriculturist.”<sup>24</sup>

Free trade advocates in the Committee on Agriculture also attacked protectionist assessments of governmental authority and the political expediency of a protective system. The regressive and monopolistic effects of high tariffs created an “intolerable” situation that threatened democratic self-government in favor of supporting an entrenched “aristocracy.”<sup>25</sup> In an argument that aligned with what historian James Huston once labelled the “political economy of aristocracy,” the report accused protectionists of trying to capture legitimate government in order to produce aberrations in trade policy.<sup>26</sup> “The privileged classes” would inevitably reward “the Government...for its protection by an increase of power, patronage, salary, taxes, and a diminution in responsibility.”<sup>27</sup> Forrest warned that this accumulation in power would expand endlessly until state governments were abolished and the president assumed all legislative power.<sup>28</sup> Impairing the market process replaced the natural product of self-interest with the judgment of legislators who exercised their “arbitrary will.”<sup>29</sup> Free trade advocates in Congress venerated the ability of self-regulating markets to relieve the stresses of the Panic of 1819 as they minimized governmental authority in legislating trade.

### ***Movement, Manufacturing, and Markets in the Trans-Appalachian West***

The economic and political developments of the 1820s encouraged a sustained focus on the legitimacy of markets and governmental authority through increasingly hostile tariff debates. In the trans-Appalachian West, steamboats and internal improvements brought westerners closer to eastern and international markets. The introduction of steamboats in western waters economized travel to distant markets as well as upriver travel along the Mississippi River, which began a

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<sup>24</sup> *Ibid.*, 656.

<sup>25</sup> *Ibid.*, 659, 653.

<sup>26</sup> James L. Huston, *Securing the Fruits of Labor: The American Concept of Wealth Distribution, 1765-1900* (Louisiana State University Press, 1998), 29-58.

<sup>27</sup> *ASP: Finance* 3:659

<sup>28</sup> *Ibid.*, 659.

<sup>29</sup> *Ibid.*, 660.

revolution in transportation. Throughout the 1820s, a greater amount of goods traveled faster in steamboats, which fueled the growth of commercial hubs like Cincinnati and Louisville. However, settlers who did not have easy access to rivers benefitted far less from steam travel. Canals resolved this issue by introducing “artificial rivers” that overcame the limits of natural geography.<sup>30</sup> No project was more influential than the Erie Canal, which connected the upper trans-Appalachian West to European markets through New York City and the Great Lakes.<sup>31</sup> Ohio especially built on the canal boom of the 1820s, and by 1830 only New York had more canal mileage.<sup>32</sup> Historian Daniel Glenn captures both the opportunities and perils of economic growth during this transformative period through a close study of Lebanon, Ohio. The expansion of regional market economies reflected the demands for market access by the residents of Warren County in Glenn’s study, but expansion ultimately introduced unanticipated competition and disappointed even the most enthusiastic promoters of market integration.<sup>33</sup> This same dynamic of opportunity and disappointment was central in shaping responses to trade policy. Internal improvements and innovations in transportation technology fueled population growth and spurred economic development, which exposed westerners to even further extension in international markets. Discussions of trade and tariff policy constituted a significant arena where westerners assessed the unanticipated consequences of their enthusiastic push for market expansion.

Despite a severe depression in the first half of the decade, by the end of the 1820s westerners began fully realizing the revolutionary potential of steam. Historian Louis Hunter, in his exhaustive study of steamboats in the trans-Appalachian West, estimated that 69 steamboats operated throughout western rivers in 1820, carrying a total tonnage of 13,890. By the end of the decade the number of steamboats stood at 187 with a total tonnage of 29,481.<sup>34</sup> Western trade in the 1820s still predominantly flowed southward towards New Orleans, with the Louisville-New Orleans linkage emerging as the critical connection in western trade.<sup>35</sup> River travel sustained its dominance in the western states, in part, because of the infancy of internal improvement projects.

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<sup>30</sup> Carol Sheriff, *The Artificial River: the Erie Canal and the Paradox of Progress, 1817-1862* (Hill and Wang, 1997).

<sup>31</sup> Gruenwald, *River of Enterprise*, 124-126.

<sup>32</sup> Carville Earle, “Beyond the Appalachians, 1815-1860,” in *North America: The Historical Geography of a Changing Continent*, 2<sup>nd</sup> ed., ed. Thomas F. McIlwraith and Edward K. Muller (Rowman and Littlefield, 2001), 168.

<sup>33</sup> Daniel P. Glenn “Losing the Market Revolution: Lebanon, Ohio, and the Economic Transformation of Warrant County, 1820-1850,” *Ohio Valley History* 5 (Winter 2005): 23-46.

<sup>34</sup> Hunter, *Steamboats*, 33.

<sup>35</sup> In one calculation the southern trade to New Orleans accounted for over 80 percent of absolute shipments from 1810 through the 1830s before steadily declining. Haites, Mak, and Walton, *Western River Transportation*, 6-7.

Western state legislatures in the 1820s considered large-scale projects, but it was not until the 1830s that westerners saw significant gains from internal improvements. Ohio opened the flood of investments in improvement projects when the state legislature approved a program in 1825 for two canals that linked Lake Erie and the Ohio River. Although it opened for trade only two years later, the Ohio and Erie Canal was not completed until 1833, and another canal that linked Cincinnati to Dayton finished in 1832.<sup>36</sup> These projects eventually altered the balance of western trade and encouraged a greater connection between eastern and western interests, but in the 1820s internal improvements did not yet play a significant role in western calculations of trade policy. However, the pressures for greater market access that encouraged investment in large-scale internal improvement projects also manifested in demands for free trade or protective legislation.

Paradoxically, the period of the 1820s also witnessed the political emergence of an influential, and successful, protectionist bloc from the western states in tariff politics. John C. Wright laid out the connection between demands for market access embedded in calls for internal improvements and domestic manufacturing. Despite declaring himself “an internal improvement man in almost any shape,” Wright was not “satisfied” with projects that “increase[d] the facility of introducing foreign goods with which we are already inundated and to afford no reasonable prospect at facilitating the transportation of our products to markets.”<sup>37</sup> Free trade advocates highlighted the growing market linkages between the eastern, western, and southern states as a favorable development for encouraging western support of free trade, but westerners also observed the changes in transportation incentivized demands for manufacturing and protection. The home of Indiana lawyer Samuel Merrill offered an example of this complex development. Settled along the Ohio River in Vevay, Indiana, Merrill observed the growing number of steamboats “constantly plying” the river. Merrill estimated that the supply of goods carried by steamboats surpassed the extent of the market, even at New Orleans, which introduced “uncertainty” in trade and encouraged that western “citizens turn their attention to domestic manufactures.” This was not an abstract idea for Merrill, whose own wife was once “ignorant of spinning and knitting” but became “very expert

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<sup>36</sup> For coverage of Ohio canal projects see Harry N. Scheiber, *Ohio Canal Era: A Case Study of Government and the Economy, 1820-1861*, (Ohio University Press, 1969), 7-87; John Larson situates state initiatives, like Ohio’s, within the broader context of Jacksonian politics. Larson, *Internal Improvement*, 195-224.

<sup>37</sup> John C. Wright (Steubenville, Ohio) to Charles Hammond, December 20, 1820, box 1, folder 3, Charles Hammond Papers, Ohio Historical Society.

at both.”<sup>38</sup> Protectionists who observed the rapid changes in the western economy hoped settlers throughout the western states would follow Merrill’s example.

The opening of canals and other internal improvements aided the emergence of subregional hubs that provided closer outlets for goods manufactured within the trans-Appalachian West.<sup>39</sup> Greater urban development also altered social structures within emerging western cities. Although western societies remained more fluid than eastern areas, changes in labor patterns—including greater numbers of men, women, and children in factories—contributed to separation in socioeconomic status and heightened consciousness among wage-earners. By 1830, the existing social order in western cities splintered amid heightened tensions growing from greater inequality between workers and capitalists. This encouraged higher levels of political engagement and activity throughout the 1820s, but socioeconomic status did not perfectly translate into partisan or electoral politics. Rather, debates over trade, development, and policy from actors throughout the urban hubs provide insight into how ideas about markets organized political debates.<sup>40</sup>

Greater linkages to subregional hubs throughout the western states did not lessen the importance or awareness of foreign markets in the calculations of western economic actors. Kentucky lawyer, and future member of Congress, Richard Hawes invested in a bagging factory near Lexington, but echoed the familiar refrain that “prices at N[ew] Orleans are dull.” Hawes was optimistic though about his ability to sell the remainder of his cotton bagging because of a “calamity which has lately visited St. Petersburg.” Kentuckians recognized cotton bagging manufactured from Russian hemp as their primary competition, and Hawes approvingly noted “that nearly a years crop of hemp” in St. Petersburg “was destroyed by the tornado.”<sup>41</sup> The erratic nature of markets in a period of market expansion cut both ways for westerners, presenting both competition from foreign producers or opening up opportunities in the case of natural disasters.

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<sup>38</sup> Samuel Merrill to Hazen Merrill (Peacham, Vermont), January 25, 1823, box 1, folder 8, Samuel Merrill Papers, IHS.

<sup>39</sup> Gruenwald, *Rivers of Enterprise*, 113-117.

<sup>40</sup> Wade, *The Urban Frontier*, 203-231. Wade identifies 1830 as the end of the “second era of urban history” in the trans-Appalachian West, defined by the growth of population, commerce, and new industries as well as growing stratification. Donald Ratcliffe addresses growing social and cultural tension in Ohio and the relation, or lack thereof, to the rise of Jacksonian opposition. This study contrasts with Ratcliffe’s intense focus on partisan developments and voting patterns. Donald J. Ratcliffe, *The Politics of Long Division: The Birth of the Second Party System in Ohio, 1818-1828* (Ohio State University Press, 2000), 259-276. See also, Cayton and Onuf, *The Midwest and the Nation*, 73-83; Steven J. Ross *Workers on the Edge: Work, Leisure, and Politics, in Industrializing Cincinnati, 1788-1890* (Columbia University Press, 1985).

<sup>41</sup> Richard Hawes to Lewis Sanders, February 28, 1825, letterbook 3, Sanders Family Papers, 1804-1979, FHS.

As more exchange concentrated in markets among strangers, westerners became familiar with the capriciousness of supposedly natural and self-regulating markets.

Westerners during the 1820s were optimistic that economic expansion and growing market access improved their prospects of becoming a dynamic hub of agricultural and industrial production.<sup>42</sup> The career of Kentucky merchant John Corlis offers an example of the opportunity westerners saw in their internal development. Corlis began the decade intent on “embarking in the manufacturing business.”<sup>43</sup> Naturally, he traveled eastward throughout New York and Providence, Rhode Island to determine the best location for his factory. Even when informed by eastern manufacturers that “business in the east is very dull,” Corlis “did not believe them” and considered manufacturing “a saveing [*sic*] business.”<sup>44</sup> By 1824 Corlis decided he could spin hemp “to much greater advantage” in the eastern states than in Kentucky.<sup>45</sup> The relatively low cost of labor, adequate access to water and navigable roads, and proximity to the “largest & best market in America” convinced Corlis that his best prospects for success in manufacturing were in Connecticut.<sup>46</sup>

Existing correspondence does not illuminate why Corlis’ plan to establish a factory in the Connecticut River Valley failed. Shortly after stating his favorable assessment of eastern settlement, Corlis hurriedly returned to Kentucky after he learned that his wife had fallen ill.<sup>47</sup> By 1827 Corlis was back in New York, but he advised his son Charles against selling his Kentucky farm for want of “a better situation.”<sup>48</sup> On his way back to his farm Corlis stopped in Cincinnati, where he formulated a plan to establish a factory to spin yarn from southern cotton. Corlis attempted to procure capital for this factory from the Rhode Island shipping firm Brown & Ives, so he touted Cincinnati’s future prospects as a “great manufacturing place.” The proximity to

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<sup>42</sup> For a broader study of industrialization in the Ohio Valley see Isaac Lippincot, *A History of Manufactures in the Ohio Valley to the Year 1860* (Knickerbocker Press, 1914). Evolutions in commerce and manufacturing were intertwined in the western states especially through the manufacture of steamboats. See Lewis “Building Commerce,” 24-44.

<sup>43</sup> Otis Ammidon (Philadelphia) to John Corlis (Providence), October 10, 1822, folder 50, Corlis-Respass Family Papers FHS.

<sup>44</sup> John Corlis (New York) to Susan Corlis (Bourbon County, Ky), April 11, 1824, folder 54, *ibid*.

<sup>45</sup> John Corlis (New York) to Susan Corlis (Bourbon County, Ky), May 16, 1824, folder 55, *ibid*.

<sup>46</sup> There is no specific mention of where Corlis determined the best location for his factory was. Corlis only referred to a “village” with access to New Haven and New York. John Corlis (Philadelphia) to Thomas L. Halsey, July 11, 1824, folder 56, *ibid*.

<sup>47</sup> John Corlis (Bourbon County, Ky) to “Dear Sister,” September 8, 1824, folder 57, *ibid*.

<sup>48</sup> John Corlis (Providence, Rhode Island) to Charles Corlis (Bourbon County, Ky), June 22, 1827, folder 17, Corlis-Respass Family Papers, FHS.

cotton produced in Tennessee and the surprisingly low cost of labor convinced Corlis that “a cotton factory can be carried on [in Cincinnati] to more profit than in New England.”<sup>49</sup> After he began the decade traversing the eastern states in search of an ideal location for a new factory, Corlis now argued to eastern merchants that “the day will come...when the people west of the mountains will furnish themselves with all the articles required for their own consumption cheaper than you can furnish them from N[ew] England.” Consequently, westerners would secure for themselves “the advantage by a home market.”<sup>50</sup> Brown & Ives did not see the same opportunity for success, and rejected the plan, but the shift in perspective from Corlis throughout the 1820s reflected a growing optimism in the future development of the western states.

Westerners also expressed optimism in future development through greater investment in the production of raw wool and manufactured woolen goods in the 1820s, which intersected directly with the ongoing political debate over tariffs. Raising sheep for wool offered another commodity for exchange in markets where western crops did not sell for high prices, and provided wool manufacturers with a local source of raw wool. After he traveled throughout Ohio, Elisha Bates expressed his dissatisfaction with the “deficiency of wool, and a lack of woolen manufactories.”<sup>51</sup> The western states, Bates argued, benefited from wool manufacturing because of the opportunities it opened for country out-work. “New sources of profit,” were necessary, according to Bates, because the agricultural foundation of the western economy was in flux.<sup>52</sup> Diminished demand for staple goods like flour and pork combined with the favorable climate of the “hilly parts of Ohio” for raising sheep. Unlike other goods, the supply of cloth could not meet the demand, and some westerners argued farmers need to “let *wool* now be the leading object” in their production of surplus goods for sale.<sup>53</sup> Diversification through wool production ideally relieved farmers who suffered “from a total inability to sell their crops” and would “give a spring to the manufacturing interest.”<sup>54</sup>

Westerners envisioned a role for Congress in fostering a wool industry. Kentuckian Adam Beatty saw numerous advantages for the western states in the production of wool over agricultural

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<sup>49</sup> John Corlis (Bourbon County, Ky) to Brown and Ives (Providence, Rhode Island), November 27, 1827, folder 62, Corlis-Respass Family Papers, FHS.

<sup>50</sup> *Ibid.*

<sup>51</sup> *Philanthropist*, May 19, 1821.

<sup>52</sup> *Ibid.*, December 9, 1820.

<sup>53</sup> “SHEEP,” *ibid.*, March 3, 1821.

<sup>54</sup> “Domestic Manufactures” *ibid.*, February 24, 1821.

commodities because of the ease of transportation and the relatively generous prices offered for wool. Congress, according to Beatty, could bolster the raising of sheep in the West through a “gradual prohibitory duty” on foreign wool, which would encourage the “manufacture [of] all our cloths, blankets, and other woolens.” Failure to enact a protective system allowed Americans to “continue laboring under the depression” because of the reliance on foreign nations for “the necessaries of comfortable existence.” Beatty’s argument represented an agricultural perspective that nationalized the western market in support of protection. However, his experience and example could not compete with the wool factory in Steubenville, Ohio.

***“Ours must be [a] flourishing manufacturing country”<sup>55</sup>: The Factory at Steubenville***

Supporters of protective tariffs on both sides of the Appalachian Mountains emphasized local conditions within the western states that bolstered the case for protection. The wool factory in Steubenville, Ohio rose to prominence as a symbol of the promise of industrial growth promoted by adequate trade protection at both a local and national level. Supporters of western industrial development also highlighted the entrepreneurial initiative and responsible management practiced by Bezaleel Wells and William R. Dickinson, the proprietors of the Steubenville factory. However, contrary to the conclusion of their contemporaries and some later historians, the success of Wells and Dickinson in wool manufacturing resulted from public-private cooperation at the state and federal level rather than their individual exertions.<sup>56</sup> Wells himself believed that success in his industrial pursuits required correct government legislation, especially in trade policy, which complicates the praise reserved solely for his individual management of the factory.

Bezaleel Wells began his venture in manufacturing when he capitalized on the restrictive measures passed prior to the War of 1812 and obtained a state charter of incorporation, which organized the factory that became the largest manufacturing center of wool in the western states.<sup>57</sup> Wells’ interests went beyond manufacturing wool. Before they started their partnership in the factory, Wells and Dickinson founded the Bank of Steubenville and successfully navigated the

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<sup>55</sup> “Domestic Industry,” *ibid.*, February 16, 1822.

<sup>56</sup> Despite detailing the various state and federal laws Wells used throughout his career, the only biography of Bezaleel Wells offers the following appraisal, “Bezaleel Wells was an outstanding representative of the American system of free individual enterprise when it was least trammled.” This chapter, in contrast, emphasizes the public-private coordination central to American industrialization and tariff politics. Edward Thornton Heald, *Bezaleel Wells: Founder of Canton and Steubenville, Ohio* (Stark County historical society, 1948), 193.

<sup>57</sup> This and the following paragraphs are informed by Heald, *Bezaleel Wells*, 134-187.

tumultuous period of the Panic of 1819. Additionally, Wells partnered with a number of influential western promoters and formed the Steubenville and Cadiz Turnpike Company, which capitalized on the heightened demand for internal improvements. In response to Wells' commitment to the economic development of eastern Ohio, demonstrated by his diverse pursuits, the manufacturers of the first steamboat built in Steubenville bestowed their vessel with the name *Bezaleel Wells*. After he established his factory, Wells sent his goods along internal improvement projects financed by the state of Ohio, including the Ohio and Erie canals. These projects enabled greater eastward trade and allowed for Steubenville, unlike most western manufacturing-oriented towns, to emerge from the Panic of 1819 in a relatively prosperous state. However, Wells did not escape economic troubles entirely. He originally founded his wool factory in a partnership with James Ross and Henry Baldwin, who sold their shares in the factory as a result of the economic depression. William R. Dickinson invested after Wells' initial partners divested their shares in the factory, which then organized under the title B. Wells and Company.

The partnership between Dickinson and Wells was a fruitful one. Dickinson established himself as an early promoter of raw wool production in the western country and earned notoriety after he amassed a large flock of merino blood sheep. The flocks of Wells and Dickinson provided a ready supply of raw wool, which made the Steubenville factory, according to historian Edward Thornton Heald, "the first and for its time only large-scale vertically controlled wool industry."<sup>58</sup> Wells and Dickinson entered a period of significant prosperity when wool prices fully recovered from the depression soon after the passage of the Tariff of 1824. However, this success ended suddenly thanks, in part, to the same source Wells and Dickinson often turned to for assistance, the federal government. When Wells took advantage of Ohio's state incorporation laws and formed the Steubenville factory, he also apparently obtained a loan from the federal government for capital funding of his new venture. After an extensive delay in demanding payment for the loan, the Jackson administration pressed for repayment in 1830. A federal court subsequently ruled B. Wells and Company owed the federal government \$120,000, which forced Bezaleel Wells to declare bankruptcy.<sup>59</sup> Alongside their factory, Wells and Dickinson also lost their sheep, a tragic development especially for Dickinson's nationally recognized flock. Dickinson procured a smaller

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<sup>58</sup> *Ibid.*, 175.

<sup>59</sup> By March 1831 the machinery from the Steubenville factory was advertised for public auction. The advertisement listed an extensive amount of machinery, including seven spinning jennies and twenty-eight power looms. "Trustee's Sale." *Pittsburgh Weekly Gazette* (Pennsylvania), March 25, 1831.

group of sheep and planned to try his fortunes again in Texas, but died in New Orleans before getting the chance. Wells spent time in debtor's prison, a humiliating development for a man who previously embodied the hopes and future economic prosperity of the western country, but he enjoyed a favorable status among inhabitants of Steubenville and avoided absolute poverty before he died in 1846.

In the period of its greatest prosperity, protectionists put the example of the Steubenville factory to good use. Commentators pointed to the quality and affordability of woolen goods produced at Steubenville as a rebuttal to the claims of free trade advocates that domestic manufacturers could never match foreign countries in cost and skilled labor. One Kentucky columnist, in an article that advocated for higher tariff rates, pointed to "beautiful pieces...from a factory at Steubenville" as proof that "some of the clothiers of the United States do colour and finish in a very handsome manner."<sup>60</sup> Westerners also defended the Steubenville factory when skeptics questioned the prices or quality of its goods. Ohio legislator Charles Hammond outlined his personal experience with the factory to combat "an unwarrantable attack upon the Steubenville woollen manufactory" that appeared in the pages of the *Washington Reporter*. Hammond raised sheep to produce raw wool and praised the Steubenville factory for providing "a market for [his] wool" in exchange for "payment in cloth, at the prices so reprehended" by the eastern correspondent. For Hammond, the Steubenville factory constituted an "actual experiment" in the harmony of interests among western farmers and manufacturers, and he lauded the results.<sup>61</sup>

Advocates of protection outside the western states similarly praised the Steubenville factory. Hezekiah Niles noticed Hammond's defense of the factory and stressed the importance of promoting establishments like the Steubenville factory. Niles even resolved "to purchase some cloth that was manufactured at Steubenville."<sup>62</sup> The establishment of a woolen industry in the western states, Niles argued, "naturally makes a market near home for the wool, for the sheep, and all other surpluses of the farmer."<sup>63</sup> Support for the growth and manufacture of wool could not come from politicians and pundits alone, and Niles trusted that western farmers would "*demand* of their own government" a "market that can be relied on" through support of protective policies.

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<sup>60</sup> "Commerce and Manufactures" by "H." *The Western Review and Miscellaneous Magazine* (Lexington, KY), June 1820.

<sup>61</sup> Hammond's response can be found in *Niles' Weekly Register* 20 (April 7, 1821).

<sup>62</sup> "Agricultural Interest" *Niles' Weekly Register* 20 (April 7, 1821).

<sup>63</sup> *Ibid.*

Throughout local, regional, and national sources, the Steubenville factory became a shining example for protectionists who demanded that policymakers consider the success of Wells and Dickinson's establishment, which placed western economic development at the center of tariff politics.

### ***“The assurance of a market”: The Tariff of 1824***

The persistent demands for protection that followed the failed Baldwin Tariff of 1820 finally came to fruition when Pennsylvania Representative John Tod reported a new tariff bill in 1824. Tod's introductory speech recognized the growing economic and political importance of the western states and argued evolving foreign and domestic conditions justified new trade legislation with higher protective rates. As domestic producers faced competition with foreign rivals, Tod hoped Congress would provide them with the “the assurance of a market” through a new tariff.<sup>64</sup> Tod proposed two sets of rates in his bill. The first set applied to goods that were not produced domestically, including silk and spices. Higher rates on these goods would replace revenue lost by protective rates placed on wool products, raw wool, iron, hemp, and lead. The duties on cotton bagging were explicitly “intended to be protective and prohibitory” in favor of western manufacturers.<sup>65</sup> Connecticut Representative Gideon Tomlinson opposed these higher rates and condemned such flagrant “encouragement of the interests of the West.”<sup>66</sup> Tod responded that Congress possessed legitimate authority and power to compel “different sections of the country to do justice...to one another,” and did not need to distribute benefits equally.<sup>67</sup> Rather, Tod argued that governmental authority in trade regulation existed to redress inequitable economic conditions and provide a steady market.

Advocates of the western interest happily defended measures favorable for their local industries. Protection of hemp, argued David Trimble, guaranteed farmers a minimum price for a valuable commodity and provided a “steady” market that shielded off foreign competition. Robert Henry explicitly referenced the interests of his constituents when he defended higher rates on

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<sup>64</sup> AOC, 18<sup>th</sup> Congress, 1<sup>st</sup> Session, 1476-1477. Jonathan Pincus provides an econometric study of the Tariff of 1824 that provides a framework for the crafting of trade legislation. Pincus highlights the institutions, technologies, and geographical realities that shaped collective action and lobbying for trade policy. Jonathan J. Pincus, *Pressure Groups & Politics in Antebellum Tariffs* (Columbia University Press, 1977).

<sup>65</sup> AOC, 18<sup>th</sup> Congress, 1<sup>st</sup> Session, 1477

<sup>66</sup> *Ibid.*, 1507.

<sup>67</sup> *Ibid.*, 1517.

cotton bagging, and he also argued protection would encourage a westward flow of capital and set the gears of the market in motion towards increased competition and better manufactured goods from the western states.<sup>68</sup> Henry further claimed that while westerners relied on the southern states “for all our market,” southern planters ought to support protection for western livestock, cotton bagging, and processed wheat.<sup>69</sup> Markets created a natural harmony of interests among western farmers and manufacturers and southern planters, and protectionists in Congress argued that restrictions on foreign competition through high tariffs actually bolstered these ties.

Speeches from southern advocates of the planting interest reveal a concerted effort to convince western representatives that tariff protection was not truly in their interest. Mississippi Representative Christopher Rankin encouraged westerners who sought relief from the lingering depression of the Panic of 1819 to reject protectionism and examine their local banking policies instead. Rankin employed a biblical metaphor when he claimed western support for protective tariffs was “like a rebellion of the members against the body,” in which misguided actions by one “member,” or section, could harm all sections.<sup>70</sup> “In proportion as you diminish our exportations,” Rankin exhorted westerners, “you diminish our means of purchasing from you, and destroy your own market.”<sup>71</sup> Southerners also doubted the fitness of the western states for industrial development. James Hamilton Jr. of South Carolina contended “the Western States...could participate in no part of the [tariff] bill, except in its burdens, in spite of the fallacious hopes that were cherished, in reference to cotton bagging for Kentucky, and the woollen duty for Steubenville.”<sup>72</sup> Representatives like George McDuffie warned that western support for a higher tariff jeopardized southern “cooperation in relation to that system of internal improvements, which...is of more importance to the West than all the tariffs that can be passed in half a century.”<sup>73</sup> Western support for the Tariff of 1824, according to southern free trade advocates, betrayed their own interests and threatened the natural commercial ties and kinship between the southern and western states.

No westerner spoke more forcefully in favor of protection than Kentuckian Henry Clay. Amid the debate on the Tariff of 1824 Clay delivered a comprehensive defense of the American

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<sup>68</sup> *Ibid.*, 1523-1524.

<sup>69</sup> *Ibid.*, 1524-1525.

<sup>70</sup> *Ibid.*, 2013.

<sup>71</sup> *Ibid.*, 2023.

<sup>72</sup> *Ibid.*, 2201-2202.

<sup>73</sup> *Ibid.*, 2411.

System that earned immediate notoriety and was reprinted in newspapers throughout the United States.<sup>74</sup> Historians rightly emphasize the positive prescriptions for government elaborated in Clay's support of a protective tariff and internal improvements, but they have given less attention to Clay's analysis of markets and the market process.<sup>75</sup> "The greatest want of a civilized society," Clay argued, "is a market for the sale and exchange of the surplus of the produce of the labor of its members." Industrial development aided by federal tariffs established a stable and productive market at home, which also fostered political unity among consumers and producers in the western, northern, and southern states. Importantly, Clay assumed that the threat of foreign imports prevented the emergence of a suitable industrial base necessary for a dynamic home market, which placed the authority for economic development in the hands of Congress.

Although most southerners rejected feared the implications of expanded governmental authority for the future prospects of slavery, Clay's legislative program actually included a vital role for enslaved labor. According to historian Andrew Shankman, protectionists like Henry Clay and political economist Mathew Carey accepted slavery as "neither infinite wretchedness nor positive good."<sup>76</sup> Supporters of the American System sought the exchange of commodities produced by enslaved laborers on southern plantations for manufactured goods and foodstuffs from northern and western producers. This accommodation of slavery placed some public critics of the institution, including Henry Clay, in an uncomfortable position; nevertheless, advocates of the American System did not view the positive exercise of governmental authority in economic affairs as hostile to slavery, but included enslaved labor within their vision of a diversified and dynamic national market economy.

Shortly after debate began on the Tariff of 1824 Henry Clay described legislating on trade policy as "an affair of mutual concessions" in which "perfection in matters of detail, if ever attainable, must be left to the future."<sup>77</sup> After strenuous efforts at achieving perfection in detail, the House of Representatives finally passed the Tariff of 1824 by a slim margin of 107-102. The

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<sup>74</sup> Public meetings throughout the western states issued resolutions echoing the arguments of Clay's speech and ordered that copies be made and distributed in pamphlet form to garner support for protection. *Scioto Gazette*, May 3, 1824

<sup>75</sup> As an example, see Baxter, *Henry Clay and the American System*.

<sup>76</sup> Andrew Shankman, "Neither Infinite Wretchedness nor Positive Good: Mathew Carey and Henry Clay on Political Economy and Slavery during the Long 1820s," in *Contesting Slavery: The Politics of Bondage and Freedom in the New American Nation* eds. John Craig Hammond and Matthew Mason (University of Virginia Press, 2011), 247-266.

<sup>77</sup> Henry Clay to ----, February 15<sup>th</sup>, 1824, *HCP*, 3: 639-640.

combined votes of Ohio, Indiana, Kentucky, and Tennessee went overwhelmingly in favor of the tariff.<sup>78</sup> After it passed in the House, the new tariff received Senate approval by a similarly narrow margin of 25-21, with all eight votes from the western states in favor.<sup>79</sup> The legislation increased overall average rates on imported goods from 25 percent to 33 percent. For western producers, rates on raw wool went up from 15 to 30 percent while hemp and manufactured wool received more modest increases of 20 to 25 percent and 25 to 33<sup>1/3</sup> percent respectively.

Response to the Tariff of 1824 included a mixture of optimism, disappointment, and conflict. Bezaleel Wells hoped the tariff “may have some influence in promoting the sale” of manufactured woolen goods from the Steubenville factory, so he issued an advertisement that offered generous payment for raw wool, the exact type of stimulus to both farmers and manufacturers that proponents of the tariff hoped for.<sup>80</sup> The tepid optimism expressed by Wells was not universal among westerners. “A Kentuckian” agreed that “sound national policy” encouraged domestic industries, but he contended that westerners could not reap the benefits of protection because they still relied on foreign markets as an outlet for household production. Therefore, he dismissed the new legislation as “a measure of *eastern* and not western policy” that “should not be *favored* by the *western states*, until they are in a condition to *supply* themselves.”<sup>81</sup>

President James Madison also assessed the new tariff bill in a letter to Henry Clay that laid bare the logic of the market system against the American System. The elder statesman argued Clay expended his brilliant oratory on behalf of a bill that usurped individual judgment and encouraged infant industries that would emerge without “legislative interference.” Madison accepted the basic premise that markets, and “the *general* principle of ‘free industry,’” organized self-interest and profit-seeking individuals to “make whatever change the State of the Markets & prices may require.” A system of protection that guided the development of manufactures interrupted this process and replaced individual interest with legislative initiative.<sup>82</sup> Clay and Madison diverged not only in how they assessed governmental authority, but also in the trust they placed in the market process to oversee economic development.

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<sup>78</sup> The final vote was 28-8 from these western states. All dissenting votes came from Tennessee. *House Journal*. 18<sup>th</sup> Cong., 1<sup>st</sup> Sess., 16 April 1824, 428-429.

<sup>79</sup> “Western states” here refers to Ohio, Indiana, Kentucky, and Tennessee. Votes from Missouri and Illinois also went in favor of the tariff. *Senate Journal*. 18<sup>th</sup> Cong., 1<sup>st</sup> Sess., 13 May 1824, 401.

<sup>80</sup> “WOOL.” *The American Farmer* (Baltimore, MD), July 9, 1824.

<sup>81</sup> “Colonel Johnson’s Propositions” by “A Kentuckian” *Louisville Public Advertiser*, May 12, 1824.

<sup>82</sup> James Madison to Henry Clay, April 24, 1824, *HCP*, 3: 740-742.

Both friends and adversaries of the Tariff of 1824 became further entrenched in their positions in the years following the passage of the bill, which had important consequences for discussions of union and disunion. Southern free trade advocates targeted their anger specifically at westerners who supported the protective system. A meeting in Milledgeville, Georgia issued a forceful statement that outlined the supposed process by which the southern states became “tributary to the North and West.” These Georgians argued that southern failure to contest the Tariff of 1824 would establish a protective system as a permanent fixture rather than a temporary solution, which would leave southerners no avenue for “resistance” to future tariffs “except by force.”<sup>83</sup> Ohio Representative John C. Wright became a specific target for southerners after he received praise for his commitment to the American System at a dinner hosted in Steubenville, Ohio. The *Richmond Enquirer* characterized the praise reserved for Wright as a warning that western and northern interests were aligned against southerners. “We have heard enough...of *Northern*, in contradistinction to Southern, interests,” the essay started, but men like Wright placed on “the scale a Western interest” that “act[ed] upon...selfish and local feelings” directly opposed to the southern interest.<sup>84</sup> This supposed alliance precipitated early warnings of disunion that swelled throughout the 1820s.

Western protectionists rejected the self-victimizing narrative put forth by southerners. One essayist for the *Kentucky Reporter* claimed southern demands for free trade also subordinated American trade policy to a special interest. “Why,” this author asked, “should the west or north submit to be governed by the ‘selfish and local feelings so openly avowed’ by the South?” The divide on ideas of governmental authority and economic development was clear: the North and West favored a “*liberal* exercise of power by Congress for the general welfare” while the South insisted on a “*literal* construction and a narrow policy.”<sup>85</sup> Supporters of high tariffs in the western states argued southern advocacy of free trade similarly shaped American trade policy through the sort of self-interested scheming that southerners claimed to reject. Local interests clearly had a role in the tariff politics of the 1820s, but protectionists tested the limits of how focused governmental promotion of a narrow interest could be when they pushed for a higher tariff on woolen goods.

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<sup>83</sup> “The Tariff” *Louisville Public Advertiser*, August 25, 1824.

<sup>84</sup> “Local Jealousies” *United States Telegraph* (Washington, D.C.), August 26, 1826.

<sup>85</sup> *Kentucky Reporter* (Lexington), September 18, 1826.

### *A “daring attempt to deceive and swindle the public”: The Woolens Bill*

Wool manufacturers channeled their dissatisfaction with the Tariff of 1824 into a renewed push for higher tariff rates on manufactured woolen goods. Rollin C. Mallery, the chairman of the Committee on Manufactures, reported a bill that introduced the minimum valuation principle into the importation of foreign wool products and proposed a 40 percent ad valorem rate, which together enabled the possibility of severe protection for wool producers.<sup>86</sup> The proposed protection to a single special interest provoked anger even within the typically reliable protectionist voting bloc of the western states. “Friend[s] of internal improvements” labelled the bill a “daring attempt to deceive and swindle the public” because it proposed an effective “*prohibition*” on the import of foreign wool goods.<sup>87</sup> Southern representatives recognized this animosity towards the woolens bill and crafted their arguments against the higher tariff directly to their colleagues from the western states. George McDuffie of South Carolina contended the dense population and large capital already invested in wool manufacturing gave the northern manufacturers a “decided advantage over the Western States,” in wool production. The only solution for westerners to combat the new monopoly of northern manufacturers, McDuffie claimed, would be a tariff on imported woolens from the northern states, a measure that violated the constitutional prohibition on internal trade restrictions.<sup>88</sup>

Advocates of the woolens bill countered southern arguments with the example of the “Steubenville Manufactory of Ohio,” which, Rollin Mallery argued, provided Ohio farmers with a domestic market and acted as “a port of revenue for the nation.”<sup>89</sup> On the floor of Congress, Joseph Lawrence of Pennsylvania claimed to hold “a letter from one of the proprietors of the Steubenville Manufactory” that provided incontrovertible proof that western producers shipped woolen goods to New England, which reversed the charges of monopoly and northern dominance in wool manufacturing made by McDuffie.<sup>90</sup> Despite these efforts, westerners in Congress did not offer the same consensus in favor of the woolens bill that enabled the passage of the Tariff of 1824. The new tariff passed the House of Representatives—with near unanimous support from

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<sup>86</sup> As an extreme example of the protective possibilities of this bill, a woolen good valued at 41 cents per square yard was given a minimum value of \$2.50. At the ad valorem rate of 40 percent, the importer would pay a \$1 tax, an effective tax rate of 244%.

<sup>87</sup> “The Hobbies.” *Louisville Public Advertiser*, April 4, 1827.

<sup>88</sup> *Register of Debates, 19<sup>th</sup> Congress, 2<sup>nd</sup> Session*, 1009-1010.

<sup>89</sup> *Ibid.*, 801.

<sup>90</sup> *Ibid.*, 1079.

Representatives of Ohio and Indiana but almost total opposition from Kentucky and Tennessee—but failed in the Senate as a result of the tie-breaking vote of Vice President John Calhoun.

The attempted extension of protection to the singular interest of wool manufacturers forced a greater debate within the western states on the proper role of governmental authority in trade legislation and the principles of protective liberalism. “Fenelon” rooted southern and western division on the tariff issue within the competing demands of the foreign market. The eastern and western states united on tariffs and internal improvements because “England, and indeed all Europe [could] amply supply themselves” with the staple products produced in these states. In contrast, high demand for southern cotton, tobacco, and rice in the foreign market encouraged the support for free trade policies among southerners as well as a commitment to “amassing large fortunes from the labor of...slaves.”<sup>91</sup> The history of international political economy, according to “Fenelon,” did not provide any example of an industrial power foregoing protective tariffs for economic development. England, the preeminent example of a major industrial power, demonstrated the effectiveness of trade restriction for economic development, and “Fenelon” celebrated that “they may now do away all duties, and they could scarcely find a rival.”<sup>92</sup> Supporters of the woolens bill embraced the logic that establishing a useful and necessary manufacturing industry required access to an adequate market, and that “the least...that any government should do” is provide a market through the enactment of protective legislation.<sup>93</sup>

Rejection of the woolens bill did not necessarily indicate a rejection of the protective principle, but at times revealed differing assessments of the protection already afforded to manufacturers, the extent to which access to the foreign market should be allowed, and the use of governmental authority in support of a single-interest. “The only legitimate object of” a protective tariff, one author claimed, was to allow manufacturers who faced foreign competition to “obtain a fair price for their fabrics.”<sup>94</sup> The notion of a “fair price” hearkened to an increasingly outdated notion of moral economy that permitted “a temporary tax on every other portion of society” because of the “ultimate benefits it may produce to the community in creating a home market.”<sup>95</sup> The woolens bill failed the test of this essayist—who sympathized with the arguments of

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<sup>91</sup> “Fenelon—No. I” *Indiana State Journal* (Indianapolis), June 26, 1827. Originally in the *Indiana Palladium*.

<sup>92</sup> “Fenelon—No. VI” *Ibid.*, August 18, 1827.

<sup>93</sup> “Fenelon—No. VII” *Ibid.*, September 4, 1827.

<sup>94</sup> “The Tariff,” *The Argus of Western America* (Frankfort, KY), April 25, 1827.

<sup>95</sup> *Ibid.*

protectionists—because the higher rates on manufactured woolen goods “brought *more than fair prices*.”<sup>96</sup> While this author embraced protective legislation for internal economic development, the woolens bill appeared as “a project to enable a few men to make enormous profits when every other species of industry is uncommonly depressed,” and was therefore untenable.<sup>97</sup>

Westerners who rejected the woolens bill also expressed a skepticism towards aligning western interests with the northern and eastern states and in opposition to southern free trade advocates. The greater volume of trade between the southern and western states, according to one Kentucky “hog-driver,” made it both “unjust” and “impolitic” to support a tariff that benefitted northern and eastern manufacturers and hurt southern planters.<sup>98</sup> This argument did not placate southern concerns about a western-northern alliance in favor of protection. Robert Turnbull of South Carolina argued southerners were “deceived if we think because Northern and Western members opposed the ‘woollens’ bill’ that they are opposed to the *great principle* of the Tariff.” Opposition to this partial tariff, Turnbull argued, emanated not from kind feelings towards the South, but from a disagreement over the “*mode* in which the South ought to be taxed for their emolument.”<sup>99</sup> The novelty of the woolens bill forced greater interest in where the western interest would align in trade policy, but the singular focus of the tariff placed more westerners alongside southern opponents of protection even when they harbored different conceptions of markets and governmental authority.

### ***Meeting at Harrisburg***

Protectionists regrouped from the failure of the woolens bill and organized a convention in Harrisburg, Pennsylvania with the intention of presenting a memorial for Congress that maintained the momentum for further encouragement of domestic manufactures. The Harrisburg Convention demonstrated the widespread support for a more protective tariff, but also provided opponents of protection another opportunity to assail protectionists with charges of self-interest and corruption.

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<sup>96</sup> *Ibid.*

<sup>97</sup> *Ibid.* This was an especially acute problem for Kentuckians, who shipped a growing amount of cotton bagging to the southern states. From 1840-1860 Kentucky profited from the economic flourishing of the Cotton South through increased manufacture and export of cotton bagging made from Kentucky hemp. T.D. Clark, “The Ante-Bellum Hemp Trade of Kentucky with the Cotton Belt,” *Register of Kentucky State Historical Society* (May 1929): 538-544.

<sup>98</sup> “The Wollens Bill.” *Kentucky Gazette*, June 8, 1827.

<sup>99</sup> Turnbull, *The Crisis*, 157.

County meetings in Kentucky and Ohio selected delegates to journey to Harrisburg as representatives of their local interest, including Bezaleel Wells and a number of notable western economic actors. A meeting in Frankfort, Kentucky brought together delegates from eight different counties and selected five individuals to attend the meeting in Harrisburg. The idea that “delegates from 8 counties out of 81” could select individuals “who are to appear in the character of the *representatives of Kentucky*” incensed an essayist in the *Argus of Western America*.<sup>100</sup> Either the delegates would echo the sentiments of the elected representatives in Congress or would engage in the “improper and dangerous” activity of intimidating congressional members with an organized special interest.<sup>101</sup> Opponents of the meeting at Harrisburg framed it as an organized and coordinated special interest that threatened the legitimate will of the people rather than a democratic expression of western demands.

The delegates selected for the Harrisburg Convention from Kentucky avoided the questions of legitimate representation. Future Representative George Robertson, director of the Bank of Kentucky John Harvie, James Cowan, and R.H. Chinn employed the rhetoric of protective liberalism in defense of the tariff outlined by the convention. Above all, the tariff desired by these delegates—which provided protection to hemp, flax, and grain producers alongside wool manufacturers—offered relief to every section of the union, but “none more than the west.” The delegates opposed the “unfortunately misapplied” free trade ideas of Adam Smith, Jean-Baptiste Say, and David Ricardo, and turned to history for proof that “*manufactures never flourished and maintained their ground, without the aid and protection of Government.*”<sup>102</sup> Over five days the delegates crafted a memorial that outlined a new tariff bill for Congress. The primary focus remained on woolen goods, but delegates from Kentucky garnered support for hemp and flax, which restored the broader protective approach that advocates of the woolens bill abandoned.<sup>103</sup> More importantly, the Harrisburg Convention nationalized the strategy of local meetings and voluntary associations that coordinated individual efforts for communal expression, which marked

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<sup>100</sup> “*From the Argus. Harrisburg Convention.*” *Kentucky Gazette*, July 20, 1827

<sup>101</sup> *Ibid.*

<sup>102</sup> “Harrisburgh Convention: To the People of Kentucky,” *Kentucky Reporter*, October 13, 1827

<sup>103</sup> For full memorial and recommendations see *General Convention, of Agriculturists and Manufacturers, and others Friendly to the Encouragement and Support of the Domestic Industry of the United States* (Harrisburg, Pa: 1827).

an evolution in democratic politics in the United States.<sup>104</sup> The tariff outlined at Harrisburg never received a vote in Congress, but another trade bill sparked major controversy in 1828.

### ***“A kind of political quackery”: The Tariff of 1828***

The Tariff of 1828 began as a scheme, led primarily by Martin Van Buren, to secure western, mid-Atlantic, and northern votes for Andrew Jackson. Higher rates on hemp and raw wool secured western support for the new tariff. However, these same rates raised the prices on raw material inputs for northern manufacturers, which Van Buren hoped would encourage northerners in Congress to defeat the tariff. After the tariff failed, Van Buren anticipated that supporters of protection from the western states and Pennsylvania, who associated President John Quincy Adams with the northern interest, would throw their support behind Jackson and his notoriously vague embrace of a “judicious” tariff.<sup>105</sup> Amos Kendall, an ardent supporter of Jackson, embodied this response in his *Argus of Western America* and lamented that northern and southern votes against the tariff would “overbalance those of the friends of a national Tariff in the middle and western states.” As he modeled the desired outrage, Kendall invoked the hypocrisy of northerners who expected westerners “to support her manufactories without the least advantage to ourselves.” Kendall shrewdly brought Van Buren’s political strategy directly to western readers when he identified northern opposition as the direct impediment to greater protection of western industries.<sup>106</sup> The Tariff of 1828 was thus decidedly more concerned with the coming presidential election and not any prudent economic concerns. In the words of Ohioan John McLean, the tariff resulted from “a kind of political quackery,” and only pretended to promote a sensible protective system.<sup>107</sup>

As Congress debated the new tariff bill, the Committee of Manufactures deposed twenty-eight individuals for evidence in support of a higher tariff, which allowed William Dickinson and

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<sup>104</sup> Peart, *Lobbyists*, 77-81; Bolt, *Tariff Wars*, 71-74.

<sup>105</sup> In comparison to questions of banking and internal improvements, Andrew Jackson was less dogmatic in his thoughts on the tariff. His support of a “judicious” tariff appealed both to free trade advocates and protectionists, which allowed Jacksonians throughout the United States to hold up Jackson as champion of free trade and protection according to the local and regional interests they appealed to. For coverage of the Jacksonian use of “judicious” tariff see Bolt, *Tariff Wars*, 50-66. For coverage of how Jacksonian ideas of monopoly and democracy encouraged a free trade political economy see William S. Belko, “‘A Tax on the Many, to Enrich a Few’: Jacksonian Democracy vs. the Protective Tariff,” *Journal of the History of Economic Thought* 37 (June 2015): 277-289.

<sup>106</sup> “The Tariff.” March 19, 1828, *The Argus of Western America* (Frankfort, Ky).

<sup>107</sup> John McLean to Gov. Trimble, December 4, 1828, *Autobiography and Correspondence of Allen Trimble Governor of Ohio* (Reprint, The Old Northwest Genealogical Society, 1909), 177-178.

Bezaleel Wells, owners of the wool factory at Steubenville, to bring their knowledge of western market development to Congress. The committee did not actually summon Wells, but he felt his status as one of “the oldest manufacturers of woollens in the United States” entitled him to offer his thoughts on a prospective new tariff.<sup>108</sup> Wells’ brief petition described the hardships that threatened his factory, which included the presence of cheaper foreign goods in domestic markets. Congress provided “a shield to manufacturers” through the Tariff of 1824, but Wells argued that smuggling and uneven enforcement made the higher tariff “a dead letter.” Still, Wells did not abandon his manufacturing pursuits and he reduced labor costs and improved management to maximize his profits. Despite these measures, Wells claimed he was “compelled to find a market...in the Eastern cities” rather than among his western neighbors. Wells viewed the development of the western market, and not the exchange with strangers in distant cities, as a primary goal of trade policy, and he hoped whatever tariff Congress produced aligned with his individual efforts and established a market closer to Steubenville.

Unlike Wells, the Committee on Manufactures invited William Dickinson to testify about the Steubenville factory and wool manufacturing in the western market. In his testimony, Dickinson claimed the importation of foreign manufactured wool products and raw wool introduced fluctuations in the price of wool goods, depressed the price of property, and harmed the value of labor. Higher rates on both foreign raw wool and manufactured cloths, Dickinson argued, offered one means of relieving the depressed state of the market for western farmers and manufacturers. The committee pressed Dickinson on the consequences of his plan for eastern industrialists, and he conceded that his desired rates posed a “disadvantage” to wool manufacturers. However, Dickinson also added that “the injury would be temporary” as long as Congress also raised rates on woolen goods.<sup>109</sup> Other western manufacturers and congressional actors addressed the importance of duties on grain, hemp, whiskey, and cotton bagging for western interests, but all depicted a western market burdened by foreign competition. Each of the witnesses that appeared before the Committee on Manufactures stressed the necessity of a new tariff that encouraged steadiness in prices and access to a domestic market.<sup>110</sup>

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<sup>108</sup> *H.R. Doc. No. 83*, 20<sup>th</sup> Cong., 1<sup>st</sup> Sess. 3.

<sup>109</sup> *H.R. Doc. No. 115*, 20<sup>th</sup> Cong., 1<sup>st</sup> Sess. 60-61.

<sup>110</sup> *Ibid.*, 131-134, 141-143.

The political strategy behind the Tariff of 1828 shifted as protectionists in Congress amended the tariff into a bill that could conceivably succeed. As legislators tinkered with the legislation, they provided more protection to coarse textiles and reduced the tax on imported raw wool, which secured northern votes in favor of the drastically higher tariff. On April 22 the House of Representatives approved the Tariff of 1828 by a relatively comfortable margin of nine votes, and the Senate approved weeks later. Southerners in Congress, who were likely privy to Van Buren's original plan before they were blindsided by success of the legislation, howled at the betrayal, and talk of disunion began almost immediately.<sup>111</sup> Alongside protection for northern industries, the Tariff of 1828 provided greater protection to all of the western interests consulted by the Committee on Manufactures. The new bill implemented a minimum valuation system for woolen products that placed ad valorem rates between 40 and 45 percent while raw wool received a 40 percent tax that later increased to 50 percent. Hemp received a tax of \$45 per ton, up from \$35, but this tax eventually scaled up to \$60 per ton and cotton bagging received a more modest increase to five cents per square yard. Finally, western grain farmers and distillers benefitted from a fifteen-cent tax per gallon placed on top of the existing duty. Unanimous votes in favor of the new tariff among congressional members from Ohio, Kentucky, and Indiana indicated the new tariff successfully appealed to the western interest.

While political conditions motivated the Tariff of 1828 far more than economics, congressional actors nevertheless responded to the testimony offered by westerners in front of the Committee on Manufactures and exploited the right interests for their desired political ends. As economic development tied more westerners to discussions of trade, manufacturing, and markets, Jacksonians identified and then exploited western interests in the promotion of wool and other products for their electoral gains. Consequently, ideas about markets, development, and governance drove the actions of partisan actors rather than the reverse.<sup>112</sup> For all the political conflict that later ensued because of the "Tariff of Abominations," Bezaleel Wells "anticapte[d] no benefit of consequence from the amendment in the Tariff." He did expect greater protection for

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<sup>111</sup> There are questions as to how complicit southerners were in Van Buren's scheme and whether he intended the tariff to pass from the beginning. A comprehensive look at these questions and the legislative history of the Tariff of 1828 can be found in Peart, *Lobbyists*, 82-95 and Bolt, *Tariff Wars*, 76-90.

<sup>112</sup> This approach intends to give primary attention to developments in markets and capitalism and see how those developments sparked changes in party politics rather than allowing elections and partisan politicking drive the narrative. Todd Estes' recent historiographic look at scholarship on the Jacksonian period inspired this approach. See Todd Estes, "Beyond Whigs and Democrats: historians, historiography, and the paths toward a new synthesis for the Jacksonian era," *American Nineteenth Century* 21 (2020): 255-281.

higher quality cloths eventually, but Wells determined the minimum valuations placed on the lower priced cloths were close enough that “the country will be overstocked with cloths at & near the minimums” and depress prices for “those that are more remote.”<sup>113</sup> When stripped from the electoral consequences, the Tariff of 1828 appeared to some as yet another inadequate measure for supporting the western market.

### *Crisis*

Southerners who were outraged by the Tariff of 1828 focused on the participation of northern and western manufacturers in the scheme. Participants at a Georgia meeting “resolved to “abstain entirely from the use of cotton and woollen [*sic*] goods manufactured in the Northern and Western states” as well as “the use of all other articles of the produce of the States favorable to the tariff” in response to the “ruinous effects of the Tariff law.”<sup>114</sup> These southerners also targeted cotton bagging made with Kentucky hemp, which threatened Kentuckians’ investment in the growth of cotton slavery. The animosity of the Georgians carried to the extent that they even resolved to give “preference to the FOREIGN, over the *Northern* and *Western* manufacture” in cases where homespun cotton or woollen goods could not be procured.<sup>115</sup> Southerners recognized the importance of their market for westerners who still looked southward towards slaveholding states as an outlet for their goods, and they utilized their common market as leverage for an adjustment in trade policy.

Some southerners preferred constitutional, or extra-constitutional, measures of opposition in contrast to economic warfare.<sup>116</sup> James Hamilton Jr., then a Representative for South Carolina, disapproved of targeting Kentuckians who had simply “been led astray” into supporting the tariff “by the cunning deception and profligate ambition” of Henry Clay. Hamilton thus embraced the

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<sup>113</sup> B Wells & Co (Steubenville, Ohio) to Adam Beatty (Washington, Ky), June 18, 1828, folder 7, Beatty-Quisenberry family papers, FHS.

<sup>114</sup> “Proceedings in the South,” *Indiana State Journal* (Indianapolis), October 2, 1828.

<sup>115</sup> *Ibid.*

<sup>116</sup> The classic study of the Nullification Crisis, which focuses on the ideological and constitutional questions central to the conflict, is Richard Ellis, *The Union at Risk: Jacksonian Democracy, States’ Rights, and Nullification Crisis* (Oxford University Press, 1987). For a more recent overview see Kevin M. Gannon “The Nullification Crisis,” in *A Companion to the Era of Andrew Jackson*, ed. Sean Patrick Adams (Blackwell Publishing, 2013), 376-390. Donald Ratcliffe adds a critical perspective by highlighting the economic anxieties that motivated all of the southern states throughout the crisis and the role of the political process in quelling the threat of disunion, Donald J. Ratcliffe, “The Nullification Crisis, Southern Discontents, and the American Political Process,” *American Nineteenth Century* 1 (Summer 2000): 1-30. For coverage of the Nullification Crisis that emphasizes the role of tariff politics see Bolt, *Tariff Wars*, 116-138 and Peart, *Lobbyists*, 99-131.

doctrine of nullification, shrouded in the authority of the states' rights ideology offered by Thomas Jefferson and James Madison in the Kentucky and Virginia Resolutions three decades before. The Tariff of 1828, Hamilton claimed, met the standard of a "deliberate, palpable, and dangerous exercise of power not granted" to the federal government, which permitted the South Carolina legislature to exercise its sovereignty through nullification. Hamilton further rooted his defense of nullification in a broader free trade ideology that framed "the privilege of directing the labor of our hands with unrestricted freedom to an industry of our own choice" within a broader set of "principles of human liberty" on par with freedom of worship.<sup>117</sup> Southerners who embraced nullification, or who expressed a general hostility towards the tariff, associated protective policies with economic stagnation in cotton prices, which fueled a free trade political economy that demanded open access to foreign markets.<sup>118</sup>

A "fellow citizen" replied to James Hamilton in the pages of the *Kentucky Reporter* and connected the "melancholy sights" of depressed cotton prices to "the certain consequences of slavery" rather than the tariff. Dependency on enslaved labor, according to this commentator, resulted in a "sloth and extravagance" defined by the lack of industrial development, which degraded plantations, ruined commerce, encouraged outward emigration, and led to general "poverty." Still, the author approved a modification of the tariff that reduced rates by enough to elicit "gratitude" from southern planters. As a parting bit of advice meant to mock Hamilton's cries of liberty in defense of slavery, this "citizen" advised Hamilton to employ "milder language, at least in the presence of" enslaved persons, lest they "learn the language of liberty."<sup>119</sup> Despite shared economic ties, including investment in enslaved labor and increasing commercial exchange, South Carolina nullifiers could not necessarily look to Kentuckians as allies in their war against the tariff.

### ***Markets and Union***

Enthusiasm for state-sponsored economic development dampened any sympathy for southern nullifiers in the trans-Appalachian West. Protectionist political economy during the 1820s increasingly adopted the nation, and consequently the union, as its unit of analysis for economic

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<sup>117</sup> "Mr. Hamilton's Speech: At the Walterborough Dinner." *Niles' Weekly Register* 35 (November 22, 1828).

<sup>118</sup> Schoen, *Fragile Fabric of Union*, 126-128. 134-143.

<sup>119</sup> "For the Reporter. Remarks on the Speech of Mr. Hamilton" by "Fellow Citizen." *Kentucky Reporter*, December 24, 1828.

development. Economists Daniel Raymond and Friedrich List best expressed the nation-centered political economy of protectionism through landmark texts that aimed directly at theories of free trade outlined by Adam Smith and defended by southern enslavers. Political economy as a discipline, according to List, lacked “the principles of national economy.”<sup>120</sup> Nations deserved an explicit focus in political economy because they constituted a distinct body, what Daniel Raymond referred to as a “unity,” and had separate interests and principles from the individuals that composed the nation.<sup>121</sup> Like individuals though, a nation followed “the dictates of its interests,” which allowed it “to regulate the interests of the individuals” and promote the optimal “common welfare.”<sup>122</sup> Above all, a nation-oriented political economy encouraged “*steadiness*” through policies that protected industries from sudden fluctuation, most importantly “a judicious tariff.”<sup>123</sup> Rather than the random and incalculable outcomes embraced by free trade theorists, protectionist political economists joined the market process and governmental authority through a nation-oriented system regulated by a high tariff.

Protectionist political economy intuitively joined their defense for a nation-centered economy with a justification for the exercise of energetic governance. Willard Phillips, a lesser-known political economist, identified “the expediency of so introducing or promoting any kind of industry” as the defining issue that divided free trade advocates and protectionists.<sup>124</sup> Opponents of government regulation, according to Phillips, erroneously prohibited any legislative role in guiding development when they embraced “*The Maxim that every one discovers the best employment for*” themselves.<sup>125</sup> Government, for Phillips, incentivized capital investment in industries where risk was high and potential for immediate profit was low. Phillips assumed that aversion to risky ventures in manufacturing left potential economic growth unrealized, and a protective system could maximize any “unappropriated resource of industry.”<sup>126</sup> This idea of governmental authority as a palliative to the deficiencies in markets guided by individual action aligned with List’s vision of a nation-centered economy. For List, it was the “duty” of government “to promote every thing, which may increase the wealth and power of the nation, if this object

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<sup>120</sup> Friedrich List, *Outlines of American Political Economy, in a Series of Letters* (Philadelphia, 1827), 9-10.

<sup>121</sup> Daniel Raymond, *Thoughts on Political Economy* (Baltimore, 1820), 27-28.

<sup>122</sup> List, *Outlines*, 9-10.

<sup>123</sup> *Ibid.*, 36.

<sup>124</sup> Willard Phillips, *A Manual of Political Economy with particular reference to the Institutions, Resources, and Condition of the United States*, (Hillard, Gray, Little, and Wilkins, 1828), 166.

<sup>125</sup> *Ibid.*, 166.

<sup>126</sup> *Ibid.*, 172.

cannot be effected by individuals.”<sup>127</sup> Neither List nor Phillips denied there were instances “where things may better regulate themselves, and can be better promoted by private exertions,” but their assessments of the market process allowed room for legislative protection.<sup>128</sup>

Western advocates of protection elaborated a similar faith in the ability for governmental authority to encourage western manufacturing, but they did not always pair this assessment with a nation-centered political economy. Rather, a protective tariff policy often appealed to westerners because of the prospects for *regional* economic diversification and development rather than national. “The key...to unlock our prison,” asserted one westerner, was to “bring back money among us, and furnish our farmers with a good market,” both for commodities and labor. Ultimately, a protective “tariff system” promised to turn the western states into “a China—a world by ourselves.”<sup>129</sup> When paired with internal improvements and state investment in education, encouragement to manufacturing in the western states appeared more as a plan for diversifying the western market than the development of a national market.<sup>130</sup> The unique structure of the western economy, which joined an optimism for manufacturing with a sustained commitment to commercial agriculture, encouraged an expansive view of federal governmental authority for regional development.<sup>131</sup> Western protectionists who privileged the establishment of a home market that looked more western than it did American were less concerned with harmony among the sections. This regional-oriented vision of development stimulated western investment in tariffs, internal improvements, and public land policies, and westerners were not eager for compromise with southern nullifiers who seemed unwilling to advance beyond their reliance on staple-crop agriculture and slavery. The Nullification Crisis thus did not just pit a free trade commercial agricultural vision against a nation-oriented system of political economy, but also featured a

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<sup>127</sup> List, *Outlines*, 10.

<sup>128</sup> *Ibid.*, 27.

<sup>129</sup> Timothy Flint, Review of “General Harrison’s *Speech delivered at a meeting of the friends of the Administration, held in Cincinnati, in September last.*” *The Western Monthly Review* 1 (Cincinnati: E.H. Flint, 1828): 497-498.

<sup>130</sup> Kristopher Maulden examines the connections in these three policy areas through the lens of party politics and the enduring influence of the Federalists in the trans-Appalachian West. Kristopher Maulden, *The Federalist Frontier: Settler Politics in the Old Northwest, 1783-1840* (University of Missouri Press, 2019), 151-181.

<sup>131</sup> As Brian Schoen demonstrates in his study of the Cotton South, southern rejection of the tariff reflected a broader rejection of a nation-centered economy. However, western embrace of the tariff and opposition to southern tactics did not suggest a full endorsement of the nationalist system of political economy. Schoen, *Fragile Fabric of Union*, 143.

western-oriented regional perspective that rejected southern attacks on federal legislation westerners deemed beneficial for their regional development.

Indiana canal commissioner David Burr communicated this regional perspective to Indiana Senator John Tipton, a Jacksonian Democrat who emerged as a key figure in western politics. Improved prices for goods produced in the “Farming States” of the trans-Appalachian West “satisfied” Burr that any modification to the Tariff of 1828 would not “benefit the interest of the West or the United States.” Tariffs allowed for the “division of Labour” which made “the Free States thrive...faster than the south who stick to nearly one occupation.” Burr correctly connected economic growth—if accompanied by population growth—to political power through greater representation in Congress, and recognized that southerners feared this synergistic development would “disturb the slavery relations” within the South. Despite southern objections, Burr was still a “high pressure tariff man” because of the benefits protection offered for economic development within the western market, and he advised Tipton against voting in favor of any modification to the Tariff of 1828.<sup>132</sup>

Against Burr’s wishes, John Tipton declared to Indiana merchant Calvin Fletcher that he was “in favour of the Tariff *modified*.”<sup>133</sup> Tipton elsewhere explained that any modification should reduce the surplus revenue brought in by the higher rates “without endangering manufactures,” a plan that was easier described than realized.<sup>134</sup> Congress again plunged into a debate on the tariff when the Committee on Manufactures reported a new bill in May 1832. Tipton’s correspondents notified him that westerners looked “daily & anxiously to the *great Capitol* for a decision of the...tariff.”<sup>135</sup> Some asked Tipton to “stand out for home industry” and maintain adequate protection as a result of optimism that Indiana could develop an industrial sector free from “the unsteady state of Europe.”<sup>136</sup> Political circumstances though posed a problem. Tipton complained from the Senate chamber that “party strife is too prevalent here,” a result, possibly, of some ambitious politicians “*blow[ing] the flame to profit by the explosion.*” Amid the polarized views

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<sup>132</sup> David Burr (Cincinnati) to John Tipton, May 23, 1832, Nellie Armstrong Robertson and Dorothy Riker, eds. *The John Tipton Papers* 3 vols., (Indiana Historical Bureau, 1942), 2: 607-610.

<sup>133</sup> John Tipton to Calvin Fletcher, January 18, 1832, *ibid.*, 2: 508.

<sup>134</sup> John Tipton to Noah Noble, April 15, 1832, *ibid.*, 2: 585.

<sup>135</sup> Isaac Howk to John Tipton, May 10, 1832, *ibid.*, 2: 600-601.

<sup>136</sup> William C. Linton to John Tipton, June 14, 1832, *ibid.*, 2: 627-628.

on the tariff from northerners and southerners, Tipton hoped “the west” would “bring the extremes nearer each other and save the Country.”<sup>137</sup>

The first attempt to save the country came in the form of the Tariff of 1832, which enacted the first general decrease in tariff rates since the initial foray into protectionism in 1816.<sup>138</sup> Adjustments fell most heavily on manufacturers of cheap woolen goods, who lost much of the protection offered in the minimum valuations of the Tariff of 1828. Modest protective rates remained for iron and cotton manufacturers, which encouraged support for the tariff from a wide-ranging coalition that cut across party and sectional lines. Despite these significant concessions, the South Carolina nullifiers voided both the tariffs of 1828 and 1832 in November 1832. The Nullification Ordinance had a provision that delayed implementation until February 1, 1833, a date that loomed ominously as unionists searched for peaceable solutions to appease the nullifiers. For Tipton, the entrenched position of the nullifiers created a “fear” that “the fate of this Gover[nmen]t is *uncertain*” and possibly of “short duration [*sic*].”<sup>139</sup> Other states invested in the political economy of cotton slavery effectively isolated South Carolina when they accepted the Tariff of 1832 as an adequate compromise. Josiah Stoddard Johnston, a Louisiana Senator, predicted after the passage of the first compromise bill that the “Union party will be satisfied” even though there remained “no doubt the nullifiers will attempt to suspend the law.” As long as support for nullification remained “limited to the resistance of S. Carolina,” rather than a coalition of all of the southern states, then the threat of disunion appeared minimal.<sup>140</sup>

All Americans looked to President Andrew Jackson for his response to the brazen actions of the South Carolina nullifiers, and he offered his first comments in his fourth annual address on December 4, 1832. Much to the chagrin of protectionists, who long suspected that Jackson’s embrace of a “judicious tariff” hid his devotion to free trade, Jackson expressed sympathy for the nullifiers’ complaints about high tariffs. Among the “many evils” Jackson associated with a system of “perpetual protection” was the “spirit of discontent and jealousy” that threatened “the stability of the union.”<sup>141</sup> Jackson conceded that the nullifiers’ actions, while misguided, exposed a need

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<sup>137</sup> John Tipton to James B. Slaughter, March 27, 1832, *ibid.*, 2: 563.

<sup>138</sup> Donald Ratcliffe persuasively frames the Tariff of 1832 as “the real compromise tariff” and “the key to solving the whole crisis.” Ratcliffe, “The Nullification Crisis,” 13.

<sup>139</sup> John Tipton to Calvin Fletcher, July 9, 1832, *The John Tipton Papers*, 2: 654.

<sup>140</sup> J.S. Johnston (Washington D.C.) to Adam Beatty, June 29, 1832, folder 9, Beatty-Quisenberry family papers, 1796-1962, FHS.

<sup>141</sup> *Messages of Gen. Andrew Jackson: with a short Sketch of his Life* (Concord, N.H.: John F. Brown and William White, 1837), 179.

for a gradual reduction of the tariff “so that none can with justice complain.”<sup>142</sup> Other than these vague references to a disgruntled minority, Jackson avoided the issue of nullification as a means for remedying problems caused by the tariff altogether.

Jackson’s more conciliatory approach towards nullification was short-lived. Only six days after his annual address Jackson submitted a proclamation to the South Carolina nullifiers that forcefully rejected their assertions. The doctrine of nullification, he proclaimed, was “incompatible with the existence of the Union, contradicted expressly by the letter of the Constitution, unauthorized by its spirit, inconsistent with every principle on which it was founded, and destructive of the great object for which it was formed.”<sup>143</sup> Nullification, for Jackson, perverted the entire political and legislative process and attempted to replace the authority of Congress and the Supreme Court with the authority of a slim majority of one state. Jackson rebuked the advocates of nullification for their violation of the fundamental principles behind union and their support of minority rule that monopolized the legislative and constitutional process.<sup>144</sup>

The most forceful language appeared in Jackson’s denunciation of the nullifiers’ threat of secession. States retained important rights and powers, but the Constitution formed a “government in which all the people are represented” and which “operates directly on the people individually.” When states joined the union they entered a “binding obligation” that negated any form of secession.<sup>145</sup> Considered together, Jackson’s annual message and proclamation provided an ambivalent message.<sup>146</sup> His sympathy to southern complaints about high tariffs contrasted with his forceful rejection of their constitutional arguments, and Americans were unsure how these contrasting political and constitutional sentiments would translate into action. Agreement on the need for reduction in tariff rates though placed responsibility for the next steps towards reconciliation with Congress.

Congress responded with yet another tariff bill. Treasury Secretary Louis McLane and Representative Gulian Verplanck crafted new legislation that implemented drastic cuts in rates over the short period of two years. The final rates in Verplanck’s proposal retreated to levels that

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<sup>142</sup> *Ibid.*, 180.

<sup>143</sup> *Proclamation of Andrew Jackson, President of the United States, to the People of South Carolina* (Harrisburg: A. Boyd Hamilton, 1862), 6.

<sup>144</sup> Ellis, *Union at Risk*, 83-85.

<sup>145</sup> *Proclamation*, 10.

<sup>146</sup> Stated artfully by historian William Bolt, “President Andrew Jackson ended 1832 with an olive branch in one hand and a sword in the other.” *Tariff Wars*, 128.

nearly matched the Tariff of 1816, the one protective tariff that earned significant southern approval. However, Verplanck's bill did not draw widespread support, as southerners hesitated to forgive Jackson for his forceful proclamation against nullification. Protectionists anticipated that a cut in rates was inevitable, but they objected to the sudden downward revision and argued such a course would devastate American manufacturers. Observers, both in Congress and throughout newspapers, expressed uncertainty whether Verplanck's measure would pass and finally quell the threat of nullification.

Amidst this anxious and unsteady period, Henry Clay emerged with a new compromise bill that appealed to the economic and political concerns of nullifiers, unionists, and manufacturers. Input from lobbyists convinced Clay that a more gradual reduction in rates would allow American manufacturers enough time to adjust to foreign competition and appease the free trade demands of southerners.<sup>147</sup> Clay's bill proposed a ten-year period of reduction that eventually matched tariff revenue to the expenses of the federal government. A key provision in the new legislation also established home valuation on imports, which mandated that the value of goods imported be set at American ports in order to combat smuggling. Clay's bill immediately supplanted Verplanck's as the leading hope for compromise, in no small part because it received the approval of John C. Calhoun. As a result of clever procedural maneuvering, Clay's measure swiftly passed both the House and the Senate, by comfortable margins, and was officially signed into law by Andrew Jackson. Nullifiers in South Carolina took their cue from Calhoun and repealed the Nullification Ordinance on March 1<sup>st</sup>, and the crisis over the tariff came to a sudden, if anticlimactic, ending.

Western response to the Tariff of 1833 combined the practical interest in compromise with betrayal at the capitulation to southern intransigence. To justify of his vote in favor of the new tariff, John Tipton stressed his "hope of quieting the Southern Nullifyers [*sic*]." When they agreed to compromise "the North and West yielded much for peace and permanency of our institutions."<sup>148</sup> More staunch protectionists felt Henry Clay abandoned the legislative system they viewed as necessary for western economic development, as Clay himself spoke of the tariff as a revenue measure rather than a tool for the establishment of a home market. Most troubling, was Clay's denunciation of the "system of policy" that he had so long championed as essential to the

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<sup>147</sup> Peart, *Lobbyists*, 121-124. E.I. DuPont was the most notable of these lobbyists.

<sup>148</sup> "Circular." *Richmond Weekly Palladium* (Indiana), March 23, 1833.

“*very being*” of the United States “as a nation.”<sup>149</sup> Despite this sudden reversal, western protectionists still held out hope that democratic pressures from “the American people” would “restore the protective principle to manufactures,” as early even as the next congressional session.<sup>150</sup>

This democratic impulse was an important response for westerners who objected to the compromise tariff. Protectionists saw the actions of the nullifiers as an assault on the very concept of democratic self-rule. Nullification, in their perspective, allowed a small, disgruntled minority to overrule the legitimate employment of governmental authority. One Kentucky commentator claimed it was a nearly universal sentiment that “the doctrine of Nullification” should be met “with ridicule and contempt.” Instead, “Mr. Clay’s bill” undermined “the majority principle of our system” through a gradual reduction in rates and “practically establish[ed] the principles of nullification...by which every state may renounce allegiance and disfranchise its own citizens of their paramount rights as citizens of the Union.”<sup>151</sup> The American System broadly, and the tariff in particular, had become an expression of the democratic will, a means by which people entrusted governmental authority with directing the role and shape of markets in the United States. The compromise of the Tariff of 1833 signaled an abandonment of this legitimate role of government, and indicated the triumph of the market system.

Historians debate to what extent the tariff mattered during the Nullification Crisis. Some align with John Calhoun, who framed the tariff as “the occasion, rather than the real cause” of the crisis.<sup>152</sup> Questions of states’ rights ideology, majoritarian politics, and possible assaults on the institution of slavery in the southern states existed outside of the tariff, and assuredly some nullifiers searched for any issue to exploit as a means of realizing their vision of governance and minority rule. Thus, in this line of argument, the tariff simply appeared at the wrong time and the nullifiers pounced. Any other legislative measure—banking or Indian policy for primary example—could have plunged the nation into a similar crisis. Although the issues that emerged

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<sup>149</sup> K.—No. I.” *Kentucky Gazette*, March 23, 1833.

<sup>150</sup> “PROTECTION ABANDONED.” *Ibid.*, March 16, 1833.

<sup>151</sup> “K.—No. I.” *ibid.*, March 23, 1833.

<sup>152</sup> Freehling, *Secessionists at Bay*; Elizabeth R. Varon, *Disunion! The Coming of the American Civil War, 1789-1859* (University of North Carolina Press, 2008), 87-96; Sellers, *The Market Revolution*. Brian Schoen offers an alternative perspective that highlights the connection between the southern defense of laissez-faire, free trade, and slavery. Rather than existing as a proxy issue, the debate over trade policy demonstrated the extent to which members of the “Cotton South” determined that “slavery and the commercial agrarianism it supported would and should remain a permanent fixture in their locales.” Schoen, *Fragile Fabric of Cotton*, 101.

during the Nullification Crisis were certainly larger than the tariff, historians have been too quick to set aside the role of trade policy and tariffs in the Nullification Crisis in part because their analysis focuses primarily on the actions of South Carolina nullifiers and the southern states.<sup>153</sup>

A focus on discussions of markets affords a greater role for the tariff in the Nullification Crisis. It was not unreasonable for leading nullifiers to anticipate that economic ties between the western states and southern markets would create animosity towards the tariff and, consequently, support for South Carolina. Indeed, the influential free trade periodical *The Banner of the Constitution*, edited by political economist Condy Raguet, printed numerous articles that conveyed a growing dissatisfaction with protective trade policies and a swelling support for free trade in Kentucky and Ohio.<sup>154</sup> Writing from Philadelphia and Charleston, “Hermann” thanked the *Banner* “for the pleasing intelligence” of “greatly diminished” support for the American System in Ohio. This author, an avid free trade advocate, appreciated the significance of aligning the western interest against protectionism. “Let Ohio unite cordially with the Anti-Tariff States,” then supporters of free trade would have “nothing to fear from the champions of the Tariff.”<sup>155</sup>

“Hermann” believed protectionism in the western states was short-lived. Kentucky had simply been “cajoled into a support” for protective tariffs from a false hope “of growing rich by that manufacturing of cotton-bagging and cordage, and the culture of hemp.” Importantly, “Hermann” predicted that Kentuckians would maintain “a friendly intercourse with the Southern States, which afford the best markets for their stock.” Likewise, this commentator felt closer connections between Ohio and New York allowed Ohioans “to obtain an ample supply of every kind of manufactures at a cheap rate,” so protective tariffs would “always be inimical to her success in manufacturing.”<sup>156</sup> Hermann’s analysis of both Kentucky and Ohio relied on the closer ties forged between the southern and eastern states, respectively, as a result of improvements in transportation and the expansion of markets. Free trade advocates saw the ties of markets as the key to aligning the western interest with their political economy and overcoming the dominance of protectionist policies.

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<sup>153</sup> William Freehling, *Prelude to Civil War: The Nullification Controversy in South Carolina, 1816-1836* (Oxford University Press, 1992).

<sup>154</sup> These articles appeared consistently between March 30 and July 13, 1831. For an example see “The Tariff. From the *Marietta (Ohio) Republican*,” *The Banner of the Constitution* (Philadelphia, Pa), June 22, 1831.

<sup>155</sup> “To the Editor.” *The Banner of the Constitution*, July 20, 1831.

<sup>156</sup> *The Banner of the Constitution*, May 23, 1831.

South Carolina nullifiers also relied on the logic of markets to shape their strategies in a way that was unique to the tariff issue. The nullifiers miscalculated because they had a fundamentally different view of markets than settlers in the western states. South Carolina's cotton-oriented economy experienced fluctuation based on complex developments in global markets, but planters focused their blame for unsteadiness in trade on the tariff, which fueled support for free trade policies and an embrace of commercial agriculture focused entirely on cotton production. Westerners' experience with markets differed because of the distance to eastern and southern ports and the unique support for developing a dynamic market that incorporated both commodity production and manufacturing. Improvements in transportation did encourage some westerners to challenge arguments in favor of industrial development within the western market, but diversification as a solvent to market deficiencies remained popular enough to fuel opposition to the assault on the tariff offered by the nullifiers.

### *Conclusion*

Samuel Merrill used the anniversary of George Washington's birth to explore just how much the world had changed in the nearly 100 years between that occasion and his 1830 oration. Among the many political and scientific advances, Merrill also recognized the "mighty revolution" wrought by "the application of the power of steam," which staved off any "limits...to human invention." This revolution was not without its repercussions, as Merrill referenced the "distress [that] sometimes follows the sudden changes in the demand for labor and employment." Still, advances in trade and labor "annihilated" the "horrors of famine and pestilence," and placed the western states at the cusp of prosperity and improvement. "The rapid changes" wrought by steam and transportation only further served as "strong inducements to action." For Merrill, further innovation was key, for if westerners "merely pause[d] we shall soon be outstripped by others. Improvement will go on elsewhere, though we should arrest its progress, where our influence extends."<sup>157</sup> This sense of rapidity, competition, and restlessness embodied the transformative growth of the 1820s. Innovation and improvement, once seen as singular moments of invention, now appeared as a process of constant and sustained growth. Regardless of desirability, further

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<sup>157</sup> "Oration," February 22, 1830, box 1, folder 17, Samuel Merrill Papers, IHS.

innovation and disruption appeared inevitable. However, westerners still could determine the policies and initiatives that would shape future development.

The heightened conflicts over trade policy during the 1820s were fertile ground for discussions of markets, the market process, and governmental authority during this period of economic growth and adjustment. Westerners recognized both the promise offered by distant markets and potential for disruption. In the context of tariff policy, western ideas of trade and the market process inspired divergent assessments of protection and free trade. As a transportation revolution fueled the growth of major commercial hubs and investments in manufacturing contributed to the emergence of nationally recognized establishments, western farmers, merchants, and manufacturers fractured on whether the market process required confinement and restriction or should be left to its “natural” operation. At the same time, southern cotton planters cemented their support of free trade and *laissez-faire*—motivated by a commitment to global trade and a self-regulating market process—and northern manufacturers aggressively pushed for protection to compete with foreign producers. Western ambiguity on tariffs encouraged protectionists and free trade advocates to concentrate on aligning the western interest with their desired policies, which elevated questions of governmental authority and economic development in the trans-Appalachian West. In response to the success of protective legislation throughout the 1820s, and the possible emergence of a permanent North-West alliance in favor of protection and an expansive view of governmental authority, southerners employed the threat of disunion. The gradual abandonment of protection solved this immediate crisis, but compromise on trade policy once again turned to conflict when Americans panicked.

## CHAPTER 4

### NATURAL MARKETS AND JEALOUS NATIONS: TRADE AND TARIFFS IN THE AGE OF PANIC, 1837-1846

When John W. Gill began manufacturing silk goods in Mt. Pleasant, Ohio he acted as one thread tying the trans-Appalachian West to a centuries-long pursuit of success in sericulture that unfolded throughout the Atlantic World.<sup>1</sup> The Atlantic connections in Gill's efforts were clear, as he employed the expertise of John Fox Sr., an emigrant from England, to manage his factory that briefly captured the imagination of promoters of silk production on both sides of the Appalachian Mountains. These observers raved not only of the quality of the silk goods produced in Gill's factory, but also of the variety, including velvets, satins, and cravats. Among the more exceptional items produced in the factory was a silk flag measuring over 150 feet in length that eventually landed in the hands of Caleb Cushing, America's first Ambassador to China.<sup>2</sup> Gill's flag accompanied Cushing on his diplomatic mission, and became the first American flag flown in China under formal relations.<sup>3</sup>

The raising of Gill's flag in China exemplified a broader internationalization of the western economy that altered discussions of trade and trade policy. Success in internal improvement projects and failure during the Panic of 1837 illuminated the role of distant connections in western markets by the 1830s and 1840s. These developments motivated ideas of markets and governmental authority that filtered especially through debates over new trade legislation in 1842 and 1846. Historian Daniel Peart rightly recognizes the international influences that shaped these tariff debates, and other historical coverage has placed the western interest in a central position during this period of fluctuation between protection and free trade.<sup>4</sup> However, historians often

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<sup>1</sup> Ben Marsh, *Unraveled Dream: Silk and the Atlantic World, 1500-1840* (Cambridge University Press, 2020).

<sup>2</sup> "The American Flag" *Niles' National Register* 14 (August 12, 1843).

<sup>3</sup> James L. Burke and Donald E. Bensch, "Mount Pleasant and the Early Quakers of Ohio," *Ohio History* 83 (Autumn 1974): 242.

<sup>4</sup> Daniel Peart argues "the international dimension to the passage of the Tariff of 1846...was of greater significance than for any of its predecessors since 1816," *Lobbyists*, 146. The central role of the western interest is explored in Irwin, *Clashing over Commerce*, 191-193; Scott C. James and David A. Lake, "The Second Face of Hegemony: Britain's Repeal of the Corn Laws and the American Walker Tariff of 1846," *International Organization* 43 (Winter, 1989): 1-29. For broader coverage of political economy of free trade in Britain, focusing especially on the Corn Laws, see Bernard Semmel, *The Rise of Free Trade Imperialism: Classical Political*

reduce the western interest solely to the trade in wheat and grain.<sup>5</sup> Indeed, greater commercialization and the growth of mills—and, later, factories—did commit more westerners solely to agriculture and the production of commodities like wheat and grain. Closer analysis though reveals a wider array of western voices that navigated the promises and perils of markets increasingly integrated in the transatlantic economy. Diverse ideas and interests fostered division rather than consensus in the ideal trade policy for western development. For both free trade advocates and protectionists, success in convincing westerners to support their respective trade policies relied on aligning the western interest with the broader transatlantic international order.

Western protectionists framed high tariffs in this period as necessary for constructing a defined and secure role for the western states in the Atlantic economy. The Panic of 1837 demonstrated in painful and wrenching fashion that westerners were inextricably tied to complex financial and commercial markets many neither recognized nor anticipated. Protectionists argued that the risk of future sudden financial collapse could only be mitigated by encouraging development that made the western states truly competitive in international trade. This included calls for protection in longstanding industries like hemp as well as younger, more experimental, industries like silk. Unlike the debate over internal improvements or banking, the Panic of 1837 actually bolstered assessments of governmental authority in promoting economic development through trade policy. This exceptional support resulted from the ability of protectionists to frame high tariffs as necessary for preserving stable exchange in markets at home and abroad rather than an aristocratic attempt to corrupt political economy in favor of self-dealing elites.<sup>6</sup> A system of high tariffs offered a means for survival in a world of jealous nations that enacted their own trade restrictions. After a bitterly contested legislative battle, supporters of protection passed a tariff in 1842 that reversed many of the cuts made by the compromise of 1833.

In contrast, free trade advocates solidified their arguments for revenue-oriented tariffs around claims of the benefits of exchange dictated not by government regulation, but by “natural”

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*Economy, the Empire of Free Trade and Imperialism, 1750-1850* (Cambridge University Press, 1970); Cheryl Schonhardt-Bailey, *From the Corn Laws to Free Trade: Interests, Ideas, and Institutions in Historical Perspective* (MIT Press, 2006).

<sup>5</sup> This is especially notable in Douglas Irwin’s coverage of the western interest in the 1840s. His reliance on economic and trade data, which intuitively considers the largest commodity patterns, overlooks western debates over trade policy found in private correspondence and newspapers. Irwin, *Clashing over Commerce*, 191-193. See also James and Lake, “The Second Face of Hegemony,” 12.

<sup>6</sup> For internal improvements and banking see Alasdair Roberts, *America’s First Great Depression: Economic Crisis and Political Disorder After the Panic of 1837* (Cornell University Press, 2012), 55; Larson, *Internal Improvement*, 204-216; Gunn, *The Decline of Authority*.

exchange patterns that encouraged harmony and peace among international trading partners.<sup>7</sup> Free trade advocates contended that western superiority in agricultural production ensured survival in foreign markets when onerous tariffs and trade restrictions were lowered. This argument became especially relevant as a campaign in England to repeal the Corn Laws gained a shocking amount of attention and support. Debate over these thirty-year old restrictions upon the importation of wheat and calls for lowering the American tariff became linked, as free trade advocates on both sides of the Atlantic expressed a desire for open trade between Britain and the United States. British commentators who favored the repeal of the Corn Laws highlighted especially the importance of access to western wheat farmers, who would ideally return British magnanimity in trade by supporting lower tariffs placed by the American government. Proponents of free trade felt vindicated in their predictions of international harmony in trade when Americans reduced their tariff in 1846, only months after the repeal of the Corn Laws.

The debates over free trade, protectionism, and tariff policies after the 1830s also occurred in the context of a developed two-party system. The upstart Whig party formed an awkward, if disjointed, coalition motivated initially by opposition to Andrew Jackson, but eventually embodied a definable worldview and ideology that manifested in support for internal improvements, centralized banking, and protective tariffs.<sup>8</sup> Meanwhile, the Democratic party stressed the need for a decentralized system in both banking and internal improvements that empowered local and private actors over state or federal officials and staunchly advocated free trade policies that appealed both to southern cotton planters and northern commercial interests. Both voter participation and political engagements reached historic highs during this period, making

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<sup>7</sup> Nicholas Onuf and Peter Onuf frame differences in free trade and protectionist political economy as a difference between reliance on “theory” and “history” respectively. Relying on theory, free trade advocates framed the international trading community as naturally harmonious. In contrast, protectionists viewed persistent restrictions on trade by competing nations as justification for American’s own protective system, *Nations, Markets, and War*, 247-277.

<sup>8</sup> For literature on Whig politics and ideology see Joseph W. Pearson, *The Whigs’ America: Middle-Class Political Thought in the Age of Jackson and Clay* (University Press of Kentucky, 2020); Daniel Walker Howe, *The Political Culture of the American Whigs* (University of Chicago Press, 1979); Michael Holt, *The Rise and Fall of the American Whig Party: Jacksonian Politics and the Onset of the Civil War* (Oxford University Press, 1999). Literature on the Second Party System is vast, notable works include Richard P. McCormick, *The Second American Party System: Party Formation in the Jacksonian Era* (University of North Carolina Press, 1966); Michael F. Holt, *Political Parties and American Political Development from the Age of Jackson to the Age of Lincoln* (Louisiana State University Press, 1992). For relevant state-level studies see Gary Matthews, *More American than Southern: Kentucky, Slavery, and the War for an American Ideology, 1828-1861* (University Press of Kentucky, 2014); Paul H. Bergeron, *Antebellum Politics in Tennessee* (University Press of Kentucky, 1982); Donald F. Carmony, *Indiana 1816-1850: The Pioneer Era* (Indiana Historical Society, 1998); Donald J. Ratcliffe, *The Politics of Long Division: The Birth of the Second Party System in Ohio, 1818-1828* (Ohio State University Press, 2000).

important exceptions for gendered and racial exclusions. The rival parties offered detailed policy platforms and placed great emphasis on issues for electoral success. More importantly, this two-party system shaped the free trade-protectionist debate in a time of economic upheaval and internationalization in the trans-Appalachian West.

A proper understanding of the tariff debates of the 1840s thus requires a greater focus on how western merchants, farmers, and manufacturers—rather than a monolithic portrayal of a western grain interest—navigated domestic and foreign markets in a period of global economic integration. The Panic of 1837 demonstrated in quick and astonishing fashion just how enmeshed the western states had become in international webs of finance and commerce, which sparked competing assessments of markets, the market process, and governmental authority during a renewed debate on tariff policy. Congress responded to the financial crisis with a more protective tariff in 1842 that garnered support from westerners who believed they could compete in international trade when supported by government regulation. Democrats and free trade advocates began a campaign to repeal the Tariff of 1842 immediately after its passage, and their efforts joined a transatlantic discussion of free trade that linked backlash against the Tariff of 1842 and the British Corn Laws. Democrats successfully legislated a downward revision in tariff rates in 1846, but this new legislation did not constitute a true shift to free trade.<sup>9</sup> This period thus maintained the heated conflicts over tariff policies that overlapped in important ways with changes in markets and assessments of governmental authority. The novel influence of international developments forced protectionists and free trade advocates to evolve in a world of natural markets and jealous nations.

### ***Improvement***

Unprecedented investment in internal improvements helped ease western worries that the gradually declining tariff rates ushered in by Clay's compromise tariff bill would dampen economic development. In the absence of a cohesive national plan for internal improvements, state legislatures led the way in transportation investments, and no section matched the trans-Appalachian West in enthusiasm for improvement projects. Success in prior improvement projects fueled this enthusiasm, including the Ohio and Erie canals, which accrued \$47,000 in revenues

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<sup>9</sup> As will be covered later in the chapter, I adopt Frank Taussig's framing of the Tariff of 1846 as a "moderation in the application of protection." Taussig, *The Tariff History of the United States*, 114. Max Edling similarly stresses the consistency of trade policy throughout the antebellum period. Edling, *A Hercules in the Cradle*, 240-245.

above interest payments by 1835. This early promise, and profit, fueled widespread demands for new projects that convinced the Ohio state legislature to expand investment in its canal system. The legislature also enacted a “Loan Law” that guaranteed partial state investment in turnpike, canal, or railroad projects by private corporations, but provided state officials with little to no discretion in the actual merits of the plan.<sup>10</sup> This balance between opportunity and responsibility defined much of the internal improvement craze of the 1830s, as state legislators responded both to democratic pressure and market forces as they embarked upon new projects deemed essential for western development.

No western state invested as heavily, or recklessly, in internal improvements as Indiana. After an extended period of disagreement—which featured legislators, boosters, and commissioners all attempting to secure support for their own pet projects—the state legislature passed a \$10 million “Mammoth Internal Improvement Act.” This appropriately titled legislation laid out the construction or extension of four major canals, the construction of a railroad, more basic improvements like removal of obstructions in rivers and improvements in roads, and called for surveys for future projects. Internal improvement projects created important, and often unseen, financial linkages between westerners and eastern and foreign creditors. The state legislature entrusted the Morris Canal and Banking Company as an intermediary to sell most of the bonds that funded their \$10 million investment, and many of these bonds were sold in English markets. Hoosiers hoped improvement projects would expand their access to key domestic and international commercial markets, but closer debt and financial obligations accompanied the carrying of goods and the building of canals in often unrealized and unintended ways.<sup>11</sup>

Although river transportation maintained a central place in the western economy from the 1830s through the Civil War, railroads increasingly became a central part of the improvement craze. Southerners joined westerners in their enthusiasm for—some—internal improvement projects, including support for a railroad that would link the Atlantic port at Charleston to the Ohio River via Louisville and Cincinnati. Southern planters supported this railroad for their immediate interest in easier access to western markets, but they also wanted closer ties between the Ohio River Valley and the Atlantic World. Closer international linkages, southerners hoped, would

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<sup>10</sup> Larson, *Internal Improvement*, 199-204.

<sup>11</sup> Roberts, *America's First Great Depression*, 55; Larson, *Internal Improvement*, 204-216.

finally turn western farmers and manufacturers against protectionism and lead them to embrace an internationally oriented political economy of free trade.<sup>12</sup>

Western promoters of a Louisville-Cincinnati-Charleston railroad shared southern optimism in the benefits of integration between western and southern markets. However, some westerners had competing hopes of turning southern trade inward in support of economic diversification rather than matching southern commitment to international trade. One observer argued foodstuffs would never find an adequate demand among foreign powers who would always rely on their own domestic producers. As a result, westerners would have to turn to manufacturing and industrial development, ensuring that a “*home market* will be raised up for the products of agriculture” in order to “increase the independence of this country.”<sup>13</sup> In contrast to southern hopes of western support for global free trade, support for the Louisville-Cincinnati-Charleston Railroad was thus also associated with visions of a more inward-looking dynamic home market.<sup>14</sup> Despite the efforts of prominent southerners, most importantly former South Carolina Governor Robert Hayne and John Calhoun, the ambitious vision of this railroad never came to fruition, but hopes for greater economic and political ties between southern and western states continued to motivate regional political economy.

Greater investment in manufacturing combined with transportation improvements in ways that committed more westerners to commercial agriculture. The value of household manufactures in Ohio, Kentucky, and Indiana declined throughout the decade of the 1840s, a reflection of cheaper available manufactured goods and higher prices offered for agricultural commodities.<sup>15</sup> For over four decades, protectionists in the Ohio River Valley stressed the necessity of developing both household manufacturers as well as larger scale production outside of the home. Decline in the value of household manufactures, and greater access to markets for commercial agriculture,

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<sup>12</sup> Schoen, *Fragile Fabric of Union*, 148-160.

<sup>13</sup> “For the *Louisville Journal*. The West.” *The Courier-Journal* (Louisville, KY), May 11, 1839.

<sup>14</sup> In his coverage of the Louisville, Cincinnati, and Charleston Railroad Brian Schoen illuminates often overlooked southern support for internal improvements and demonstrates the importance southerners attached to forging closer ties with the trans-Appalachian West as a way to break the North-West alliance that bolstered protective policies in the 1820s. Schoen, *Fragile Fabric of Union* 148-149. This chapter complicates Schoen’s analysis by examining how westerners hoped the same improvement project desired by southerners would encourage less reliance on international trade. See also, H. Roger Grant, *The Louisville, Cincinnati & Charleston Railroad: Dreams of linking North and South* (Indiana University Press, 2014).

<sup>15</sup> For both Ohio and Kentucky the decline can be measured in terms of overall value of product and per capita production. Overall value of product did increase in Indiana, a reflection primarily of rapid population growth, but declined for per capita production. Lippincot, *A History of Manufactures*, 153.

undermined this key tenet of protectionist political economy. As long as prices for agricultural commodities in distant markets remained stable, protectionists struggled at demonstrating the need for turning away from commercial agriculture in favor of household manufacturing. Free trade advocates saw opportunity in greater commercial linkages to their vision of international trade, markets, and governmental authority, and framed the western states as fit for serving as the breadbasket of the world.

Given the high prices for western commodities and commitment to improvement by western state legislatures, settlers in the trans-Appalachian West had reason to expect sustained prosperity. “The impulse recently given to the spirit of Internal Improvement” sparked a “universal activity, and confidence” essential for western attempts at “improving the country.”<sup>16</sup> Still, early signs appeared that expanding market access through internal improvements, and the financial commitments that accompanied investments in infrastructure, might not bring prosperity. Kentucky lawyer William Fontaine Bullock expressed doubt that the “unnatural growth” of the 1830s could maintain high prices for western goods and property. Bullock warned a correspondent of a “rapidly approaching” collapse caused by the “heated and feverish excitement” of the improvement craze, which laid the foundation for “a storm which must sooner or later overtake us.”<sup>17</sup> Optimism in the promise of improvement, and the prosperity of open markets, hid a growing sense that Americans, especially in the west, might have overextended themselves and embraced “unnatural” means in their pursuit of riches.

### *Panic*

Panic in the nineteenth century joined chaos with revelation in which the moment of collapse confirmed as much as it confused. In her unpacking of the Panic of 1837 historian Jessica Lepler reveals the “many panics” that preceded banking failures in England, New Orleans, and New York.<sup>18</sup> This transatlantic financial crisis resulted from a bubble built in the cotton exchange, which expanded credit loaned by British banks and spiked demand for cotton, land, and enslaved persons. As this bubble built, and the money supply expanded, Congress passed the Deposit Act in 1836, which distributed the surplus revenue collected by the federal government to the states in

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<sup>16</sup> “Prosperity of the State.” *Kentucky Gazette*, March 14, 1835

<sup>17</sup> W.F. Bullock (Louisville) to William Bodley (Vicksburg), March 12, 1837, folder 22, Bodley Family Papers, FHS.

<sup>18</sup> Lepler, *The Many Panics of 1837*.

proportion to population. This effectively transferred specie from eastern banks and caused bankers to contract credit based on limited specie reserves. Andrew Jackson issued the Specie Circular a month later, which required payments on land owned by the federal government to be made in specie. Jackson's heavy-handed executive order forced a rush on hard currency from debtors attempting to pay off loan installments and caused a severe drop in land prices because of dampened demand. The Panic of 1837 though was not just a domestic event. As they watched the Bank War unfold in the United States, and feared their own shortage of specie, English investors worried about an imminent financial crisis, so they contracted credit to Americans in August 1836. Additionally, high cotton prices encouraged competition, and British India proved to be a viable source of cotton, which raised the supply of global cotton well above the demand and further drove down the prices of cotton and land.<sup>19</sup>

All of these pressures fueled uncertainty, instability, and panic well before banks actually collapsed. Once news reached New Orleans in March 1837 that British purchasers offered thirty percent less for American cotton it confirmed that the bubble of 1836 had in fact burst, and bank failures soon followed, first in New Orleans and then financially connected New York. Things suddenly snapped back into place in 1838 after the Bank of England replenished its specie reserves and invested in American securities. However, poor harvests led to crop failures and fueled British imports of foodstuffs, which drained specie reserves and prompted the Bank of England to resume its contractionary policies. A more sustained collapse and depression followed in 1839, and Americans once again became embroiled in a financial crisis fueled by market forces most observers failed to understand.

For those in the trans-Appalachian West, the Panic of 1837 confirmed just how enmeshed they were in distant markets, and the precarious state of their position in these markets. Unlike the Panic of 1819, which spread from the western states into eastern markets, westerners read about banking failures in New Orleans and New York before hard times came to their doors. "For a while," one Ohioan claimed, "the failures seemed to be contained principally to New York." By May 1837 though, panic was "spreading over the whole country...even far within the interior, and

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<sup>19</sup> In addition to Lepler, above, this analysis has been influenced particularly by Roberts, *America's First Great Depression*; Murphy, *Other People's Money*, 99-102; Larson, *Market Revolution*, 92-97. Recent scholarship has drawn far more attention to the international causes and context of the Panic of 1837. An older, but still useful, interpretation, which stresses the policies of the Jackson administration can be found in Peter Temin, *The Jacksonian Economy* (W.W. Norton & Co., 1969).

upon the capitalist of the domestic trade.”<sup>20</sup> Other observers sneered at the idea that the western states would somehow be spared the calamity of hard times. Doubting that “fancy green trees would shelter” westerners from the “storm,” the panic conclusively showed that “the country has no power to shield one linked with the business-world from the throes and agonies of that world.”<sup>21</sup> Westerners once again faced a sudden and precipitous financial collapse and saw their exposure to the whims of domestic and international markets.

Some westerners looked to the dominance of agriculture in the western states not as a buffer against financial crises, but as the root cause of their vulnerability to the “unexpected” and “overwhelming” downturn.<sup>22</sup> Farmers throughout the western states relied especially on the production of corn and pork both for security against the vicissitudes of distant markets and for a reliable surplus good that could find value in exchange.<sup>23</sup> However, one observer concluded that the “passive” reliance on corn and hogs left farmers “in want of everything but corn and hogs.” Most significantly, the fortunes of western farmers were tied directly to the demands of southerners who organized their entire political economy around slave-grown cotton and distant exchange. Western farmers could expect good prices and high demand for provisions from southern planters during flush times in the cotton trade, but any downturn in cotton led to a subsequent downturn in demand for western products. As southerners competed against an increasingly viable cotton market in India, westerners needed to accept that they could no longer “command a market in the planting States for their surplus meat and bread-stuffs.” Corn and pork farming appealed to westerners as a means for participating in market exchange while hedging against possible downturns. The Panic of 1837 revealed to some that even these staple goods were too susceptible to the whims of market forces, which made the promotion “of manufactures...the true policy of the Western agriculturists.” More specifically, wool and silk production offered alternative pursuits for western farmers that were free from the possibilities of overproduction in staple crops and livestock.<sup>24</sup>

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<sup>20</sup> “The Times.” *Huron Reflector* (Norwalk, OH), May 2, 1837.

<sup>21</sup> “Letters from Country Cousins. No. II.” *The Western Messenger: Devoted to Religion, Life, and Literature* (Cincinnati, OH), September 1837.

<sup>22</sup> “To the People of Indiana.” *Richmond Weekly Palladium*, May 27, 1837.

<sup>23</sup> For the concept of “surplus produce” and its relevance to engagement with distant markets see Richard F. Nation, *At Home in the Hoosier Hills: Agriculture, Politics, and Religion in Southern Indiana, 1810-1870* (Indiana University Press, 2005), 77-127.

<sup>24</sup> “The West—Its Products, and its Policy.—” *The Courier-Journal* (Louisville, KY), February 24, 1842.

Early warnings of western exposure to financial collapse also highlighted issues in land speculation and merchandise sales. Indiana merchant Calvin Fletcher began selling land in June 1836 and complained immediately of a “species of villany [*sic*]” inherent in the auction system for land in which anonymous shareholders of western lands posed as bidders to artificially drive the price up for their lands.<sup>25</sup> High prices for land encouraged further speculation so that “every man almost in this country has abandoned his business to speculate in real estate.” Fletcher calculated that western farmers, merchants, and mechanics all “united with Eastern capitalists” for property sales, and flooded the western market with “bad money.” The union between western lands and eastern capitalists benefitted all during “good times,” but also encouraged an “exposure” in the case of hard times that would lead to a “scene more agravated [*sic*] than in 1818-19-20.”<sup>26</sup> When the good times did indeed come to an end, Fletcher felt vindicated that “the scene of 1817-8-9-20 has again recurred.”<sup>27</sup> Whether through land or commodities, western links to eastern and global markets fueled concerns that any disruption or pressure in financial matters could plunge westerners into crisis and panic.

As suggested by Fletcher’s assessment, the memory of the Panic of 1819 was not far from the mind of observers during the crisis in 1837. “Our situation,” declared one Ohioan, “is similar to that of 1819.” Both resulted from lavish importations that fueled “constant fluctuations in trade” and drained specie from the western states. Like 1819, this connection between hard times and trade patterns motivated support for a protective tariff that would allow westerners “to calculate with some certainty on the future.”<sup>28</sup> The same tendency to interpret the panics of 1819 and 1837 as part of a natural, and possibly inevitable, cycle influenced assessments of banking. Writing to constituents in Portage County, Ohio, a group of Democratic officials argued American history was “a continued history of expansions, contractions and difficulties in the money market.” There was even a pattern to this history, “contractions always succeed expansions...and the consequent distress and sudden want of employment...must, and always will succeed contractions.” Both the panic in 1837 and the “misfortunes of the years 1819-20” offered proof of this cyclical

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<sup>25</sup> Calvin Fletcher to Nicholas McCarty, June 10, 1836, Gayle Thornbrough, Dorothy L. Riker, and Paula Corpuz, eds., *The Diary of Calvin Fletcher*, 9 Vols., (Indiana Historical Society), 1: 352.

<sup>26</sup> Calvin Fletcher to Nicholas McCarty, June 13, 1836, *Ibid.*, 1: 355-356.

<sup>27</sup> *Ibid.*, 1: 434.

<sup>28</sup> “What is the World Coming To?” *Huron Reflector*, March 29, 1842.

development.<sup>29</sup> While the Panic of 1819 shocked, in part, because of its novelty, the Panic of 1837 sparked new concerns that the very foundations of a market economy necessitated periodic and cyclical wrenching disruptions and hard times.

Protectionists recognized the cyclical nature of these crises, but refused to accept them as “natural” or “inevitable.” For Friedrich List, who produced the most significant work of protectionist political economy during the economic depression, free trade advocates ignored “the nation,” which stood “between each individual and entire humanity,” when they framed unrestricted trade among individuals as harmonious and natural.<sup>30</sup> Trade did not flow according to “the natural course of things,” but was dictated by identifiable policies “and the power of the nation.” List’s argument, in the context of the Panic of 1837, meant the reduced rates of the compromise tariff of 1833 fueled excessive importation of foreign goods and forced closer financial entanglement between the United States and England. Protectionists thus rejected the claims of free trade advocates that abstract market forces or natural cyclical patterns were responsible for the crisis; rather, they framed the panic as a consequence of market patterns dictated by nations and resolvable only by adjustments in trade policy.

Within the west, Kentuckian Adam Beatty experienced the Panic of 1837 as a crisis in the hemp market, the premier staple of Kentucky. The foundations of the “great fluctuations” in hemp, Beatty argued, resulted from a total dependency on selling rope and cotton bagging to southern planters, which exposed westerners to competition with foreign goods in southern markets. Beatty conceded that Kentucky farmers needed to improve their methods to make hemp cheaper and more competitive, but also warned that doing so would stimulate overproduction because American hemp producers could not anticipate or calculate the amount of hemp provided by foreign competitors. Ending cyclical fluctuations required eliminating “foreign competition, in supplying bagging and bale rope.” Beatty though admitted southern commitment to free trade and distant markets made this plan unrealistic, and resigned himself to withdrawing his hemp from the market until prices improved. Decades of southern attempts at aligning the western interest with free trade

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<sup>29</sup> “Address. To the Democratic Electors of Portage County.” *Western Courier* (Ravenna, OH), September 21, 1837.

<sup>30</sup> Friedrich List, *National System of Political Economy*, trans. Sampson S. Lloyd (Longmans, Green and Co.), 141.

and the commercial cotton slavery economy could not overcome the connection made by some westerners between foreign exchange and instability in the market process.<sup>31</sup>

Crisis also shaped assessments of western markets among manufacturers. John Irwin left behind his family in Pennsylvania and settled in Boston, Kentucky with hopes of establishing himself in manufacturing iron. The opportunities available in Kentucky impressed Irwin initially, and he highlighted the prospects for trade, high wages, and agricultural production.<sup>32</sup> Irwin did complain about the relative scarcity of labor, but he felt the purchase or hire of enslaved persons offered a solution to the shortage of free white laborers. Although he expressed discomfort with slavery when he arrived in Kentucky, he quickly began “to think slavery quite applicable” and did not “wonder [why] others are so fond of it.” Indeed, the transplanted Pennsylvanian eventually found slavery “quite natural.”<sup>33</sup> The Panic of 1837 crushed Irwin’s initial optimism for his manufacturing establishment in Kentucky along with his favorable views of slavery. Irwin blamed the “sudden” crisis on southerners who interpreted high prices for cotton as an excuse to engage in reckless speculation. Still, commercial ties with southerners provided an “advantage” for western farmers, merchants, and manufacturers who relied on the southern states for “a market for all...surplus wealth.” Irwin now identified reliance on the labor of enslaved persons as the primary obstacle for economic development in Kentucky. He portrayed slavery in Kentucky as free from “the galling chain or physical debasement” associated with southern slavery, but nonetheless became convinced that “a slave state can never make a manufacturing one,” and by 1840 he hoped to remove himself back to Pennsylvania.<sup>34</sup>

The Panic of 1837 not only shaped assessments of markets and the market process, but also had significant implications for views of governmental authority, primarily at the state level. As historians Alasdair Roberts and John Larson have shown, state-led investment in internal improvements, as well as corporate chartered banks, left state legislatures vulnerable to charges of corruption and malpractice as the economic crisis worsened. Eight states defaulted on their debt obligations after July 1841, including Indiana, a consequence primarily of overextension in funding economic development. States responded to the hard times by reducing spending and

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<sup>31</sup> “The Hemp Interest” *The Kentucky Farmer*, April 10, 1841.

<sup>32</sup> John Irwin Jr. to John Irwin, August 16, 1832, John Irwin Letters, 1832-1840, FHS; July 8, 1832, *ibid.*; John Irwin Jr. to Ellis Irwin, September 24, 1836, *ibid.*

<sup>33</sup> John Irwin Jr. (Louisville) to Ellis Irwin (Curwensville, PA), August 23, 1832, *ibid.*

<sup>34</sup> John Irwin Jr. to John Irwin, January 31, 1840, *ibid.*; John Irwin Jr. to Ellis Irwin, May 20, 1839, *ibid.* For comparisons between Kentucky slavery and southern slavery see Matthews, *More American than Southern*, 58.

searching for new sources of revenue, including increased property taxes, but state legislators could not salvage their damaged reputation, which undermined trust for states in promoting transportation or financial improvements.<sup>35</sup> This collapse in the credibility of state-led initiatives overlooked the extent to which legislators responded to democratic pressures and optimism toward market-oriented development. Regardless, trust in the legislative process and state-led development collapsed, only to be replaced by greater faith in self-regulating markets as free from the sort of self-interest that supposedly corrupted state leaders.

When broadened from a focus on banking and internal improvements, the relationship between the Panic of 1837 and assessments of governmental authority is not one of total collapse. Westerners looked to state governments for promotion of certain industries through bounties, including a bounty on silk that yielded \$6,700 from the Ohio legislature in 1842.<sup>36</sup> As in the Panic of 1819, the resumption of hard times, and the realization of American vulnerability to fluctuations in foreign markets, resulted in another push for a protective tariff that reflected an interest in government intervention. Emphasizing the support for a higher tariff does not challenge the harm wrought to the reputation of state legislatures in promoting economic development, but it does demonstrate that the Panic of 1837 was not defined solely by a collapse in governmental authority. Unlike internal improvements or state-chartered banks, a protective tariff, according to its supporters, offered a solution to the unpredictable and wrenching economic crises that protectionists refused to believe were “natural” or “inevitable” aspects of a market economy.

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<sup>35</sup> In his study of New York, Ray Gunn demonstrates how the Panic of 1837 undermined support for what he refers to as the “politics of distribution,” referring to state policies that benefitted identifiable, localized interests. This same pattern holds in John Larson’s broader study of internal improvements. As Larson’s study shows, Jacksonian visions of a decentralized, state-led infrastructure system fell victim to economic crisis, as Americans interpreted state failures wrought by the Panic as evidence “against the wisdom of governance,” *Internal Improvement*, 224. Gunn, *The Decline of Authority*. Alasdair Roberts similarly draws attention to various crises of governance that accompanied the Panic of 1837, including, most interestingly, periodic outbreaks of violence and the struggle to maintain “law and order,” *America’s First Great Depression*, 49-138. Naomi Lamoreaux and John Joseph Wallis offer a more positive analysis of the decline in “special laws” and the rise of general incorporation laws, focusing specifically on Indiana. “Economic Crisis, General Laws, and the Mid-Nineteenth-Century Transformation of American Political Economy,” *Journal of the Early Republic* 41 (Fall 2021): 403-433. This article persuasively demonstrates the economic benefits of general laws and the ways they laid the basis for the modern regulatory state, but my interpretation differs with their framing of projects, like Indiana’s massive investment in internal improvements, as an outgrowth of “corruption” that “systematically manipulated the interests of legislators and their constituents.” Special interests and political lobbying absolutely influenced the shape and structure of developmental policies, but people nonetheless demanded governmental intervention only to then blame political leaders when democratic pressures resulted in overextension. Rather than a corrupt manipulation, the experience of Indiana, and other states, with the Panic of 1837 demonstrates the struggles with balancing the responsibilities of democratic governance with the opportunities of market-oriented growth.

<sup>36</sup> Marsh, *Unraveled Dreams*, 452.

Instead, they viewed threats to financial stability and independence as primarily external rather than internal.<sup>37</sup> Protectionists located the origins of the hard times not in inherent corruption of the legislative process, but in disruptions in the operations of the market process engendered by foreign rivals. Rescuing the market process from cyclical disruption thus required an essential role for governmental authority that resulted in an ultimately successful push for new trade legislation.

### *Silk*

The promotion of silk production emerged especially in the 1830s and 40s as a conduit for ambitious plans of economic development guided by state and federal promotion. Visions of the trans-Appalachian West as a major hub for silk production preceded the Panic of 1837, but economic crisis provided advocates of silk new justification for their desired vision of western development. Unlike the production of raw wool and manufactured woolen goods, investment in silk manufacturing provided a commodity that did not compete directly with the interests of northern manufacturers and could be more competitive in European markets. Western support for silk thus aligned with Joseph Schumpeter's elaboration of the process of "creative destruction," in which moments of instability and crisis also offered opportunities for firms and creative entrepreneurs to innovate and form new industries that establish a new order.<sup>38</sup> Silk advocates channeled both creativity and entrepreneurial innovation in their argument for western investment in silk production, motivated especially by the need to reconcile the dominance of agriculture with their hopes of economic diversification and market-oriented development.

In the context of hard times, silk production offered an alternative to reliance on cotton or wheat production and provided a new outlet for female labor. Promoters of sericulture lauded the fitness of the western states for silk bolstered by the low cost of transportation and the demand for silk from northern cities rather than foreign markets. John W. Gill emerged as one of the more successful and influential western silk producers and manufacturers through his extensive silk

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<sup>37</sup> This aligns with Nicholas and Peter Onuf's coverage of differences among free-trade and protectionist political economy in which protectionists "saw a world of nations in perpetual conflict" and free trade advocates were "optimistic about the prospects for peace in an increasingly interdependent, peaceful, and prosperous trading world," *Nations, Markets, and War*, 274-275.

<sup>38</sup> Nelson Klose's sweeping coverage of sericulture in the United States notes that investors who speculated in the *Morus multicaulis* mulberry tree, which drove the silk craze in the 1830s, were attempting to "recoup fortunes reduced by the Panic of 1837." Nelson Klose, "Sericulture in the United States," *Agricultural History* 37 (October, 1963), 227.

establishment in Mt. Pleasant, Ohio. In 1838, Gill began his venture in sericulture with an initial investment of \$400 for the purchase of four thousand mulberry trees. The next year he partnered with John Fox Sr., an emigrant from London who had extensive experience in silk manufacturing. By 1842 Gill claimed to have over \$4,000 invested in machinery for silk manufacturing and estimated that he employed fifty female laborers in reeling silk in addition to outworkers hired for spinning. Gill's silks gained national attention and impressed merchants as far as New Orleans, who lauded both the quality and variety of goods manufactured by Gill.<sup>39</sup> Promoters of sericulture though most often praised Gill for his patented invention of a machine that fed, sheltered, and ventilated silk-worms (see Figure 1). Reputation and sustained success in silk manufacturing thus solidified Gill as a nationally recognized silk manufacturer and an example of western prospects for success in sericulture.

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<sup>39</sup> "American Silk." *South-Western Farmer* (Raymond, Mississippi), June 9, 1843. Originally published in *N.O. Bulletin*.

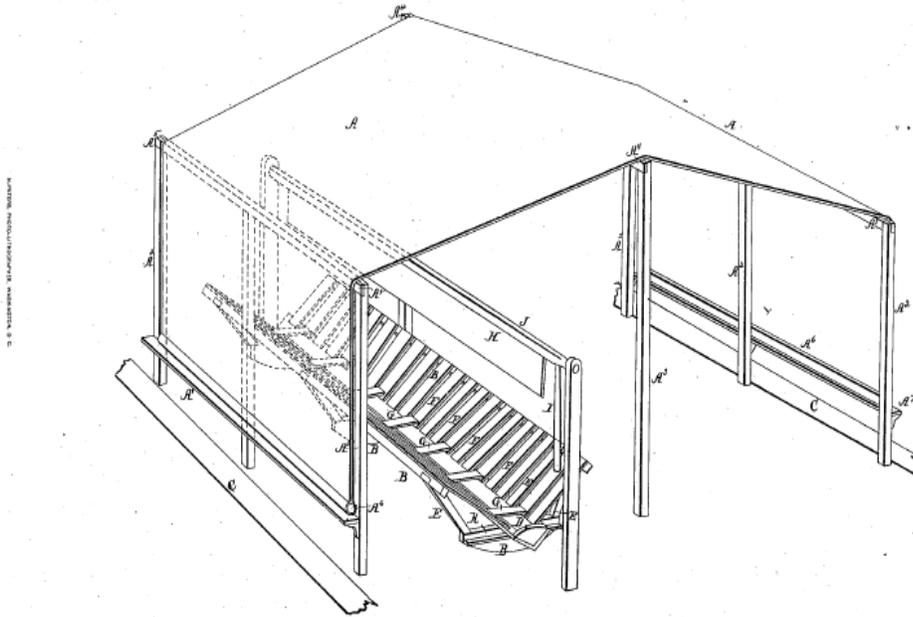


Figure 1: “Gill’s Feeding Tent and Silk-Worm Ventilating-Cradle”<sup>40</sup>

Although he regularly received praise for his responsible management, adequate machinery, and inventive spirit, Gill thought state bounties and a protective tariff were also necessary for ensuring silk producers could find a market for both raw and manufactured silk goods as they competed against European rivals. In a petition to the Ohio state legislature Gill contended that nascent silk producers faced distinct challenges that paved the way for future producers who benefited from “their toils and experiments, without incurring their expenses.” Despite his exaggerated claim that he had “succeeded in establishing the first regularly organized silk factory ever put in operation” in the United States, Gill still argued a state bounty was a necessary “stimulant” for future production.<sup>41</sup> Even after Congress raised tariff rates in 1842 Gill also called

<sup>40</sup> John W. Gill, Improvement in Feeding Silk-Worms, US Patent 00003083, issued May 12, 1843, accessed March 3, 2022. <https://pdfpiw.uspto.gov/.piw?Docid=00003083&idkey=NONE&homeurl=%252F%252Fpatft.uspto.gov%252Fmeta.html%252FPTO%252Fpatimg.htm>

<sup>41</sup> “Silk Business.” *Richmond Weekly Palladium*, February 26, 1842. Originally in *Pittsburgh Gazette*.

for an ad valorem rate on both raw and manufactured silk measured by weight and valued according to the home market.<sup>42</sup> Promoted both by state and federal legislation, Gill eagerly anticipated successful experimentation in silk would make American farmers and manufacturers more competitive in global markets.<sup>43</sup>

A larger number of private individuals engaged in silk production pressed the Ohio legislature to investigate the future of sericulture in Ohio. Overwhelmingly, they focused on the need for certainty and stability in silk production. An advantage of sericulture was that it did not require that farmers commit themselves entirely to the production of silk. Rather, they could replace surplus goods produced for market exchange, including wheat, corn, or pork, with silk as the exchangeable commodity.<sup>44</sup> Still, uncertainty in both the demand and supply of silk prevented more vigorous investment in sericulture. J.A. Farquhar, a Cincinnati-based silk manufacturer, noted that both a “want of a market for cocoons” and a “want of a certainty in obtaining a supply of cocoons” discouraged farmers and manufacturers from engaging in silk production.<sup>45</sup> A state bounty on silk diminished this hesitancy and encouraged the production of raw silk, which would then provide a reliable supply for manufacturers. No petitioner to the state legislature doubted the fitness and profitability for silk in Ohio, but the relative novelty of the industry and aversion to risk in the midst of a depression led some to conclude that Ohioans could not “be induced to embark extensively” in sericulture “without liberal and efficient protection by duties and bounties.”<sup>46</sup> These petitioners projected an image of silk as an experiment designed to rectify the damage wrought by the Panic of 1837, and they viewed the Ohio state legislature as a necessary actor in aiding this experiment.

The report issued by the state legislature in response to the numerous letters and petitions confirmed the legislature was an eager participant in the western experiment in sericulture. Written primarily by Albert A. Bliss, a Connecticut-born Whig who eventually served as Ohio’s state treasurer, the report emphasized the potential profitability of sericulture in Ohio if legislative

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<sup>42</sup> This was a more protective approach than that taken in the Tariff of 1842, which applied a specific tax rather than an ad valorem rate based on home valuation.

<sup>43</sup> *The Silk Question Settled* (New York: Saxton and Miles, 1844), 75-76.

<sup>44</sup> An author in the Knoxville, TN based *Post* emphasized that raw silk production “would not materially interfere with any other agricultural pursuit.” “Silk.” *The Post*, June 19, 1841.

<sup>45</sup> “Report of the Select Committee, to which was been referred numerous petitions and memorials on the subject of the culture of silk.” *Journal of the House of Representatives of the State of Ohio* (Columbus, 1841), Appendix no. 15, 51. Farquhar’s account was reprinted in *The Silk Culture in the United States* (Greeley & McElrath, 1844).

<sup>46</sup> Daniel Roe letter in “Report,” 46. Nearly all of the letters to the select committee suggested some form of a bounty. See also letters from John Fox and S.C. Aikin, 33-34, 44.

initiative aligned with market opportunities. As demonstrated by the Panic of 1837, Ohio farmers had grown all too familiar with the market process, in which prices plummeted when supply of staple commodities like pork and corn exceeded demand. In contrast to these staples, silk had “*uniformity*” in its value because “the supply cannot, for many years, equal the demand, if ever.” Importantly, Bliss did not just consider regional or domestic markets in his assessment of the profitability of silk, but he also recognized the inextricable commercial ties between Ohio and England and highlighted silk as a suitable commodity for international trade. While the export of wheat and cotton lagged, adequate silk production provided another exchangeable good that prevented the specie drain associated with negative trade deficits.<sup>47</sup>

The select committee also considered the social and cultural implications of the development of a silk industry in Ohio. Most important in their analysis was the beneficial effects silk production would have for female laborers. Industrial production and mechanization in cotton and woolen textiles, according to Bliss, undermined the household economy by moving the production of clothes from the home into factories, which left “no substitute for those employments with which our mothers were familiar.” For households that sought to channel female labor into market-oriented industries, silk offered a new opportunity that would “yield a direct revenue” for female household laborers.<sup>48</sup> Whether in the household or in factories, promoters of sericulture framed legislative support for silk production as a means for security and opportunity in distant markets. In the mind of Albert Bliss, the market process appeared as a series of dominoes in which a state bounty provided the necessary tipping force for encouraging western farmers to accept the risk of shifting to a new commodity. Once westerners realized the profitability of silk, the bounty could be lifted and the market process could operate without legislative support. State promotion though illuminated the opportunities available to westerners in sericulture and was an essential part of the market process.<sup>49</sup>

Sericulture in the United States also filtered through the growing political organizations of the second party system. Over two days in October 1843, the American Institute organized a national convention of silk growers and manufacturers to address the “silk question.” Armed with the testimony of more than one-hundred individuals, the convention produced a lengthy report that

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<sup>47</sup> *Ibid.*, 13.

<sup>48</sup> *Ibid.*, 6-7.

<sup>49</sup> *Ibid.*, 18-24.

both explored the granular details of silk production and issued bold declarations about America's exceptional fitness for sericulture.<sup>50</sup> Most importantly, the committee claimed that silk production was "an object claiming the early and high regard of every patriot and philanthropist." New England silk farmers and manufacturers dominated the convention, but Ohioan John W. Gill provided the convention with one delegate from the trans-Appalachian West, and he took advantage of his presence in New York to display his ventilating cradle and received a medal for the "*greatest variety* of manufactured silk goods."<sup>51</sup>

Westerners were better represented in letters collected for the convention, and nearly all of the letters from individuals within the trans-Appalachian West described emerging small-scale silk farming operations. Inability to keep silkworms alive during harsh winters was a common refrain among the western correspondents, but nearly all of the letters also expressed optimism that both the western states and the United States were ideal for sericulture. Among the more unique testimonials was that of M.P.H. Janes, a resident of the predominantly African American community in Carthagen, Ohio. Janes identified himself as a member of "one of the colored settlement in this place" who had "forsaken the cities, and the employments in which we were formerly engaged...and have taken up lands, believing this to be the best course for ourselves and our race." Silk appeared to Janes as an ideal business for this advancement, and while he provided no information on what progress he or others in Carthagen had made, he did ask for more information on sericulture.<sup>52</sup> Correspondents from Ohio to Tennessee all stressed the relative inexperience of western silk producers, and impressed upon the convention the value of centrally organized national gatherings that advocated for protective tariffs, alongside state bounties, and overcame information asymmetries among western and eastern silk producers.<sup>53</sup> Armed with information and legislative encouragement, these producers were "pleased with the brightening prospect of the silk culture and manufacture," and viewed the experiment in silk as both necessary and productive.<sup>54</sup>

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<sup>50</sup> Benjamin Marsh frames exaggerations of regional fitness for sericulture within an agricultural nationalism that utilized fundamental aspects of the communication revolution, most importantly the ability to spread information about silk production, to promote adoption of silk. Stated by Marsh, "to make American silk, proponents realised they first had to make silk American." *Unraveled Dreams*, 426.

<sup>51</sup> *The Silk Question Settled*, 76.

<sup>52</sup> *Ibid.*, 62.

<sup>53</sup> See especially letter from William A. Haynes, Secretary of the Nashville Silk Manufacturing Company, *ibid.*, 73-74.

<sup>54</sup> *Ibid.*, 76.

It is easy to dismiss the exaggerated claims of silk promoters as manic or misguided, but when early Americans demanded legislative support for silk they conveyed new understandings of markets and governmental authority that manifested also in the next round of tariff debates. Previous calls for protection of wool and cotton production among westerners focused on the need for a stable home market for western producers and consumers. International conditions shaped western interest in, and ideas of, domestic markets, but the focus remained primarily on improving domestic exchange through restrictions on foreign competition. In contrast, western demands for governmental intervention in support of sericulture aimed at making the western states more competitive in foreign markets rather than stabilizing the home market. This was a direct response to the Panic of 1837, which exposed the commercial and financial linkages that placed westerners in a precarious position in distant markets. Silk appealed as a possible staple good, comparable to southern cotton, that could distinguish westerners in international trade, and was thus worthy of legislative promotion. These discussions of markets and governmental authority though extended beyond advocacy of silk, and fueled another push for a higher tariff in 1842.

### ***Tariff of 1842***

Free trade advocates eagerly anticipated the year 1842, when the gradually declining rates of the Tariff of 1833 were scheduled finally to reach the revenue standard of twenty percent. However, lower tariff rates became yet another casualty of the Panic of 1837. The prevailing surplus revenues and anticipation of the liquidation of America's national debt had encouraged support for the revenue-oriented rates of the Tariff of 1833, but the return of hard times led to revenue shortages and a focus on America's trade deficit. Economic crisis sparked doubt even among typically staunch free-trade southerners about the grandest promises of free trade, although this did not substantially discourage their commitment to commercial cotton slavery.<sup>55</sup> For their part, western supporters of high tariffs argued protective rates relieved southerners of their dependency on global markets through greater alignment with a diversified western market. These protectionists warned southerners of the international developments at work that would make commercialized cotton slavery irrelevant and outdated, which brought the sensitive topic of the

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<sup>55</sup> Brian Schoen tracks the ways in which the Panic of 1837 sparked "some skepticism about free trade policies," but southerners remained committed to cotton slavery and economic development within global markets. *Fragile Fabric of Union*, 160.

economic viability of slavery to the forefront at a time when southerners became more defensive of their “peculiar institution.”

Advocacy of a higher tariff among Tennessee Whigs demonstrated how western protectionists adopted the internationally-oriented political economy of southern free trade advocates to argue for protective policies. One Tennessee observer warned of British attempts to undermine the southern economy through cotton production in India, which would soon be followed by a “*prohibitory* policy enforced against American cotton.” British restrictions on the cotton trade threatened to leave southerners “with scarcely any market” for their primary staple. Collapse of the southern cotton trade, according to this correspondent, would also have disastrous consequences for western agriculturists, in particular tobacco planters, as southern planters would turn to the production of other crops that could pose a direct “competition with the farmers of the middle and Western States.” Consequently, both western and southern interests depended on a tariff that sheltered southern cotton and sugar planters from foreign competition, reduced exposure to fluctuations in foreign markets, and strengthened the economic ties between western farmers and southern planters.<sup>56</sup>

Gains made by the Whig party in the southern states provided an institutional outlet for a growing dissatisfaction with free trade and a tepid embrace of protective policies.<sup>57</sup> After Jackson’s victory in the Bank War and the onset of hard times, trade policy once again emerged as a primary focus for Congress. Unlike the compromise tariff in 1833, a distinct two-party system influenced both the arguments in favor of free trade and protection as well as the actual structural features of new trade legislation during the 1840s. In the wake of widespread unemployment, rising debt, and unsteadiness in foreign trade, protectionists emphasized the importance of high tariffs for protecting American labor, providing a market for farmers and planters, and tackling national debt.<sup>58</sup> At the same time Congress considered new trade legislation, Western legislators raised the issue of how to distribute revenue from land sales. Desperate for any stimulus during the depressed years of hard times, these westerners promoted distributing land revenue among the states, as opposed to paying the federal debt, and intertwined their support for a new tariff with

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<sup>56</sup> “Tariff No. 2.” *Clarksville Weekly Chronicle* (Tennessee), September 14, 1842.

<sup>57</sup> This “tepid embrace” most often supported tariffs in which protection was understood as “incidental” to the revenue function. “Incidental protection” framing is discussed in Peart, *Lobbyists*, 134.

<sup>58</sup> Bolt, *Tariff Wars*, 149-150. James L. Huston, “A Political Response to Industrialism: The Republican Embrace of Protectionist Labor Doctrines,” *Journal of American History* 70 (June, 1983): 35-57.

their demands for distribution. Any discussion of new trade policy thus introduced a range of other issues that stemmed from the fiscal challenges presented by hard times.

Congress once again plunged into debate on the tariff in June 1842, when Millard Fillmore presented two bills that raised rates above the twenty percent average enacted by the Tariff of 1833 and included distribution of land revenue to the states. The “Great Tariff” bill outlined drastically higher rates on manufactured goods along with the distribution clause, while the “Little Tariff” offered a temporary reversal of the final cuts of the 1833 measure and also enacted distribution. Congress quickly passed the “Little Tariff,” almost entirely along partisan lines, but President John Tyler, officially a member of the Whig party, took the unprecedented step of vetoing the tariff bill both because it betrayed the spirit of the Tariff of 1833 and because Tyler opposed the distribution of land revenue to the states. Although Tyler shocked many observers with his veto, even staunch protectionists expressed discomfort with betraying the compromise made in 1833. Thomas B. Stevenson, a Kentucky Whig newspaper editor, stridently believed in the necessity of a protective tariff, but recognized that “we promised to meet the south on revenue ground...by means of gradual biennial reduction.” Stevenson was “bound in the spirit of compromise” to oppose an upward revision in tariff rates despite the dire financial circumstances.<sup>59</sup>

Stevenson’s magnanimous stance was not replicated in Congress, which responded to Tyler’s veto by passing the more permanent and protective “Great Tariff” bill, again along partisan lines. In an act that finally sundered Whig support for a President of their own party, Tyler again exercised his veto power. Whigs feared that Tyler’s veto raised the possibility that Congress could adjourn without addressing the dire financial condition of the federal government, which exposed them to charges of irresponsible management of government expenditures. To avoid this precarious situation, Whig members recognized they would have to abandon their support either of a protective tariff or their desired system of distribution. On August 22, 1842 a flurry of procedural maneuvers resulted in the passage of a permanent tariff with higher rates, but without the distribution clause attached. The new tariff raised rates on items favorable for western industries, including woolens, cotton bagging, hemp, and flax, but western Whig congressional members divided over the lack of a distribution clause, and their votes barely tipped in favor of

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<sup>59</sup> Thomas B. Stevenson to Adam Beatty, March 12, 1841, folder 19, Beatty-Quisenberry family papers, 1796-1962.

the tariff.<sup>60</sup> Democratic votes from Pennsylvania and New York negated the atypical opposition to the tariff from western Whigs and the tariff passed in the House by a margin of one vote. The vote in the Senate was equally contentious, 24-23, but also went in favor of the tariff. This revised bill finally received the assent of John Tyler, who fulfilled his promise to sign a higher tariff as long as it lacked the distribution clause.

Western members of Congress devoted most of their attention to jockeying for the distribution clause during debate on the Tariff of 1842, but outside of Congress western farmers made an explicit case for a high tariff rooted in support of agriculture.<sup>61</sup> On the same day that a number of western Whigs cast their votes against the tariff bill detached from the distribution clause, Kentuckian Adam Beatty laid out a positive defense for a protective tariff as a benefit to western farmers especially. In an essay submitted for publication in the *American Agriculturist*, Beatty explained why American farmers lagged behind their European counterparts in improving agricultural fertility and production. His answer highlighted greater capital investment in “costly manures” expended only in European countries because they guaranteed a certainty of return on investment. The key to this security was a protected “home market...which cannot be affected by unusually large crops, arising from a favourable season, in foreign countries.” Promoted by protective legislation, this home market fostered a dynamic interaction between a growing manufacturing population fed by European farmers. Beatty admitted that farmers’ aversion to protectionist policies made them partly responsible for the lack of a home market. However, he calculated that interest in a “sure market for agricultural products,” limited the appeal of free trade, and called on agricultural papers, like the *American Agriculturist*, to throw their support behind high tariffs as necessary for the advancement of American farmers.<sup>62</sup>

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<sup>60</sup> Of Whigs from the states of Ohio, Kentucky, Tennessee, and Indiana, 17 votes went in favor of the Tariff of 1842 while 16 votes were in opposition, along with 4 absent votes. Combined with the votes of Democratic members from these states the western vote went 17-30 in opposition to the higher tariff.

<sup>61</sup> Historians have overlooked the extent to which westerners were able and willing to discuss the merits of trade policy detached from the distribution issue, to the extent that existing analysis suggests westerners only cared about the tariff as a transactional measure for their desired distribution policy. Bolt, *Tariff Wars*, 154-155; Peart, *Lobbyists*, 139-140. It is not the claim of this chapter that the distribution issue and the tariff were not linked among western congressional members. Instead, discussion of the tariff among westerners outside of Congress did often consider the merits of the tariff question apart from distribution.

<sup>62</sup> This letter was never published out of an apparent concern for oversaturation in the number of articles published related to tariffs. Adam Beatty to A.B. & R.L. Allen, August 22, 1842, folder 21, Beatty-Quisenberry family papers, 1796-1962, FHS.

Western protectionists joined their support of a higher tariff with their promotion of an array of agricultural-oriented policies, including an agricultural survey and investment in agricultural education. Although these policies aligned directly with western interests, Thomas B. Stevenson, a frequent correspondent of Beatty's, complained of the "absurdity" that "the people must first be enlightened" of the benefits of agricultural legislation. The entrenchment of the two-party system convinced Stevenson that "nothing but politics will get the people of the country into action," so he resolved to publicly advocate for "agricultural politics" in Whig presses with the hope of "hardening...the country into" his desired policies. Stevenson viewed Beatty as an essential partner in this scheme, so he requested that Beatty compose an essay that explained "the necessity of a protective tariff for the benefit of Ky. interests" and incorporated "subjects of state action" essential for the western agricultural interest.<sup>63</sup> It is not clear that Beatty complied with this specific request, but his writings did reach Kentuckians in Congress, including Joseph R. Underwood, who shared Beatty's views "upon the subject of the tariff" and "assure[d]" him that he would work to secure passage of the Tariff of 1842.<sup>64</sup>

Beatty's contribution to protectionism in the 1840s extended to the publication of a collection of his essays that provided information on the best agricultural practices for the western states. These essays addressed distinctly western conditions that rendered works composed by European authors limited in their "*practical utility*" and "*inapplicable*" for westerners. Therefore, Beatty advocated for agricultural policies adapted to western and American contexts, highlighted especially by the need for trade restriction.<sup>65</sup> Disappointed by the progress of sheep raising in the west, Beatty argued protection relieved farmers of their "extensive reliance upon foreigners" for woolen goods and provided them with a market at home.<sup>66</sup> Beatty also proposed local and state level solutions—including premiums offered by state legislatures or county agricultural societies, exemption from taxation for properties devoted to manufacturing, and judicious grants of water privileges for manufacturing establishments—but he claimed state power was "very limited" when compared to the federal government.<sup>67</sup> The Tariff of 1842 was "probably adequate" as a protective

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<sup>63</sup> Thomas B. Stevenson (Frankfort) to Adam Beatty (Washington, KY), August 3, 1841, folder 20, *ibid.*, FHS.

<sup>64</sup> Joseph Rogers Underwood (Washington D.C.) to Adam Beatty (Washington, KY), April 23, 1842, folder 21, *ibid.*, FHS.

<sup>65</sup> Adam Beatty, *Essays on Practical Agriculture, including his Prize Essays, carefully revised* (Maysville, KY: Collins & Brown, 1844), 5-6.

<sup>66</sup> *Ibid.*, 48-49.

<sup>67</sup> *Ibid.*, 181-182.

measure, but Democrats threatened this necessary legislation when they made its repeal a central part of their electoral campaigns. State advocacy for protection, Beatty argued, could “*give firmness and stability*” to protective legislation that encouraged development and prevented future calamities like the Panic of 1837.<sup>68</sup>

As suggested by the efforts of Stevenson and Beatty, tariff politics in the second party system went well beyond elections or developments in Congress. Historians have consistently been impressed by high levels of voter turnout in the 1840s, but more recent analysis has also stressed mobilization outside of the singular moment or act of voting.<sup>69</sup> Putatively nonpartisan, single-issue associations and other organizations provided fertile ground for early Americans to participate in an increasingly democratic political culture outside of electoral politics. In the context of mobilizing support for a new tariff, the formation of “Home Leagues” became a popular means for spreading the gospel of protectionism. Existing coverage of these societies portrays them as primarily a phenomenon in northeastern cities, but Home Leagues also appeared in the western states and garnered discussion, ridicule, and debate.<sup>70</sup> Observers stated their support for a higher tariff through advertisements for newly formed Home Leagues, which emerged even in western commercial hubs like Cincinnati.<sup>71</sup> Alongside engagement with the tariff issue through new associations, the question of whether the Tariff of 1842 was “an advantage to the United States” also captured the attention of members of Frankfort’s lyceum, who debated the proposition “animatedly,” and “decided in favor of free trade.”<sup>72</sup> Although forged within a two-party system, the issue of the tariff garnered attention and mobilization outside of periodic elections.

### ***“The western states have the casting votes”: The Corn Laws and the Trans-Appalachian West***

Successful passage of a higher tariff did not resolve disputes over trade and international relations. Continued controversy resulted, in part, from the assessment by some westerners, like

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<sup>68</sup> *Ibid.*, 183.

<sup>69</sup> Reeve Huston, “Rethinking the Origins of Partisan Democracy in the United States, 1795-1840,” in *Practicing Democracy: Popular Politics in the United States from the Constitution to the Civil War*, eds. Daniel Peart and Adam I.P. Smith (University of Virginia Press, 2015), 46-71; Peart, *Era of Experimentation*.

<sup>70</sup> Peart, *Lobbyists*, 136. Opponents of protection made sure to note when society meetings experienced poor attendance. For examples see “*Another Home League Death.*” *The Experiment* (Norwalk, OH), March 16, 1842; *The Ohio Democrat* (Canal Dover), June 23, 1842.

<sup>71</sup> “Home Leagues, The Tariff, &c.” *The True Republican* (Rushville, IN), March 25, 1842. See also, “Home League,” *Richmond Weekly Palladium*, March 5, 1842.

<sup>72</sup> Tiger Lyceum Minute Book, KHS.

Henry Clay, that the new tariff was “for Revenue, with protection as its incident,” and fell far short of a truly protective measure.<sup>73</sup> Capturing a tariff adapted to the transatlantic international trading system required that protectionists convince free trade southerners that the “Southern market will fall” as England “suppl[ied] their own factories with India cotton.”<sup>74</sup> The debate unfolding both in England and in the United States on the repeal of Great Britain’s infamous Corn Laws encouraged this transatlantic focus. Led by Richard Cobden and the Anti-Corn Law League, the campaign to repeal restrictions on the import of wheat and corn reached its height during the 1840s, and Americans eagerly read and anticipated any news that Great Britain might finally embrace the free trade theories its intellectuals artfully elaborated. Discussions of repeal not only merited broader explorations of ideas of free trade and protection, but also addressed prospects for greater commercial linkages between England and America’s western states. The totality of these discussions made westerners in the United States active participants in the transatlantic debate over repeal.

Anti-Corn Law advocates responded to the passage of the Tariff of 1842 with both disappointment and confirmation in their support for repeal. However, the reversal of lower rates was not necessarily a surprise, as observers across the Atlantic predicted a return to protection whenever the “compromise tariff of Mr. Clay expires.”<sup>75</sup> Opponents of the Corn Laws reasoned that western support for the tariff and protectionism represented a reactionary response to English restrictions on corn and grain. British authors recognized that while southern free trade advocates and eastern protectionists garnered the most attention in American tariff politics, “the western states have the casting votes.” Undoing American trade restrictions thus required appeasing the interests of the west, whose “future power” was “beyond calculation.”<sup>76</sup> Given the importance of wheat and corn among western farmers, British observers believed westerners would certainly “jump at the offer of a free trade with England” and lower trade restrictions if England abandoned its commitment to the Corn Laws.<sup>77</sup>

American observers encouraged this focus on the western states in discussions of repeal. In response to Manchester Chamber of Commerce member Holland Hoole’s request for

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<sup>73</sup> Henry Clay to John M. Berrien (Lexington), September 4, 1842, *HCP*, 9: 762.

<sup>74</sup> “Fifth Annual Meeting of the Kentucky State Agricultural Society” *The Courier-Journal*, December 1, 1842.

<sup>75</sup> “Our Trade with the United States of America.” *Hampshire Telegraph and Sussex Chronicle* (Portsmouth, England), November 23, 1840.

<sup>76</sup> “Our relations with the United States.” *The Bristol Mercury and Daily Post* (England), October 1, 1842.

<sup>77</sup> *The Morning Chronicle* (London), September 16, 1842.

information on the “best means for increasing the trade” between the United States and England, free trade advocate Duff Green highlighted especially the western support for protection that, he believed, resulted from British trade restrictions. Green argued any hope for closer commercial relations relied on appeasing the varied interests of a southern cotton growing section, a western foodstuffs growing section, and a northeastern manufacturing section. The dominance of wheat and grain production in the western states convinced Green that southern and western interests could align in favor of free trade with England if British trade laws allowed for greater “consumption of American provisions” through an open market. Lack of this available market convinced westerners to abandon “the natural outlet” for their trade, the Mississippi River, and instead turn to improvement projects that created “artificial channels” for western products into northeastern markets. Aligning western farmers with British free trade interests required first a repeal of the Corn Laws that denied a market desperately wanted by westerners.<sup>78</sup>

Both in England and the United States the topic of repeal intersected in uncomfortable, and at times conflicting, ways with antislavery movements. Historian Simon Morgan illuminates the ability of Richard Cobden and the Anti-Corn Law League to find common ground with Joseph Sturge and the British and Foreign Anti-Slavery Society (BFASS) in framing issues of trade and slavery as moral questions. However, the fragile links between these groups unraveled as their respective leaders realized the limits to their mutual commitments. Cobden and members of the League resented a plan endorsed by the BFASS that called for a high tariff of slave-grown products, while Sturge and his anti-slavery followers supported free trade only as long as it advanced the goals of abolitionism. The BFASS maintained its commitment to the global abolition of slavery while Cobden and the League worked directly with southern planters, like John C. Calhoun, in their pursuit of free trade both at home and abroad. This is not to say that Cobden supported slavery, but rather he believed a truly unnatural or immoral system would collapse in an international order governed by natural laws.<sup>79</sup>

This ambiguous relationship between free trade, protectionism, and slavery prevailed in the trans-Appalachian West, in part because its status as a borderland blurred the distinction

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<sup>78</sup> “Correspondence between the Manchester Chamber of Commerce and General Duff Green.” *The Manchester Times and Salford Advertiser and Chronicle* (England), September 16, 1842.

<sup>79</sup> Simon Morgan, “The Anti-Corn Law League and British Anti-Slavery in Transatlantic Perspective, 1838-1846,” *The Historical Journal* 52 (March, 2009): 87-107.

between free and slave states.<sup>80</sup> Ohioan John Curtis, for example, lectured throughout Britain in support of repealing the Corn Laws before he published his views on the relationship between trade restriction and slavery. In terms of trade, Curtis echoed the arguments of protectionists when he identified financial ties between British creditors and American debtors as the central cause of the Panic of 1837. However, he contended this financial arrangement was the result of restrictions on commerce embodied most importantly in the Corn Laws. Inability to exchange western agricultural commodities directly for British manufactured goods, Curtis claimed, resulted in western farmers and merchants trading on credit instead, a disastrous situation that Curtis framed as “a crisis in the commercial policy of America.”<sup>81</sup>

Curtis also explored the relationship between British trade restrictions and slavery. England, he argued, actually promoted American slavery by importing slave-grown cotton while restricting the purchase of foodstuffs and commodities grown by western farmers. “Repealing the corn law,” would ideally redress this perverse trading relationship and “strike a most effectual blow at the existence of slavery in the United States.”<sup>82</sup> Curtis framed the southern states as the gatekeeper between the British market and northern and southern producers, who were forced into a “commercial and...political vassalage to the southern slaveholders” because of the centrality of cotton exports to American commerce.<sup>83</sup> Gamaliel Bailey—an Ohio doctor, newspaper editor, and abolitionist—stressed how the “natural” operation of free trade contrasted by the “unnatural” horrors of slavery. “Free trade,” Bailey declared, “is the law of nature,” and could also be the “law of nations” if they were enlightened to “their true interests,” and he ultimately hoped the repeal of the Corn Laws would remove all controversy over tariffs in the United States and allow for a “national consideration of the subject of slavery” under the natural harmony of free trade.<sup>84</sup>

Abolitionist merchant Ezekiel Birdseye presented a more complex view of the relationship between trade, protection, and slavery that blamed the horrors of slavery in the United States on

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<sup>80</sup> The Ohio River, as a border, helped white westerners regulate and control the movement of African Americans, and limited the support for abolitionism even in the areas where slavery was illegal. Salafia, *Slavery's Borderland*, 185-215.

<sup>81</sup> John Curtis, *America and the Corn Laws; or, Fact and Evidence, showing the Extensive Supply of Food which may be Brought from America, and the Effects of the Restrictive System on the British and American Trade* (J. Gadsby, 1841), 19. Curtis made the connection between American economic development and the Corn Laws clear when he declared that American manufacturers “need no high tariff to protect them against British competition. *The English corn law is their best protection.*” *Ibid.*, 20.

<sup>82</sup> *Ibid.*, 26, 28.

<sup>83</sup> *Ibid.*, 28.

<sup>84</sup> *Ibid.*, 35-35.

the profitability of cotton in international trade. Birdseye, a Connecticut transplant who settled near Newport, Tennessee shortly after the Panic of 1837, emerged as a leading voice of abolition and advocate for a free state in East Tennessee. A combination of “natural resources” and “free labor” ensured, Birdseye argued, the “wealth and prosperity” of this new state if also accompanied by “well directed industry— a home market for the farmer[, and] such legislation as would encourage improvements in the useful arts.”<sup>85</sup> These conditions required state and federal policies that were met with resistance by southern enslavers, including a higher tariff. To “bring the South to terms on the subject of protection” Birdseye suggested a “repeal” of taxes on the import of cotton, which, he anticipated, would spark outrage from southerners who would then realize the hypocrisy behind their calls for free trade and join the protectionist coalition. After he outlined this plan to a regular correspondent, Birdseye addressed the public whipping of abolitionist Amos Dresser in Nashville, which then prompted a comment on the international trade in cotton. Birdseye argued that if England adjusted its Corn Laws and implemented higher tariff rates on cotton it “would hasten the downfall of slavery,” and, presumably, prevent such public and violent backlash against abolitionists.<sup>86</sup> Both free trade advocates and protectionists thus balanced international patterns of trade and trade policy, highlighted especially by the Corn Laws, in ways that overlapped with questions of internal economic development, political culture, and the future of slavery.

### ***Tariff of 1846***

Democrats in Congress began the push to repeal the Tariff of 1842 almost immediately after its passage. Repeal became a key message of the 1842 congressional elections and Whig candidate Henry Clay and Democrat candidate James K. Polk both stated their support for

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<sup>85</sup> Ezekiel Birdseye to Gerrit Smith, November 27, 1841, in Durwood Dunn, *An Abolitionist in the Appalachian South: Ezekiel Birdseye on Slavery, Capitalism, and Separate Statehood in East Tennessee, 1841-1846* (University of Tennessee, 1997), 197. Birdseye’s example complicates the emphasis on the connection between free trade and antislavery in the trans-Appalachian West. One older study, which focuses especially on the origins of the Liberty Party in the upper-Mississippi Valley, puzzlingly asserts that western abolitionists would act “against their Anti-Slavery principles” in supporting protection. Both free-trade and protectionist political economy accompanied anti-slavery views. Thomas P. Martin, “The Upper Mississippi Valley in Anglo-American Anti-Slavery and Free Trade Relations: 1837-1842,” *The Mississippi Valley Historical Review* 15 (September, 1928): 210. For more on Birdseye see Dunn, *An Abolitionist*, 26-43; Henry Lee Swint, “Ezekiel Birdseye and the Free State of Frankland,” *Tennessee Historical Quarterly* 3 (September, 1944): 226-236.

<sup>86</sup> Ezekiel Birdseye to Gerrit Smith, March 14, 1842, in Dunn, *An Abolitionist in the Appalachian South*, 214-215.

protection and free trade, respectively, during the campaign for the 1844 presidential election. Polk's victory signaled that a revision in the tariff was likely, and confirmation came in 1845 when Polk's Treasury Secretary Robert Walker issued a report that stressed the revenue function of tariffs. Walker included a broader statement of principles regarding governmental authority and the market process that justified free trade over protection. Unlike some western free trade advocates who hoped a reduction of the tariff and repeal of the Corn Laws would undermine the influence of southern slaveholders, Walker opposed trade restriction because it placed an undue burden on the "great exporting interest" of southern cotton planters and, consequently, harmed western farmers. "The growing West," Walker claimed, "must be the greatest sufferers by the tariff, in depriving them of the foreign market and that of the cotton-growing States." This assessment repeated arguments made by a Democratic committee in Hamilton County, Ohio that described the harmful effects of high tariffs that restricted the markets available to western farmers, mechanics, and laborers. Walker and these western commentators agreed that "a system of tariff taxation" uniquely oppressed the western interest by depriving producers of an adequate market.<sup>87</sup>

Walker also elaborated a definable idea of the market process and governmental authority in which prices, wages, and capital were all distorted by "unjust and unequal" tariffs, and that called for the restriction of "governmental power" in trade to raising revenue alone. Limited positive government, Walker argued, left room for market forces to tear down foreign trade restrictions and forge a system of international free trade. Walker also estimated that a reduction in the American tariff, and the removal of "all our restrictions" on agriculture, would allow agriculture, "by its own unfettered power," to "break down all foreign restrictions." The vision of trade elaborated in Walker's report tied America's market inextricably to Europe. Consequently, reduced harvests and demand for foodstuffs in Europe were a fundamental part of the market process for American cotton and food producers. Most importantly, a permanent system of free trade, in contrast to the constant fluctuation that defined antebellum trade policy, promised necessary stability that benefitted manufacturers and agriculturists alike. Walker revealed his consideration of free trade as the "natural" order when he argued the reduction of the tariff to a revenue standard offered stability because it removed the question of trade "out of the arena of politics by a just and permanent settlement."<sup>88</sup> This claim put the onus on protectionists to justify

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<sup>87</sup> *S. Doc. No. 471*, 29<sup>th</sup> Cong., 1<sup>st</sup> Sess. (1845).

<sup>88</sup> *Ibid.*

their support for “artificial” restrictions as a contrast to the supposedly apolitical agenda of free trade advocates.

The international orientation of Walker’s report did not go unnoticed. Supporters of protection immediately warned of a conspiracy to subordinate American interests either to southern cotton planters or British manufacturers. On principle, western protectionists denied they advocated artificial development that encouraged economic pursuits “in any country to which the country is not adapted.” Instead, protectionism embraced “the principle of the diversity of occupation” and argued in favor of American fitness not just for agriculture, but manufacturing and commerce as well.<sup>89</sup> One observer in Ohio resented the “high praises bestowed” upon Walker’s report by “English statesmen” who expected tariff reductions to favor English, and not American, interests. It looked as if Walker had outlined his proposal for “the inspection of the English Cabinet” before putting it in front of the American people. Because he emphasized the role trade policy in Anglo-American relations, protectionists claimed Walker removed the tariff issue from the realm of economic policy and placed it in the tricky world of diplomacy.<sup>90</sup>

Western supporters of free trade, for their part, lauded English interest in Walker’s report and the plan for tariff reduction in a manner that confirmed the larger vision of limited governmental authority and faith in supposedly natural and self-regulating markets. If the “nefarious system of exclusive privileges” embodied in a protective system were abolished, these advocates trusted markets would guide “American mechanics and American laborers...with a degree of precision equal to the demonstration of a problem in mathematics.”<sup>91</sup> While historians have pointed to the combined fates of the American tariff and the British Corn Laws as an example of British hegemony influencing the international trading system, Americans insisted it was their interests that led the push for global free trade.<sup>92</sup> After Parliament published Walker’s treasury

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<sup>89</sup> “Report of the Secretary of the Treasury—The Protective Policy.—” *The Courier-Journal*, December 20, 1845.

<sup>90</sup> “Foreign Relations.” *Huron Reflector*, March 10, 1846.

<sup>91</sup> “Let the People Take Care of Themselves,” *The Cincinnati Enquirer* (Ohio), January 30, 1846.

<sup>92</sup> This point most directly counters the argument by Scott C. James and David A. Lake, which emphasizes the hegemonic role played by Great Britain in shaping international trade, “The Second Face of Hegemony,” 3-9. Christopher Rowe’s study of the Walker Tariff makes a larger connection between the debate over the Walker Tariff and political and social developments. Rowe’s emphasis on how tariff reform embodied larger developments is compelling, but Rowe continues the historiographical trend of relying primarily on congressional debates for his analysis. This chapter shares Rowe’s insight into social influences on tariff debates while introducing a greater variety of sources. Christopher Rowe, “American society through the prism of the Walker Tariff of 1846,” *Economic Affairs* 40 (June 2020): 180-197. Stephen Meardon similarly considers the tariff debates of the 1840s as “more than a controversy of political economy” in his exploration of the influence of religious conflicts on tariff

report for circulation in England, one observer noted that the “greatest commercial and manufacturing nation of the world” recognized the “*genius and principles of Americans*, through the *American Secretary*.” Rather than English hegemony, it was the “American Government” who “broke ground in favor of free trade principles,” a project in which “Robert J. Walker *leads*, and Sir Robert Peel *follows*.”<sup>93</sup> British hegemony may have been the economic reality, but Americans interpreted events and policies through their own assessments of their interests and ideas of markets rather than an all-powerful British hegemony.

Free trade advocates in Congress, almost entirely represented by the Democratic Party, eventually succeeded in swinging the pendulum back towards lower tariff rates in 1846 through the passage of a tariff inspired Robert Walker’s report. The legislative process in the Senate unfolded in particularly dramatic fashion, which passed only because of the resignation of North Carolina Democrat William Haywood, who famously informed Polk he “would rather die than vote for [the tariff],” and the betrayal of Tennessee Whig Spencer Jarnagin, the only Senate Whig to cast a vote in favor of the tariff.<sup>94</sup> Average rates implemented by the new tariff, its advocates promised, stood at twenty percent, the revenue standard established by the Compromise Tariff of 1833, but this average hid the extent to which the Walker Tariff maintained important levels of protection on certain goods. Westerners would still enjoy thirty percent duties on hemp and woolens, forty percent on goods manufactured from tobacco, and a one hundred percent rate on spirits distilled from grain. This point bolsters Frank Taussig’s framing of the Walker Tariff not as a truly free trade measure, but as an incremental shift towards a “moderation in the application of protection.”<sup>95</sup> Considered separate from the partisan political battle between Whigs and Democrats, and despite the rhetorical significance of the free trade argument, the Walker Tariff did not fundamentally alter the balance in governmental authority and market regulation from the Tariff of 1842.

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controversies. Stephen Meardon, “From Religious Revivals to Tariff Rancor: Preaching Free Trade and Protection during the Second American Party System,” *History of Political Economy* 40 (December 2008): 265-298.

<sup>93</sup> *The Cincinnati Enquirer*, March 4, 1846.

<sup>94</sup> The entire legislative history of the Tariff of 1846 is detailed in entertaining, and illuminating, fashion in Bolt, *Tariff Wars*, 176-185.

<sup>95</sup> Taussig, *The Tariff History of the United States*, 114.

## *Conclusion*

Historians have framed the turn toward free trade signaled by both the Walker Tariff and the abolition of the British Corn Laws as a dominant “triumph” in commercial policy between 1846 and the Civil War.<sup>96</sup> Highlighting the incremental and moderate shift in rates under the Walker Tariff forces a reconsideration of the period following its passage. Despite the unprecedented consistency in tariff rates after 1846, the vibrant debate between free trade and protectionist ideas persisted in the decades after the Walker Tariff, which inspired some of the most influential works of protectionist political economy. Sustained controversy over protectionism and free trade reflected continued unsteadiness in assessments of markets and governmental authority worthy of further analysis.

Despite these still unresolved questions, the economic changes in transportation, industry, and communication—which connected more strangers in distant exchanges during the 1830s and 1840s—crystallized free trade and protectionist arguments. The consequences of these linkages struck all Americans in pivotal moments like the Panic of 1837, and protectionists highlighted the need of governmental authority to make American farmers and merchants more competitive in an internationally-oriented economy during hard times. This constituted a shift away from the focus on internal economic development and diversification that previously dominated. On a local scale, greater concern for survival in international markets motivated more experimental pursuits, such as silk manufacturing in the trans-Appalachian West. In contrast, moments of crisis provided free trade advocates the opportunity to hold up a self-regulating market as a neutral, apolitical arbiter in a naturally harmonious world burdened by jealous and vindictive governments. Financial and commercial linkages that transcended national borders elevated the importance of markets governed by abstract forces and amorphous “international communities” of actors guided by self-interest.

Economic actors in the trans-Appalachian West, and broader ideas of western economic development, had a central role during this period of intense internationalization of the tariff question. Westerners continued to wield the deciding vote on trade legislation between an industrial North and a cotton-planting South. Consequently, southerners explicitly appealed to ideas of free trade that linked western markets to the Atlantic World through low tariffs and mutual

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<sup>96</sup> Belko, *The Triumph*, 158.

support for internal improvements. However, western protectionists responded to these appeals with a support for higher tariffs that considered the development of a dynamic and integrated market as necessary for success in international trade. Free trade advocates outside of the western states similarly emphasized the role of the western market in the transatlantic debate over the repeal of Britain's Corn Laws and the reduction of the American tariff. At this point, some protectionists doubted that the trans-Appalachian West would emerge as a major industrial power, so they argued in favor of protecting western exports in a hostile international trading community. This provided room for a moderated form of protectionism that balanced the optimism and anxiety associated with greater exposure to distant markets. While the Walker Tariff calmed legislative battles over trade for a relatively lengthy period, the role of trade, governmental authority, and markets continued to agitate American debates over political economy in the last decade before the Civil War.

## CHAPTER 5

### **“THEY ARE ALL PROTECTIONISTS AT HEART”<sup>1</sup>: SELLING THE HOME MARKET IN A HOUSE DIVIDED, 1848-1861**

*“If you have ever seen, when a spider touches a thread of his web, how the whole net-work will tremble, you have an illustration of the manner in which all the fibres of the different kinds of industry carried on in the country are interwoven together, so that a shock in any part is transmitted to the others, and runs through the whole texture.”<sup>2</sup>*

A spider’s web serves as both a place of refuge and a graveyard. Willard Phillips likely did not have this in mind when he visualized the interconnections of the market economy, but the promises and perils of the decades-long project of economic diversification and integration once again shaped the arguments of free trade advocates and protectionists in the antebellum period. The spread of railways, experiments in banking, and political circumstances at home and abroad fueled commercial growth and wove more Americans into the webs of distant markets. Often unseen and unrealized, these threads became visible as changes in the global wheat supply and uncertainty in the steadiness of westward expansion ushered in another period of panic in 1857. Divisions in ideas about trade and trade policy resulted in competing depictions of open markets as a refuge from isolation, poverty, and stagnancy, or as a graveyard filled with American producers who succumbed to predatory foreign competition. Free trade advocates promoted low tariffs as necessary for realizing the full fruits of global trade, and accepted that periodic adjustments were a natural and inevitable consequence of economic growth. Protectionists similarly spoke of immutable laws of trade that dictated exchange, but rejected the idea that financial collapse could not be prevented through legislative measures that aligned the interests of producers and consumers.

While Willard Phillips spoke of the “web” of the market economy, a greater number of Americans fixated on the “cords” of union. Elaborated by John C. Calhoun in his final speech on the Senate floor in 1850, controversy over the slavery issue threatened to sever “the cords which

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<sup>1</sup> “The Protective Policy,” *Louisville Journal* (Kentucky), March 27, 1849.

<sup>2</sup> Willard Phillips, *Propositions concerning Free Trade and Protectionism* (Charles C. Little and James Brown, 1850), 2.

bound these States together in one common Union.” The undoing of union between North and South, Calhoun argued, would not result from a “single blow,” but would be the culmination of “a long process” by which the “cords can be snapped, until the whole fabric falls asunder.”<sup>3</sup> The slow fraying of the cords of union during the 1850s complicated tariff debates and posed acute challenges for both free trade advocates and protectionists. The heavy-handed actions of the federal government in securing western territories and limiting state sovereignty, most strikingly through the Fugitive Slave Act, drew a stark contrast with southern demands for laissez-faire governance and free trade. However, sectional antagonism presented a more fundamental challenge for protectionists who promoted domestic exchange and a harmony of interests among Americans who increasingly viewed each other with animus. As protectionists learned throughout the 1850s, selling the home market was no easy task in a house divided.

Protectionists responded to the challenges of the sectional crisis by limiting the need for national harmony in their political economy. As expressed through the American System of Henry Clay and Mathew Carey, high tariffs united North, South, and West by establishing the boundaries of a domestic market that aligned interregional manufacturing, commercial, and agricultural interests. When confronted with the prospect of disunion, protectionists shifted their focus to intraregional diversification within local and regional markets rather than the national polity. This shift placed a greater emphasis on limiting the physical distance between producers and consumers through localized economic development. Discussions of proximity filtered through what I term the “politics of vicinage,” in which free trade advocates and protectionists offered competing assessments of the relationship between distance and alignment in interests. In the free trade calculation, the decades-long project of market integration across vast distances overruled any emphasis on the need for physical proximity between consumers and producers. Protectionists, in contrast, attacked long-distance trade, and the associated costs, as exploitative of both consumers and producers, and argued in favor of reducing information and competition asymmetries through promotion of local and regional trade. The competing politics of vicinage among protectionists and advocates of free trade illuminate broader assessments of whether the innovations in commerce, finance, and communication eliminated distance as an obstacle to prosperity.

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<sup>3</sup> *Cong. Globe*, 31<sup>st</sup> Cong., 1<sup>st</sup> Sess., 451-455. The speech was actually read by James Mason with a frail and dying Calhoun in attendance.

This chapter explores the evolutions in debates over tariff policy that unfolded during a time of intense sectional discord in the United States. It begins with an overview of the changes in the economic conditions of the trans-Appalachian West, focusing especially on divergent development in the Ohio River Valley and the emergence of the Great Lakes economy. Commercial patterns pulled the economic orientation of the western states in different directions, as residents around the Ohio Valley maintained close ties to southern states and settlers in the Great Lakes region increasingly looking eastward towards New York. Even with the pull of trade, westerners still expressed a distinct regional identity and political economy defined by the need to balance the increasingly polarized views of the North and South. As expressed by a Kentucky essayist, a western market that linked North and South offered the means for making “the Union...*indestructible*.”<sup>4</sup> After nearly two decades of regular conflict, the posture of accommodation and compromise from westerners resulted in muted discussion of new tariff legislation, but the push for further western development still flowed through debates on internal improvements and banking.

The decade after the passage of the Walker Tariff saw little legislative action on the tariff, a fact historians have used to declare a “triumph” for advocates of free trade.<sup>5</sup> Whatever political consensus existed for low tariffs, protectionist political economists of the 1840s and 1850s published innovative and acclaimed works. This chapter highlights the efforts of Henry Charles Carey, who produced countless articles and manuscripts in support of a protective system that embraced his novel insights into American economic development. More than any single figure, Carey was responsible for shifting the focus of protectionism from the nationalist system of Henry Clay and Mathew Carey to the regional perspective that attempted to mitigate the threat posed by division over the slavery issue. Westerners specifically identified the ideas of Carey in their discussions of trade and economic development, and applied the politics of vicinage expressed in Carey’s works to their own context. The legislative impasse on trade policy finally broke in 1857, when Congress passed a revised tariff that favored northeastern industrialists at the expense of the western agricultural interest. In contrast to existing historical coverage that frames this new legislation as a continuation of the turn towards free trade begun by the Walker Tariff, the Tariff

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<sup>4</sup> “Disunion. No. 1” *Courier-Journal*, August 25, 1856.

<sup>5</sup> William Belko writes that “The Tariff of 1846 signaled the triumph of the American free trade movement,” a “victory that lasted until the Civil War, when the passage of the Morrill Tariff signaled the return of protection.” *The Triumph*, 158.

of 1857 is more correctly seen as the legislative abandonment of protectionism as a coherent system of economic development.

Only months after the passage of the new tariff, Americans once again experienced a sudden and wrenching economic downturn that inspired wide-ranging debates on finance and trade. Protectionists devoted more attention to matters of banking and currency but related these discussions to their ideas on trade through a broader focus on consumption. The emergence of panic once again convinced protectionists of the imperative need for trade restriction as the only legislative solution for fostering development while at the same time preventing financial collapse. Free trade advocates, for their part, interpreted the Panic of 1857 as a natural, inevitable, and even cleansing adjustment to the American economy that primarily punished irresponsible actors who lived beyond their means. Debate over trade legislation, even in the period of panic, could not overcome the relentless controversy over the slavery issue, as the *Dred Scott* decision and events in Kansas further frayed the cords of union. In the face of this heightened sectional conflict, protectionists employed their new focus on regional development in surprising ways. Originally framed as a means of allowing slavery and free labor to coexist with minimal interaction or interference, protectionists openly discussed southern secession as a positive development for enacting their desired legislative program. This opportunistic view of disunion proved prescient when, in response to Abraham Lincoln's election in 1860, southerners launched their secession movement. Freed from southern obstruction, Republicans in Congress, led by Justin Morrill, enacted a new tariff that restored some of the protection to raw materials abandoned by the Tariff of 1857. Facing potential civil war, westerners could not consider the passage of the Morrill Tariff apart from the secession crisis. After nearly seven decades of debating whether they would have a union with or without protection, westerners now confronted the possibility of protection without union.

***“The West is no longer a frontier; it is the heart of the Union.”<sup>6</sup>***

Trade patterns in the trans-Appalachian West entered a period of flux in the 1850s. A system of railroad and canal linkages diverted a greater share of the trade around the Great Lakes

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<sup>6</sup> James Hall, *The West: its commerce and navigation* (H.W. Derby & Co., 1848), 38.

towards New York, transforming upstart Chicago into a major commercial hub.<sup>7</sup> Despite important social, political, and economic linkages between northern and western merchants and farmers within the Lakes economy, residents of the northern parts of Ohio and Indiana continued to express a definable western political economy and regional identity to an extent often overlooked by historians.<sup>8</sup> Merchants in eastern commercial hubs like Philadelphia, Baltimore, and New York proudly exerted “all their energies” in contending for the “*prize*” of western trade.<sup>9</sup> New York emerged as the primary commercial and financial market for western wheat and capital, making it the key link in connecting western farmers, merchants, and manufacturers to international trade and finance. Rather than creating a total alignment in northern and western interests, the changing trade patterns of the 1840s and 1850s confirmed to westerners that their region was the site where “North and South, East and West, must shake hands.”<sup>10</sup> Amid northern and southern sectional strife, growing commercial markets convinced westerners of the necessity of union and their central role in fostering harmony through shared interests.<sup>11</sup>

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<sup>7</sup> Marc Egnal, *Clash of Extremes: The Economic Origins of the Civil War* (Hill and Wang, 2009). Eastward shift in western commerce did also link markets in the southern part of the Ohio Valley to the Great Lakes region. The amount of goods flowing to eastern markets from Cincinnati rose dramatically as a result of rail development that linked Cleveland and Cincinnati. Scheiber, *Ohio Canal Era*, 239.

<sup>8</sup> Marc Egnal’s analysis of the economic causes of the Civil War, rooted in the formation of a northern sectional party motivated by state-sponsored economic development and free labor opposition to slavery, most clearly overlooks the persistence of western regional identity. Egnal’s interpretation suggests that the transportation improvements that fueled the rise of the Great Lakes economy fostered a convergence in northern and western interests that were arrayed against southern opposition to internal improvements and the extension of slavery. *Clash of Extremes*, 101-122. Onuf and Cayton, *The Midwest and the Nation*, 39-39.

<sup>9</sup> “The Atlantic Seaboard and the Ohio Valley. I” *Louisville Daily Courier* (Kentucky), January 14, 1853.

<sup>10</sup> “Ohio, the Centre of Population and Commerce,” *Ohio Cultivator* (Columbus) 10 (July 1, 1854). Originally published in *Railroad Record*.

<sup>11</sup> For role of sectional strife in converting Upland Southerners into Midwesterners see Etcheson, *The Emerging Midwest*, 108-126.

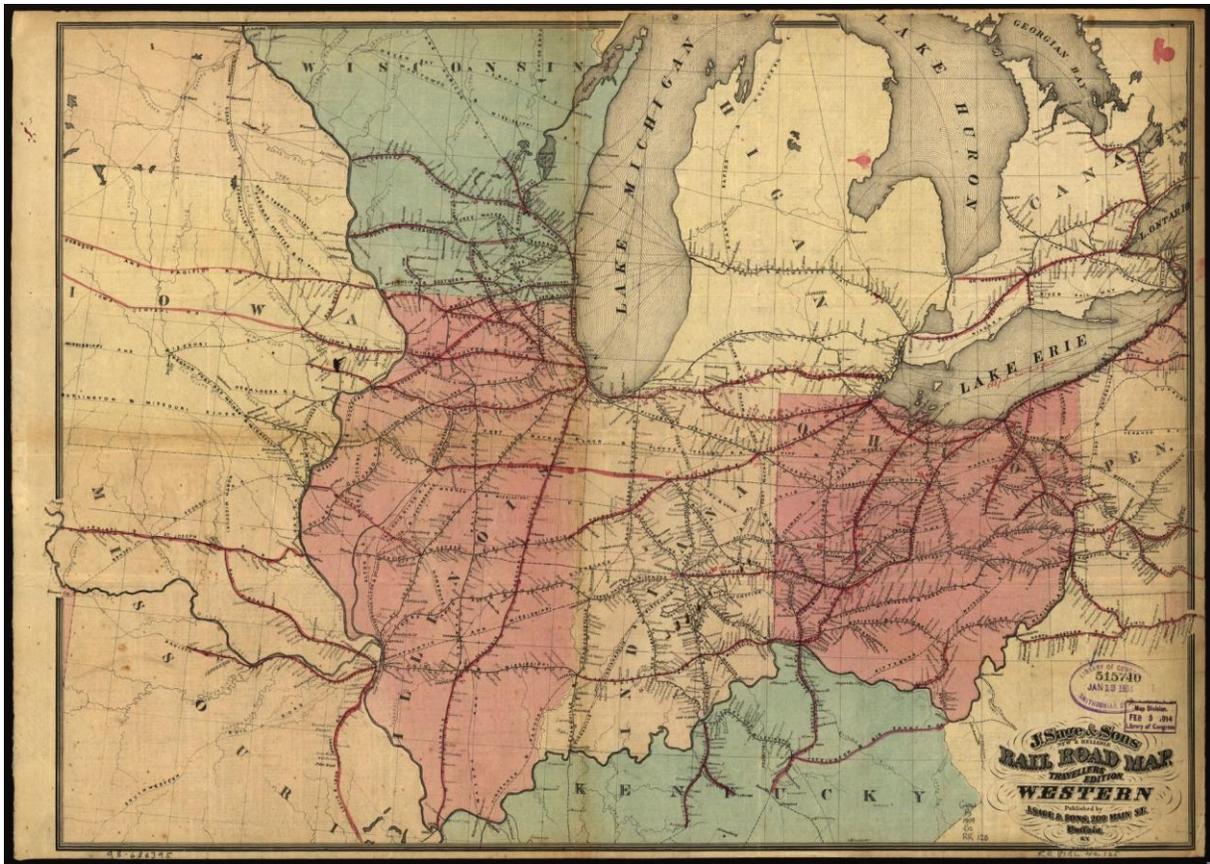


Figure 2: Railroad map of the western states<sup>12</sup>

While the Lakes economy absorbed a growing amount of commerce from the northern parts of Ohio and Indiana, the southern regions maintained a strong orientation around the Ohio River. Manufacturing hubs developed on both sides of the river, none more productive than Cincinnati, and agricultural commodities such as hemp and tobacco continued to travel southward towards New Orleans. The river economy thus brought together the labor of free whites, free blacks, and enslaved persons, which diminished the importance of the river as a border.<sup>13</sup> As historian Matthew Salafia argues, economic and social linkages across the Ohio River had important political implications during the sectional tensions of the 1850s. Conflict over fugitive slave laws and the movements of free whites and blacks did erupt into physical violence at moments, but residents both north and south of the river determined union was critical to

<sup>12</sup> *New & reliable rail road map, travellers edition, Western* (Buffalo: Sage & Sons, 1859). Accessed February 7, 2022. <https://www.loc.gov/item/98688395/>

<sup>13</sup> Salafia, *Slavery's Borderlands*, 238-241.

preserving white supremacy and economic stability. Most borderlanders committed themselves to accommodation and compromise during the conflicts over slavery, even as abolitionists and proslavery southerners radicalized. In fact, it was the very presence of division on the slavery issue, and the reality that neither pro nor antislavery advocates held a substantial majority, that created the conditions for compromise.<sup>14</sup>

Western assessments of markets and economic development in the 1850s filtered through discussions of railroad expansion, which furthered the economic changes wrought by the boom in canal building during the 1830s and 1840s. Hopes of a sprawling network of rail connecting commercial and manufacturing hubs to even the most distant and isolated hinterlands, where rivers and canals did not touch, animated much of western political economy in the 1840s and 1850s. Ambitious railway proposals not only focused eastward, but also looked to the Pacific coast in order to link the western market to China.<sup>15</sup> Promotion of railways, through public print and state legislation, was remarkably successful. The combined mileage in Ohio, Kentucky, Tennessee, and Indiana increased seven-fold in the 1850s, well above the national rate of growth. Similar to the earlier enthusiasm in canal investment, Ohio led the way both regionally and nationally, and by 1860 had more rail mileage than any other state.<sup>16</sup>

Improved transportation fueled greater industrialization, as competition introduced by new markets encouraged capital investment in labor-saving machinery.<sup>17</sup> Industrial growth in the western states also increased at a rate above the national average when measured by manufacturing

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<sup>14</sup> *Ibid.*, 215-216. Although his work maintains the free-state versus slave-state divide that Salafia challenges, Christopher Phillips' coverage of the sectional crisis in the western states also emphasizes the extent to which westerners viewed themselves as a distinct region free from the extremes of southern proslavery radicalism and northern abolitionism, *The Rivers Ran Backward: The Civil War and the Remaking of the American Middle Border* (Oxford University Press, 2016), 83-113. Also useful is Robert Goebel's study of union meetings that unfolded in Louisville, Columbus, and Cincinnati, which demonstrated westerners' conviction that "they could safeguard the Union from Northern abolitionism, and Southern secessionism." Robert Goebel, "'The Men of the West Want No Disunion': The 1860 Union Meetings in Louisville, Columbus, and Cincinnati," *Ohio Valley History* 21 (Fall 2021): 3. My analysis aligns with coverage of western compromise and accommodation on political issues especially. However, historian Stanley Harrold illuminates the extent to which the border between free and slave states was a site of physical conflict and violence fueled by fears of abolitionism, slave escapes, and the attempts to recapture or kidnap African Americans. While this division and physical conflict was certainly important, my focus on the political economy of trade policy reaffirms a shared vision of economic development that fueled a coherent western view of free trade and protectionism in the 1850s. Stanley Harrold, *Border War: Fighting Over Slavery before the Civil War* (University of North Carolina Press, 2010)

<sup>15</sup> "Steam Communication with Asia." *Louisville Daily Courier*, May 23, 1848.

<sup>16</sup> Kentucky lagged the other states significantly in rail development, having only 534 miles completed by 1860, but still managed a six-fold increase in mileage. Taylor, *Transportation Revolution*, 79.

<sup>17</sup> Scheiber, *Ohio Canal Era*, 236. Also useful is William F. Gephart, "Transportation and Industrial Development in the Middle West" (PhD diss., Columbia University, 1909), 242-264.

output per capita. Flour milling and meat packing led the way in industrial output, as greater access to eastern and Atlantic markets encouraged the emergence of larger firms on both sides of the Ohio River.<sup>18</sup> Railroad construction also encouraged residents of western commercial hubs to look to their rivals within the trans-Appalachian West when analyzing their industrial development. When promoting a railroad between Lexington and Louisville, the *Louisville Courier* was certain that “if industry knows that its rewards are sure,” through reliable access to markets, “it will multiply itself in every conceivable way.” Manufacturing improved by transportation would allow Louisville to remove itself from its “humble position” as “a tributary to Cincinnati,” and emerge as a legitimate rival in industry.<sup>19</sup> Competition spurred by transportation and industrialization framed western ideas about their internal political economy and how they responded to political debates over trade in the antebellum era.

Political and economic conditions created little momentum for actual legislative action on the tariff after the 1846 passage of the Walker Tariff. Commercial prosperity, exhaustion on the trade issue, war with Mexico, and the crisis over the extension of slavery into western territories all combined to reduce conflict over trade policy in Congress. Still, western protectionists never abandoned their interest in keeping markets closer to home, and they trusted that a responsibly constructed trade policy could create revenue *and* protect certain industries. Others applied the posture of accommodation and compromise and saw the ways in which western access to growing markets achieved the same goals of protectionism without the legislative initiatives. The most optimistic of rail promoters argued railroad construction offered the “solution of the problems of free trade and prohibitory tariffs” by opening the western market and promoting economic diversification.<sup>20</sup> Westerners committed to a politics of vicinage that reduced the physical distance between producer and consumer saw the path to economic diversification both in a protective tariff as well as in transportation improvements. Blocked by southern obstruction, protectionists resolved that “natural forces” were working “to bring about the results which we would hasten by legislation.”<sup>21</sup> Despite a decade of relative calm on the tariff issue, westerners maintained a focus on regional economic diversification rooted in access to stable markets.

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<sup>18</sup> Fred Bateman, James D. Foust, and Thomas J. Weiss, “Large-Scale Manufacturing in the South and West, 1850-1860,” *The Business History Review* 45 (Spring, 1971): 3-9.

<sup>19</sup> “Louisville and her Enterprises,” *Louisville Daily Courier*, August 16, 1848.

<sup>20</sup> “The Railroad,” *ibid.*, October 12, 1848.

<sup>21</sup> “The Tariff—Manufactures.—” *Louisville Journal*, October 23, 1851.

The increasingly sectional nature of the tariff played a key role in muting western demands for a revision in trade policy. Southern commitment to free trade and northern interest in raising duties primarily on manufactured goods created little room for compromise among westerners who desired a systematic legislative program that protected both raw agricultural commodities as well as manufactured goods. Lack of anger towards the free-trade obstructionism of southerners can also be explained by the promise westerners saw in southern calls for constructing railroads and encouraging industrial development. Southern interest in industrial development was motivated, to a large degree, by the need to reduce, or cut off entirely, commercial ties with northern manufacturers and bring “the South in direct commercial intercourse with distant countries.”<sup>22</sup> Convinced of the economic superiority of the global cotton trade, southerners believed direct commercial ties with Europe would spur industrial development domestically.<sup>23</sup> Westerners applauded southern interest in “the *diversity of industrial pursuits*” and saw an opportunity to form an alliance in which the western states supplanted the role of northern and European manufacturers by importing southern cotton for textile production while southerners consumed a greater amount of western foodstuffs.<sup>24</sup> Through this alliance, rivers and rails would eventually “connect the whole great Valley of the Mississippi with the Southern Atlantic sea-board.” Even the potentially divisive political battles over slavery, on which westerners claimed to “occupy *neutral ground*,” could not sever the interests that “forever” linked “the West and the South together.”<sup>25</sup> A shared commitment to a dynamic and stable western market appeared as a suitable palliative to sectional discord.

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<sup>22</sup> The Southern Central Agricultural Association called for a “Convention of Southern Planters” to take place in 1852 in order to discuss measures for commercial independence. See, *Transactions of the Southern Central Agricultural Society* (Benjamin F. Griffin, 1852), 389-397. For western response to this convention see “Southern Agricultural Convention.” *Ohio Cultivator* 8 (December 1, 1852). Articles in *De Bow’s Review* regularly called for southern economic development and commercial independence. For example, “The Times are out of Joint,” *De Bow’s Review* 23 (December, 1857). For broader political contextualization of southern commercial thought see Schoen, *Fragile Fabric of Union*, 201-213; Matthew Karp, *This Vast Southern Empire: Slaveholders at the Helm of American Foreign Policy* (Harvard University Press, 2016), 129-141. Also useful is Weymouth T. Jordan, “Cotton Planters’ Conventions in the Old South,” *The Journal of Southern History* 19 (Aug., 1953): 321-345.

<sup>23</sup> Schoen, *Fragile Fabric of Union*, 201-213.

<sup>24</sup> “Southern Agricultural Convention.” *Ohio Cultivator* 8 (December 1, 1852).

<sup>25</sup> “Indiana.” (E.M. Huntington), “Manufacturing advantages of the Lower Ohio,” *De Bow’s Review* 5 (Jan. 1848).

***“We desire that each State may be, as far as may be, within itself a nation”<sup>26</sup>: Trade and the Politics of Vicinage***

Visions of western economic diversification bolstered by commercial ties with southern cotton planters actually aligned with ideas of development promoted by protectionist political economists of the antebellum period, even as they omitted the tariff. Lack of political conflict over trade policy from 1846 to 1857 has led historians to give limited attention to the evolutions in protectionist thought during this period.<sup>27</sup> Paradoxically, at the same time Congress lost its appetite for tariff reform, protectionist political economy entered a period of innovation and creative flourishing. No political economist achieved greater fame than Henry Charles Carey, whose voluminous writings inspired both intense praise and criticism even when actual legislative action on trade policy seemed unlikely. Carey’s influence also carried through an extensive network of lobbyists and politicians that allowed him to play a direct role in shaping tariff policy in the antebellum era. Through his mobilization of ideas and interests, Carey took up the protectionist mantle from Henry Clay and his father Mathew Carey, and elaborated a system of development that appealed to westerners for their own regional political economy.

Readers of Carey’s early writings would have been surprised by his eventual emergence as the leading voice of protectionism. In his first work on political economy, the 1835 *Essay on the Rate of Wages*, Carey positioned himself as a proponent of Smithian laissez-faire who considered all government restrictions as “injurious” and desired to see “the end of protective tariffs.”<sup>28</sup> The financial chaos of the Panic of 1837, and the subsequent recovery after the passage of the Tariff of 1842, convinced Carey that his dismissal of the protective policy failed to appreciate the insidious influence of foreign governments on American trade. Open markets, Carey now believed, allowed foreign merchants and manufacturers to siphon off American goods without any promise of reciprocity, which prevented balanced economic development and exposed American producers to sudden calamity when distant circumstances reduced demand. A protective tariff became the

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<sup>26</sup> “The Tariff of 1846” *The American Whig Review* 6 (September, 1850).

<sup>27</sup> Existing narratives of tariff politics emphasize the lack of political movement on the tariff, which limits the importance attached to the evolutions in protectionist political economy that occurred throughout the 1840s and 1850s. For example see Ha, *The Rise and Fall of the American System*, 128-132; Bolt, *Tariff Wars*, 187-191. Peter and Nicholas Onuf are exceptional in the attention they devote to protectionism in *Nations, Markets, and War*, 278-307. As will be addressed throughout the chapter, my interpretation of the relationship between protectionism and union, as expressed through the writings of Henry Carey, contrasts starkly with this existing scholarship.

<sup>28</sup> Henry C. Carey, *Essay on the Rate of Wages: With an Examination of the Causes in the Differences in the Condition of the Labouring Population throughout the World* (Philadelphia: Carey, Lea & Blanchard, 1835), 254-255, 9.

central focus of Carey's political economy, to the extent that his critics mocked the seemingly magical powers Carey attributed to trade legislation.<sup>29</sup>

Carey rooted his promotion of protective tariffs in a novel vision of development that tailored political economy to the context of the United States.<sup>30</sup> His seminal 1847 publication, *The Past, the Present, and the Future*, challenged the dismal prognostications of David Ricardo and Robert Malthus, who tied economic development and population growth to soil depletion, starvation, and diminishing wages. In contrast, Carey followed "Man" in the progression from crude beginnings in relative isolation to a flourishing community of farmers and handicraft producers living side by side. Rather than a story of declining wages and diminishing returns from agriculture, Carey argued that diversification and development actually fueled widespread prosperity. This reversal of classical political economy relied on Carey's novel insight that the richest soils were located in areas that required investment for settlement, usually swampy lowlands or dense forests, and could not be cultivated in the first stages of society. The first attempts at development thus occurred on the least fertile soils, and as farmers advanced beyond their initial settlements they could anticipate increasing agricultural yields that would then foster balanced community development as the needs and wants of residents became more complex.<sup>31</sup>

The optimistic vision of future development offered in Carey's works appealed to Americans who found little useful in the dismal predictions of Ricardo and Malthus. This

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<sup>29</sup> One contemporary critic of Carey's focus on the tariff mockingly asserted that Carey "believes that, without a tariff, the sun will not here ripen wheat, fire will not melt iron ore, steam and water will not turn wheels." *National Era* (Washington, DC), Jan. 21, 1858.

<sup>30</sup> For discussions of Carey's political economy, which most often offer a biography of his ideas in isolation, see: Andrew Dawson, "Reassessing Henry Carey (1793-1879): The Problems of Writing Political Economy in Nineteenth-Century America." *Journal of American Studies* 34 (December 2000): 465-485; A. D. H. Kaplan, *Henry Charles Carey: A Study in American Economic Thought* (Baltimore: Johns Hopkins University Press, 1931); James L. Huston, "Abolitionists, Political Economists, and Capitalism," *Journal of the Early Republic* 20 (Fall 2000): 487-521; James L. Huston, "A Political Response to Industrialism," 35-57; Gerald F. Vaughn, "Institutional Economics and Community Development: The Pioneering Roles of Henry C. Carey and Van Buren Denslow," *Journal of Economic Issues* 31 (September 2003): 681-696; Ariel Ron, "Henry Carey's Rural Roots, 'Scientific Agriculture,' and Economic Development in the Antebellum North," *Journal of the History of Economic Thought* 37 (2015): 263-276; Stephen Meardon, "Henry C. Carey's 'Zone Theory' and American Sectional Conflict," *Journal of the History of Economic Thought* vol. 37 (2015): 305-320; Paul Keith Conkin, *Prophets of Prosperity: America's First Political Economists* (Bloomington: Indiana University Press, 1980), 263-274; Huston, *Securing the Fruits of Labor*, 180-182; Arthur M. Lee "Henry C. Carey and the Republican Tariff," *The Pennsylvania Magazine of History and Biography* 81 (Jul., 1957), 280-302. The most extensive analysis of Carey and the sectional conflict is George Winston Smith, *Henry C. Carey and American Sectional Conflict* (University of New Mexico, 1951). For importance of Carey in tailoring ideas about population growth and economic development to the American context see Calvo, *The Emergence of Capitalism*, 180-191.

<sup>31</sup> Henry C. Carey, *The Past, the Present, and the Future* (Philadelphia: Carey & Hart, 1848), 1-17.

Americanization of political economy has rightly led historians to include Carey within discussions of economic nationalism, but the careful ways in which Carey constructed the nation has not always received enough consideration.<sup>32</sup> Unlike Henry Clay and Mathew Carey before him, Henry Carey did not envision an integrated national economy in which manufacturing, agriculture, and commerce were divided among the distinct sections.<sup>33</sup> Rather, Carey's system operated on a local and regional basis, in which each region achieved a level of self-sufficiency by cultivating agriculture and industry together. Physical distance or proximity was central to Carey's understanding of development, and when he discussed bringing the consumer next to the side of the producer he meant it in its most literal sense.<sup>34</sup> In a period of sectional division, Carey removed the necessity of looking to distant strangers for exchange by elevating the importance of "diversity of employments *within the States*," and a harmony of localities.<sup>35</sup>

The shift from a nationally-oriented system of development to the local and regional system of Henry Carey aligns with contemporary economic scholarship on perspectives of trade and tariffs. As discussed in Chapter 4, assessments of trade policy during the 1830s and 1840s filtered through an increasingly international lens as a result of globalization in American trade. In his examination of protectionism in the twenty-first century, economist Dani Rodrik demonstrates that globalization has a paradoxical effect in heightening local and regional identities. Rather than identifying as members of a "global citizenry," integration in international markets makes borders, and the states that construct and reify them, more relevant and, among some groups, desirable.<sup>36</sup> Communicated in one western source in 1857, the free trade vision of the world as "one great, comprehensive fraternity" was a "utopian idea" that ignored the duty of the American government

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<sup>32</sup> Onuf and Onuf, *Nations, Markets, and War*, 280-285; Calvo, *The Emergence of Capitalism*, 185-186, 190-191.

<sup>33</sup> As discussed in Chapter 2, Clay and Mathew Carey's American System envisioned national integration that linked northern manufactured goods, southern cotton, and western foodstuffs.

<sup>34</sup> Carey's emphasis on proximity made him skeptical of westward expansion, colonization, and excessive transportation improvement. This put his political economy in direct opposition to the imperialism of other protectionists, most significantly Friedrich List. For coverage of List see Palen, *The Conspiracy of Free Trade*, 6-11.

<sup>35</sup> Henry C. Carey, *Principles of Social Science* (3 vols., J.B. Lippincott & Co., 1858-1859), 3: 449-450. This argument aligns, to a degree, with Marc Egnal's analysis of representatives of the lake economy and New England. Egnal describes the support for internal improvements among these politicians as the outcome of a "nationalist ideology that...was particularly regional." However, my analysis does not consider Carey's political economy as a regional ideology imposed on the entire nation. Rather, Carey argued a nation filled with loosely linked home markets allowed multiple regional economies, rather than supporting one interest under the guise of the national interest. Egnal, *Clash of Extremes*, 119.

<sup>36</sup> Dani Rodrik, *Straight talk on Trade: Ideas for a Sane World Economy* (Princeton University Press, 2018), 15-47.

to “stimulate our domestic industry to produce for ourselves as far as possible all that we need.”<sup>37</sup> Protectionist political economy in the antebellum era reconciled with fundamental questions of sovereignty, democracy, and economic globalization that motivated an embrace of union as filtered through the politics of vicinage.

Carey’s localist vision of economic nationalism aligned perfectly with the discussions of western development fostered by closer commercial relations with southern planters. Praise for Carey’s doctrines from western sources specifically highlighted the importance Carey attached to bringing “the producer and consumer into the closest possible proximity.” Although Carey attached his emphasis on vicinage to the tariff, westerners applied Carey’s insights in their emphasis on “the immense value of a local market” to transportation improvements.<sup>38</sup> Railroads linking Louisville, Nashville, and Columbus, and other similar improvement projects, would carry southern cotton to western manufacturing hubs and return western grain and textiles made in mills. Rather than looking to more distant manufacturers in Britain or New England, southern planters could look to western producers who would develop alongside their ties to southern markets.<sup>39</sup> Western commentators were explicit that this system, even though it was divorced from actual discussions of protective legislation, aligned with Carey’s vision of local and regional economic development.

Critics of protectionism and Carey’s doctrines both nationally and in the western states also focused on the issue of vicinage. In their assessments, measuring the harmony between consumer and producers by physical distance violated both environmental differences that supported competitive advantages and social relations that fostered harmony across artificial borders. Southern objections to protectionist emphasis on vicinage employed both arguments. In a review of Henry Carey’s *Harmony of Interests*, prominent southern essayist Louisa Susannah Cheves McCord contended that Carey’s “whole argument turns upon the necessity of vicinage,” which prevented southerners from trading with “nations whose habits, custom, produce and daily circumstances of life, render it most convenient and profitable.”<sup>40</sup> In the context of cotton

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<sup>37</sup> “Domestic Industry,” *Louisville Journal*, October 31, 1857.

<sup>38</sup> “The Past, the Present, and the Future,” *Louisville Daily Courier*, August 22, 1848

<sup>39</sup> In a laudatory review of Carey’s *The Past, the Present, and the Future* the *Louisville Daily Courier* hoped “the people of the West” would realize Carey’s ideas showed “the prosperous and glorious future that is fast coming upon them.” The fulfillment of Carey’s system through western industrial development, this author predicted, would lead southerners to realize “the full value of its cotton lands” through greater trade with western farmers and manufacturers. *Ibid.*

<sup>40</sup> *The Southern Quarterly Review* 24 (Jan., 1854).

production especially, promoters of southern international trade argued there was “nowhere on earth” where the growth of raw cotton and production of cotton textiles could “co-exist, on or near the same spot.”<sup>41</sup> The effects of enacting policies that distorted economic and social linkages across local, state, and national boundaries were not benign. Free trade advocates located the origins of sectional tension in the attempt to impose distance as a measure of natural harmony among consumers and producers through onerous tariffs. The central purpose of the market revolution, for supporters of free trade, was to reduce the role of distance as an obstacle to prosperity through improvements in commerce, finance, and industry. Imposing distance and proximity as a measure of harmony betrayed the promise free trade advocates saw in market-oriented growth and undermined the legitimacy of governmental authority.

The competing free trade and protectionist assessments of the politics of vicinage had important implications as the various controversies over the extension of slavery fueled sectional tension in the 1840s and 1850s. Both free trade advocates and protectionists confronted the challenge of establishing a uniform trade policy for a nation that appeared to be in the process of fracturing. This challenge was greater for protectionists for two reasons. First, they were the most recent losers in the ongoing tariff wars, and political instability provided little incentive for reviving another divisive issue. Second, sectional hostilities threatened the protectionist embrace of expansive governmental authority because of the connection between southern laissez-faire ideology and slavery.<sup>42</sup> As a result, calls for federal action in handling public lands, internal improvements, and protective tariffs became embroiled in controversies over slavery. Support for protection among both the free and slave states along the Ohio River ensured that conflict over the tariff was not simply a proxy for sectional tension over slavery, but the competing ideas of distance expressed in free trade and protectionist arguments were inevitably forced to adapt amid heightened calls for disunion.

For Henry Carey, the sectional crisis was rooted in a misguided trade policy that forced southerners to seek expansion rather than foster local development. Backed by voluminous statistics and an array of charts, Carey aimed to prove southerners faced diminishing returns from

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<sup>41</sup> *De Bow's Review* 22 (March 1, 1857). This article was written by I.T. Danson and shared among southern planters before finding its way into the pages of *De Bow's Review*. Western sources also advocated for the “manifest law of nature” that supported “a mutual exchange of those articles which each nation could produce with the greatest facility.” “A High Protective Tariff,” *Cincinnati Enquirer*, February 9, 1855.

<sup>42</sup> Schoen, *Fragile Fabric of Union*, 100-102.

exhausted soils because they organized their system of plantation slavery entirely around producing cotton for export to Britain. Intense cotton planting and a singular devotion to the British market made the extension of slavery, in the minds of southern enslavers, a matter of survival. While advocating his system of protection, Carey openly declared that he was “no abolitionist,” and ensured southerners he was not opposed to slavery on political or moral grounds.<sup>43</sup> Carey saw enslaved persons as no different than poor laborers whose desperate condition resulted from a lack of skills associated with a singular focus on agriculture.<sup>44</sup> For northern abolitionists, Carey argued that measures targeting the territorial extension of slavery were misguided. Instead, “ten years” of protective legislation that fostered southern industrial development “would do more towards solving [the slave] question...than ‘free soil’ votes and Wilmot ‘provisoos’ could accomplish in a century.”<sup>45</sup> Carey emphasized that protection would relieve southerners of their dependence on the British market and their constant need for territorial expansion by diversifying agriculture and industry for local exchange. Importantly, utilizing the labor of enslaved persons posed no problem for Carey’s system, as the key to solving the political problem over slavery in Congress depended more on encouraging southern economic development than any focus on the institution of slavery or the plight of enslaved persons themselves.<sup>46</sup>

Residents of the Ohio Valley took a more hostile tone than Carey to “the diabolical desires and ambitions” of northern abolitionists and Congressional members who stirred controversy over slavery in Congress and flamed the “spirit of disunion.”<sup>47</sup> Those in southern Ohio and Indiana did resent the Fugitive Slave Act and subsequent incursions north of the Ohio River that sometimes turned violent, but they argued that actions by “the South” that “sectionalized the Union” were a response to “aggravations...instigated by Abolition fanaticism and political aggressiveness.”<sup>48</sup> The beginning of the 1850s provided an indication that western political leaders joined a racially exclusive view of African Americans with their sympathy towards the plight of southerners. Starting in 1849, Kentucky, Ohio, and Indiana legislators embarked on the project of revising state

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<sup>43</sup> Henry Charles Carey, “On the Two Causes of Existing Difficulties,” *Plough, the Loom, and the Anvil* 3 (July, 1850), 37.

<sup>44</sup> Carey argued that “the only real difference between the freeman and the slave is, that the former trades for himself his labor and his products, and in the latter another does it for him.” “What Constitutes Real Freedom of Trade?” *American Whig Review* 6 (Aug. 1850): 132.

<sup>45</sup> Henry Charles Carey, “The Slave Question,” *Plough, the Loom, and the Anvil* 1 (Jan. 1849): 411.

<sup>46</sup> As George Winston Smith writes, “slavery was for Carey never a separate question, but rather one phase of a more inclusive problem.” *Henry C. Carey*, 25.

<sup>47</sup> “Excitement in the South,” *Cincinnati Enquirer*, September 6, 1856.

<sup>48</sup> “What Constitutes and Abolitionist?” *Ibid.*, June 19, 1855.

constitutions, and nearly all placed harsher restrictions on the movement and presence of African Americans in the western states. Legislators saw these provisions as critical for mitigating potential conflict with southern enslavers who aggressively pursued suspected runaway laborers, but they also illuminated the racially exclusive vision of democracy embraced by westerners. Although residents in both free and slave states throughout the trans-Appalachian West publicly expressed misgivings about the institution of slavery, they remained committed to a vision of union that compromised with southern enslavers and opposed the incendiary rhetoric of northern abolitionists.<sup>49</sup>

At the same time that many westerners sought accommodation with their southern neighbors on the slavery issue, political developments spurred an alliance of New England abolitionists and westerners concentrated in the Great Lakes region who laid the foundation for the emergence of an explicitly sectional antislavery party. A galvanizing moment for the new party came in 1854 with the passage of the Kansas-Nebraska Act, which more than any single event demonstrated the explosive potential of the sectional crisis.<sup>50</sup> Upon passage, this controversial bill effectively repealed the boundary on slavery enacted by the Missouri Compromise of 1820 by allowing for the possible extension of slavery into the newly created Kansas territory.<sup>51</sup> Westerners who previously joined with southerners in their opposition to northern abolitionism felt “betrayed” by the passage of the Kansas-Nebraska bill, which “uprooted” their “confidence in Southern political faith.”<sup>52</sup> However, most westerners focused on the economic reality, as they viewed it, that slavery was unlikely to be profitable in Kansas, which rendered northern concerns about the possible spread of slavery moot.<sup>53</sup> Still, the political calculus shifted in favor of an antislavery party as more westerners embraced the economic message of preserving western commercial agriculture against an increasingly aggressive slave power.<sup>54</sup>

The emergence of a new political party gave no added importance to the tariff issue immediately. Republicans ignored the tariff in their first platforms and focused instead on

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<sup>49</sup> Harrison and Klotter, *A New History of Kentucky*, 117-119; Salafia, *Slavery's Borderland*, 222-227; Silvana R. Siddali, *Frontier Democracy: Constitutional Conventions in the Old Northwest* (Cambridge University Press, 2016), 1-13.

<sup>50</sup> Christopher Phillips, *The Rivers Ran Backward*, 90.

<sup>51</sup> Holt, *The Political Crisis of the 1850s*, 147-149.

<sup>52</sup> Quoted in Stephen Maizlish, *The Triumph of Sectionalism: The Transformation of Ohio Politics, 1844-1856* (Kent State University Press, 1983), 190; See also, Matthews, *More American Than Southern*, 130-133.

<sup>53</sup> For example, see “Disunion. No. 1” *Courier-Journal*, August 25, 1856.

<sup>54</sup> Egnal, *Clash of Extremes*, 205-222; Huston, *The British Gentry*, 237.

opposing the extension of slavery and supporting internal improvement projects.<sup>55</sup> Western friends of the new Republican party objected especially to the commercial and agricultural realities of plantation slavery. Their position in the Great Lakes economy motivated a support for internal improvements that channeled western commerce towards New York, and southern opposition to these improvement projects inspired intense animosity among some westerners. Additionally, western “free soil” farmers wanted unsettled land reserved for their own offspring rather than the endless extension of plantation slavery. Such economic, self-interested objections to southern slavery advanced neither moral objections to slavery nor interest in racial equality.<sup>56</sup> Horace Greeley, the influential editor of the *New York Tribune*, made the centrality of economic issues clear when he posited that an “Anti-Slavery man *per se* cannot be elected; but a Tariff, River-and-harbor, Pacific Railroad, Free-Homestead man, *may* succeed *although* he is Anti-Slavery.”<sup>57</sup> The Republican party remained small in its early years, but achieved its first successes in Ohio, led by Samuel P. Chase, where an expansive commercial-agricultural vision of development appealed especially to those within the Great Lakes region.<sup>58</sup>

### ***“Theoretically it is not much of anything”: The Tariff of 1857***

After the immediate conflict over the Kansas-Nebraska Act subsided, early discussions of the possible need for tariff reform began appearing in regional and national prints. These discussions often highlighted and responded to Treasury reports that offered revisions for trade legislation in response to growing federal surpluses in revenue. Treasury Secretary James Guthrie, a Kentucky Democrat serving in James Buchanan’s administration, recommended removing all duties on goods admitted freely by the recently enacted English tariff in his 1854 report. In addition to reducing revenue, Guthrie hoped his changes would foster the commitment to international free trade signaled both by the English tariff and also by the reciprocity treaty between Canada and the

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<sup>55</sup> Peart, *Lobbyists*, 166.

<sup>56</sup> Michael F. Holt, *The Political Crisis of the 1850s* (University of Virginia Press, 1978), 188.

<sup>57</sup> Quoted in Egnal, *Clash of Extremes*, 227.

<sup>58</sup> My interpretation of the formation of the Republican Party is influenced heavily by works that prioritize economic conditions and demands of westerners over social and cultural concerns. This includes Marc Egnal, *Clash of Extremes*, 205-257; and James L. Huston, *The British Gentry, the Southern Planter, and the Northern Family Farmer: Agriculture and Sectional Antagonism in North America* (Louisiana State University Press, 2015), 208-239; James L. Huston, *Calculating the Value of the Union: Slavery, Property Rights, and the Economic Origins of the Civil War* (University of North Carolina Press, 2003), 113-118, 176-212; Palen, *The “Conspiracy” of Free Trade*, 28-29. Also useful is Maizlish, *The Triumph of Sectionalism*. For a leading ethnocultural interpretation see Cayton and Onuf, *The Midwest and the Nation*, 84-92.

United States passed earlier in the year. The most controversial item proposed by Guthrie for admission to the free list was raw wool valued under ten cents per pound, which aided manufacturers of woolen products at the expense of raw wool producers who would have to compete against the lowest priced foreign imports. Although this plan preserved some protection for industrial interests alone, it reflected Guthrie's commitment to a free-trade, revenue standard that rejected a broader system of protection for American producers.<sup>59</sup>

Advocates for western agricultural interests bristled at the suggestion of abandoning protection for raw goods produced by western farmers. The *Ohio Cultivator*, for example, typically avoided specific political or policy questions, an intentional act by editors Michael Bateham and Sullivan Harris, but Guthrie's suggestion prompted a rare rebuke that detailed the need for continued legislative protection for western farmers. Harris, who by 1856 was the sole editor of the *Cultivator*, argued that reduced protection for wool would force western wool producers to compete "with foreign producers" while paying taxes themselves on imported manufactured goods.<sup>60</sup> Although free trade advocates framed Guthrie's plan as supportive of laissez-faire principles, Harris considered the unjust burden a form of government interference. This article prompted a reply from Samuel Williams, a New York-based farmer and frequent contributor to the *Cultivator*. Williams rejected the alarmism of Harris and other agriculturists worried about the proposed tariff modification, and embraced the idea that legislative favor to manufacturers inherently benefitted farmers. Providing woolen manufacturers with cheaper raw materials, Williams argued, without explication, reduced competition for both farmers and manufacturers, allowing "American wools" to "compete successfully...in the markets of the world."<sup>61</sup> The competing arguments offered by Williams and Harris reveal how perspectives of distance played out in regional, trade-oriented prints. Protectionist emphasis on proximity, vicinage, and localism aligned with Harris's interest in linking farmers and manufacturers within a home market free from foreign competition. The impulse for industrial supremacy in global markets, on the other hand, encouraged a narrower support for legislative promotion of manufacturing that Williams could tie only ambiguously to improved conditions for farmers.

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<sup>59</sup> S. Exdoc. No. 749, 33<sup>rd</sup> Cong., 2<sup>nd</sup> Sess. 7-9, 37-44.

<sup>60</sup> "Free Importation of Wool." *Ohio Cultivator* 12 (April 15, 1856).

<sup>61</sup> "Protection of Wool and Woolens." *Ohio Cultivator* 12, (June 1, 1856).

Congress finally took up tariff reform in 1857. Commercial prosperity created momentum for a downward revision in rates because of the enormous surplus revenues accumulating in the federal treasury. Still, industrialists in Congress were powerful enough to preserve moderate protection for iron and textile manufacturers. Northern Democrats and representatives from Pennsylvania focused on maintaining moderate rates for wool, iron, and cotton manufactures, while reducing rates on raw materials to provide manufacturers with cheaper inputs. Western legislators remained in favor of a broader system that protected both agricultural commodities and manufactured goods, a reflection of the balanced economic diversification westerners envisioned for their own regional political economy. Southerners aggressively pushed for a free trade, revenue-only measure with no suggestion of protection for industrial interests. Industrialists ultimately garnered enough votes for protection of iron and textile manufacturers by sacrificing their western allies and decreasing the protection offered to raw agricultural goods like flax and wool.<sup>62</sup> The version of the tariff passed by the House maintained the rates on manufactured goods enacted by the Walker Tariff while adding wool valued under fifteen cents to the list of goods admitted freely.<sup>63</sup>

The passage of the Tariff of 1857 marked the legislative abandonment of protectionism as a system that supported both commercial agriculture and industrial interests. Instead, the new legislation marked the beginning of a decades-long commitment to industrial protectionism that would reach its height in the decades after the Civil War.<sup>64</sup> This shift did not go unnoticed or unchallenged. In the report that laid out the framework for the Tariff of 1857, Ohio Representative Lewis D. Campbell stated explicitly his intention of crafting a protective policy that reduced the revenues of the federal government while maintaining protection for manufactured woolen and cotton goods. Throughout debate on the subsequent bill, Campbell regularly stated his commitment to the protectionist idea that “a nation must govern itself” through tariff legislation

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<sup>62</sup> A useful overview of this dynamic can be found in Richard Hofstadter, “The Tariff Issue on the Eve of Civil War,” *The American Historical Review* 44 (Oct., 1938): 50-55.

<sup>63</sup> These provision were later modified by the Senate and Committee of Conference. Overall rates on manufactured goods were reduced and the minimum on wool admitted freely was increased to twenty cents.

<sup>64</sup> Historians have typically labeled the Tariff of 1857 as another step towards a free-trade standard begun by the Walker Tariff of 1846. However, as this chapter explores, this framing emphasizes the general decline in rates rather than the novel step of maintaining moderate protection of manufactured goods while adding raw materials to the free list. Taussig, *The Tariff History*, 115, 157; Irwin, *Clashing over Commerce*, 205; Palen, *The Conspiracy of Free Trade*, 3. Edward Stanwood notes the “remarkable fact in the history of protection in the United States that the lowest tariff enacted by Congress during the nineteenth century was established...at the urgent solicitation of manufacturers...” *American Tariff Controversies* 2: 109.

“or its neighbors will...for their own purposes and profit.”<sup>65</sup> For Campbell, industrial protection encouraged competition in global markets while limiting the influence of foreign rivals. This vision contrasted with the commitment of Carey and other protectionists to a politics of vicinage that promoted exchange between domestic agricultural producers and manufacturers. Campbell was exceptional among westerners in that he embraced protectionism primarily to promote industry rather than preserve a balanced market. His fellow Ohioan Benjamin Stanton lamented that Campbell’s legislation “assumed that manufactures are the only proper subjects of protection.” Because the new tariff lacked a vision of the home market as an integrated system, it did not meet Stanton’s standard for a protective measure, and instead appeared as little more than a “manufacturers’ bill.”<sup>66</sup> Divided by the meaning they attached to distance, both supporters and opponents of the new tariff declared themselves committed to the principle of protection while split on what a protective political economy actually meant.

Proponents of the new tariff were able to overcome the division among northern and western protectionists and opposition from southern free trade advocates. The strongest opposition came from representatives of the cotton and tobacco South, who cast thirty-two votes against the bill and only five in favor.<sup>67</sup> Representatives of the trans-Appalachian West were more split, but contributed nearly twice as many votes in opposition, a reflection of their revulsion to abandoning protection for agricultural commodities.<sup>68</sup> Although some supporters of the new tariff argued it constituted “a strong tendency...toward free trade,” it more accurately demonstrated the ability of northeastern and Atlantic industrialists to promote their interests over western and southern opposition.<sup>69</sup> As one western source framed it, “the new Tariff is practically a sort of compromise between free trade and protection. Theoretically it is not much of anything.”<sup>70</sup> In abandoning the

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<sup>65</sup> *H.R. Doc. No. 342*, 34<sup>th</sup> Cong., 1<sup>st</sup> Sess. 26.

<sup>66</sup> *Cong. Globe, app.*, 34<sup>th</sup> Cong., 3<sup>rd</sup> Sess. 185.

<sup>67</sup> This vote total comprises votes of Representatives from Alabama, Georgia, Louisiana, Mississippi, South Carolina, and Virginia. For this and following vote totals see *Cong. Globe*, 34<sup>th</sup> Cong., 3<sup>rd</sup> Sess., 791. In his analysis of the Tariff of 1857 William Bolt similarly asserts that “the voting pattern suggests that House members saw the bill as a protective measure.” *Tariff Wars*, 195. Daniel Peart offers a different assessment of the sectional and partisan breakdown because of his focus on the vote to approve the version of the bill agreed to by the Committee of Conference rather than the initial measure passed by the House of Representatives. Regardless of which vote to consider, Peart recognizes that “protectionist opinion of the bill was less united than it had been in 1846.” *Lobbyists*, 169-171.

<sup>68</sup> Consistent with the analysis of previous tariffs, this accounts for the votes of Indiana, Kentucky, Ohio, and Tennessee, which voted 17-30 in opposition to the tariff.

<sup>69</sup> “Free Trade vs. Protection,” *Cincinnati Enquirer*, February 26, 1857.

<sup>70</sup> *Louisville Journal*, April 18, 1857

framework of previous tariffs, the Tariff of 1857 limited the mobilization of protectionism as a system that harmonized commercial, financial, agricultural, and industrial development. Naked industrial protectionism dominated policy in the decades after the Civil War, but northeastern and Pennsylvania industrialists had succeeded in narrowing the use of government favor long before postwar interest-peddlers like “Pig Iron Kelley” earned widespread fame.<sup>71</sup>

***“And now the crisis has come”<sup>72</sup>: The Panic of 1857***

Support for the abandonment of a broader protectionist system benefitted from relative economic prosperity. Following the recovery from the Panic of 1837 and subsequent depression, growth continued at a sluggish pace until the discovery of gold in California fueled a rise in prices and spurred international trade. Following a pattern established since the Founding era, American producers also benefitted from unstable conditions in Europe, as the outbreak of the Crimean War and famine in Ireland created a demand for American foodstuffs. Improved prices for western farm land and the need to organize western lands for railroad construction in order to reach gold in California also stimulated a push for westward expansion. Despite intense political conflict over the territorial extension of slavery, Congress succeeded in pushing westward and encouraged further investment in western lands. Railroad construction exploded, linking eastern hubs to western lands and fueling further commercial prosperity.<sup>73</sup>

Railroad construction benefitted from developments in finance and banking that unfolded throughout the country. Reduced regulation over state banks and the rise of free banking created room for experimentation in the operation of commercial and investment banks, which fueled speculation in western lands and investment in railroads. Eventually, all of the states in the Ohio Valley passed general incorporation laws with varied provisions on the level of state involvement. Ohio and Indiana placed the greatest restrictions, requiring a minimum amount of specie reserves

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<sup>71</sup> This refers to Pennsylvania Representative William D. Kelley, who was a staunch advocate for high tariffs on iron and steel during the many attempts at tariff reform after the Civil War.

<sup>72</sup> “Signs of the Times,” *Louisville Daily Courier*, September 29, 1857.

<sup>73</sup> Taylor, *The Transportation Revolution*, 86. For detailed coverage of railroads in Ohio and Indiana see John F. Stover, *Iron Road to the West: American Railroads in the 1850s* (Columbia University Press, 1978), 119-148. For the victory of railroads over canals and steamboats in the western states see *ibid.*, 165-184. For an economic analysis of railroads see Albert Fishlow, *American Railroads and the Transformation of the Antebellum Economy* (Harvard University Press, 1965). For the role of railroads in supporting western development, with a particular focus on John Murray Forbes and the Chicago, Burlington and Quincy railroad, see John Lauritz Larson, *Bonds of Enterprise: John Murray Forbes and Western Development in America's Railway Age* (Harvard University Press, 1984).

and establishing branch systems that allowed central banks to coordinate the activities of loosely affiliated branches. Within the Ohio Valley and in New York, which established its dominance as the financial center of the United States in the 1840s, investment banks specializing in securities funneled eastern capital towards western land and railroads. Despite growing pains associated with failed experiments, the spread of free banking did a serviceable job in integrating capital markets and mobilizing investment towards western development.<sup>74</sup>

Prosperity built on demand for western land and exports struggled when that demand waned. The cessation of the Crimean War hurt the price for western lands as markets in central Europe no longer needed western foodstuffs. Reduced demand, along with overinvestment in railroad bonds, caused prices for securities invested in western markets to gradually decline. The shaky foundations of this financial situation were realized on August 24, 1857, when the Ohio Life Insurance and Trust company announced it was suspending specie payments in its New York branch office. Rather than life insurance, the company was overwhelmingly invested in western railroad bonds, a result of the strategy employed by its head cashier Edwin Ludlow. What began as a legitimate plan by Ludlow to raise the stock price of the company evolved into an embezzlement scheme in which Ludlow illicitly used capital to bolster stock and securities belonging to Ohio Life. This scheme, along with the overextension in railroad investments, created a shortage in cash to pay creditors and issue dividends, forcing the company to close its doors.<sup>75</sup>

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<sup>74</sup> Howard Bodenhorn's insights into experimentation in early American banking are invaluable. Importantly, I am adopting Bodenhorn's use of the term free banking to refer to a system of "decentralized federalism [that] provided state legislatures with a great deal of flexibility in their approach to economic issues." *State Banking in Early America*, 5. See also, Murphy, *Other People's Money*, 110-128.

<sup>75</sup> The most influential work on the Panic of 1857 remains James L. Huston, *The Panic of 1857 and the Coming of the Civil War* (Louisiana State University Press, 1987). Huston's interpretation on the origins of the crisis highlights the effect the end of the Crimean War had on American wheat exports alongside other domestic economic conditions. His interpretation has not gone unchallenged. Charles W. Calomiris and Larry Schweikart in particular place greater emphasis on domestic political developments associated with the extension of slavery in Kansas in discouraging investment in western lands and railroads, "The Panic of 1857: Origins, Transmission, and Containment," *The Journal of Economic History* 51 (Dec., 1991): 807-834. A similar political emphasis, one that highlights the influence of the *Dred Scott* case, can be found in Jenny Wahl, "Dred, Panic, War: How a Slave Case Triggered Financial Crisis and Civil Disunion," in *Congress and the crisis of the 1850s*, eds. Paul Finkelman and Donald R. Kennon (Ohio University Press, 2011), 159-202. Debate also emerged about the importance of the failure of the Ohio Life and Insurance Company to the broader crisis, although all authors agree that the origins of the Panic were far more complex than the failure of an individual bank. For extensive coverage of the management of Ohio Life and the actions of Edwin Ludlow see Timothy J. Riddiough and Howard E. Thompson, "When prosperity merges into crisis: the decline and fall of Ohio Life and the Panic of 1857," *American Nineteenth Century History* 19 (2018): 289-313. See also, Kenneth M. Stampp, *America in 1857: A Nation on the Brink* (Oxford University Press, 1990), 213-238.

The failure of the Ohio Life Insurance and Trust did not lead to panic directly in 1857, but the sudden and spectacular failure of such a large and seemingly prosperous institution shook the financial markets in Philadelphia and New York.<sup>76</sup> Throughout September and October, banks failed throughout Philadelphia, Boston, and New York, driven primarily by their heavy involvement in railroad securities that no longer appeared secure. Westerners recognized early on that they would be free of the worst consequences of the financial crisis, but hard times did visit the western states and once again forced discussions of the very foundations of American growth that touched on the political economy of finance and trade. Despite the enthusiasm that accompanied commercial growth, the panic did not necessarily surprise some westerners. Writing from Toledo, Ohio months before the failure of Ohio Life, Darwin Gardner predicted the nation rested on “the very eve of collapse” because even “prudent men” put “their reserved treasures into the most excited fields of the West.” Given the temporarily inflated foreign demand for western crops, generous land grants by the federal government, and the flood of gold from California, Gardner worried that the “whole country” would “soon be visited with that crash.”<sup>77</sup> Another commentator in Indiana foresaw a “monetary convulsion” in the western states that would “shake the fabric of credit everywhere.”<sup>78</sup>

Compared to previous financial crises, the nuance and familiarity with the business cycle stands out in how Americans discussed the 1857 crash. The memory of 1837 immediately came to mind for some, but most in the western states thought they would be free of the widespread calamity of that previous crisis.<sup>79</sup> More common was the tendency to frame the crisis as a natural, cyclical, and even cleansing event. Among the “disastrous consequences” of a financial crisis, observed one Kentuckian, was that “it feeds itself.” Loss of confidence in currency fueled failures in banking, which hurt merchants and manufacturers and ultimately “the masses of the people.” The timing of this benefitted western farmers because the bottom of the crisis came after an abundant harvest season. “Nature” thus offered “a remedy for all our evils” dependent on westerners’ ability to bring their crops to market. “When the present crop is sold,” this author predicted that “all of us will come out from the wreck and ruin better than we were before.”<sup>80</sup> Such

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<sup>76</sup> Bodenhorn, *State Banking*, 274.

<sup>77</sup> “Ohio against the New West,” *Ohio Cultivator* 13 (June 15, 1857).

<sup>78</sup> “Ohio Life and Trust Company,” *Evansville Daily Journal*, August 26, 1857.

<sup>79</sup> *Ibid.* See also, *The Diary of Calvin Fletcher*, 6: 119.

<sup>80</sup> “The Depletion of the Banks,” *Louisville Journal*, October 6, 1857.

analyses of the cleansing consequences of the Panic of 1857 suggested the progression of American economic thinking since 1819; sudden financial downturns now appeared to be cyclical, and a possibly necessary means to remove unsound financial institutions and punish extravagant consumption.

These responses to the Panic of 1857 had important consequences for discussions of banking, currency, and tariff policy.<sup>81</sup> Protectionists predictably focused on issues of consumption driven by excessive importation of foreign goods. In this framework, the panic resulted from the increased distance between producers and consumers, a result of poorly crafted tariffs like the one passed by Congress only months before. Distant trade might be beneficial, protectionists calculated, to overcome differences in climate and ability to produce essential goods, but it was “evil whenever it induces unnecessary exchanges.”<sup>82</sup> Predatory merchants, in this narrative, siphoned profits from farmers and manufacturers in order to cover the costs of transportation. As the panic supposedly revealed, these costs put Americans in extravagant debt for frivolous consumption. Westward expansion only created more incentive for speculation and overinvestment that enriched opportunistic merchants. Reducing the influence of merchants and debt required limiting the distance between consumers and producers through regional diversification of agriculture and manufacturing.

Financial conditions during the crisis prompted protectionists to expand their politics of vicinage to issues of banking and currency. President James Buchanan elevated the importance of

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<sup>81</sup> My assessment of the protectionist response to the Panic of 1857 contrasts with the emphasis placed on Ricardian political economy in Eric Sears’ recent examination. Sears highlights the lasting influence of Ricardo’s ideas on inflation and banking, which framed American responses to financial crisis in 1857. He demonstrates how the “Ricardian paradigm” that considered inflation caused by excessive credit issued by banks as a threat to labor overlapped with ongoing political conflicts over free labor and slavery that eventually led to conflict between North and South. Most relevant for this chapter, Sears applies Ricardo’s ideas to the push for “free-labor protectionism” from the Republicans in the aftermath of the crisis. While protectionists both inside and outside Congress certainly recognized the influence of Ricardo on political economy, they nonetheless understood their project as primarily fixated on overturning Ricardian ideas in favor of a political economy more tailored to the American experience. As an example, Sears quotes Carey’s assessment of the popularity of Ricardo and Robert Malthus, which stated that “Ricardo and Malthus have been almost deified as the great benefactors of mankind in discovering and announcing the existence of great natural laws,” to argue that “Ricardian economics was the *sine qua non* of American antebellum debate.” In fact, the full Carey quote, which addresses Ricardo’s theory on wages rather than inflation, concludes that the works published by Ricardo and Malthus did not provide “a single contribution to the science [of political economy] that will stand.” Understanding the protectionist response to the Panic of 1857 thus requires an emphasis on the ideas of Henry Carey on trade and economic development rather than the older, more tangential works of David Ricardo. Eric M. Sears, “‘What the present crisis will show’: the Panic of 1857 as a crisis of American labor,” *American Nineteenth Century History* 21 (2020): 129-147. For Carey quote see, “To the Hon. Robert J. Walker,” *The Plough, the Loom, and the Anvil* 3 (January 1851).

<sup>82</sup> “Hard Times,” *The Plough, the Loom, and the Anvil* 10 (November 1857).

financial concerns when he blamed the panic “solely” on the nation’s “extravagant and vicious system of paper currency and bank credits.” Buchanan elaborated his belief in a hard money system and criticized state legislatures and banks for failing to properly regulate specie reserves. Consequently, Buchanan concluded that the federal government had little “power to extend relief” and suggested only that Congress enact a “uniform bankrupt law” that prevented banks from suspending specie payments. Buchanan made clear that he would rather banks lose the ability to issue paper money altogether, and squash the “paper system of extravagant expansion,” if they could not do so without risking financial chaos.<sup>83</sup>

Buchanan’s message prompted a direct and public reply from his fellow Pennsylvanian, Henry Charles Carey. Characteristically, Carey produced twenty-nine verbose letters that preached the necessity of protection for immediate relief and the prevention of future financial crises. Applying his view of the politics of vicinage to the problems with banking that Buchanan raised in his message, Carey insisted that history revealed that “all the monetary difficulties” resulted from “an excess of centralization, and not in any excess of localization.”<sup>84</sup> Local and state banks appeared to Carey as the legitimate outgrowth of the demand for credit from local communities, and they played a central role in fostering development. As a means of bringing producers and consumers nearer each other for regional growth, Carey defended local banking from federal oversight and bankruptcy laws that dictated specie reserves or currency issues to a national standard.

Protectionists joined trade policy, banking, and currency within a focus on consumption during the panic. In the midst of crisis, regional commentators looked to the experiences and conditions of their neighbors in assessing the extent of misery in hard times rather than esoteric theories on development. Fairs and exhibits offered a communal setting for farmers and mechanics to present their goods and encourage local patronage. Protectionists highlighted the need for these displays in order to “persuade” others that “it is their duty to encourage and support” local producers. This was especially true in small towns and rural areas, where inadequate capital led to limited investment in machinery. Local patronage and national tariffs though could overcome this obstacle and foster necessary development. “The policy of protecting and encouraging home

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<sup>83</sup> *A Compilation of the Messages and Papers of the Presidents, 1789-1897*, ed. James D. Richardson (20 vols., Government Printing Office, 1897-1917), 5: 437-441.

<sup>84</sup> Henry C. Carey, *Letters to the President, on the Foreign and Domestic Policy of the Union, and its Effects, as Exhibited in the Condition of the People and the State* (J.B. Lippincott & Co., 1858), 15.

industry” was not just a national conversation, but was “as important to a town or city, as to a country.” This conversation overlapped with debates on currency and banking to the extent that trade policy essentially focused on “the nature and use of money.” High tariffs joined a host of policies that fostered closer ties between producers and consumers within local communities to provide relief in times of economic turmoil.<sup>85</sup>

Southern analysts of the latest crisis arrived at different policy recommendations. J.D.B DeBow, for example, blamed hard times on the “sudden abstraction of a large amount of capital.” This critique resulted in calls for southern industrialization and economic diversification that closely resembled protectionist rhetoric, however, DeBow concluded “no legislative tinkering” would assist in attaining “Southern commercial independence.” Instead, he hoped “enlightened self-interest” would stimulate the rise of southern industry.<sup>86</sup> South Carolina Representative William Waters Boyce carried this argument into Congress through his work on a select committee established to revise the national taxation system. Boyce blamed the reliance on import taxes for fueling the excessive growth of the American state, including the creation of an extensive bureaucracy that existed only as a wasteful outlet for surplus revenue. In contrast to how modern historiography frames the difference between import taxes and direct taxation, Boyce wanted to abandon protection altogether and replace it with a system of direct taxation that would reduce the size and scope of governmental authority and provide room for economic development.<sup>87</sup> His proposed system resembled the requisition system under the Articles of Confederation and called for dividing the total revenue needed for the federal government among the states, tasking the states with collecting their share of the quota. By reducing the bureaucracy needed for revenue collection and removing legislative barriers to trade, this system created the conditions by which individuals could guide their own “monetary interests.”<sup>88</sup>

As a “flashpoint” in the evolution of American political economy the Panic of 1857 reaffirmed the competing assessments of governmental authority and markets embedded within protectionism and free trade. Protectionists, most notably Henry Carey, seized it as another

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<sup>85</sup> “Our Mechanics,” *Evansville Daily Journal*, October 7, 1857.

<sup>86</sup> “The Times are out of Joint,” *De Bow’s Review* 23 (December, 1857).

<sup>87</sup> This differs most clearly with Brian Balogh’s study of the nineteenth-century America state, which frames reliance on import taxes for revenue as an example of government operating “out of sight.” For William Waters Boyce, the fruits of revenue tariffs could be readily seen through the extensive bureaucracy they supported. Brian Balogh, *A Government out of Sight*, 177-178.

<sup>88</sup> *H. Doc. No. 407*, 35<sup>th</sup> Cong., 1<sup>st</sup> Sess.

example of a financial crisis that followed directly after a downward revision in the tariff. This created a tidy narrative of cyclical crises tied directly to trade policies that exposed all Americans to distant and unpredictable market forces.<sup>89</sup> Breaking the cycle required a localist political economy that brought producers and consumers in close proximity and reduced the need for distant exchange. Choosing to embrace periodic crisis as the inevitable price of economic growth, free trade advocates abandoned calls for legislative interference and promoted instead a vision of international harmony that aligned markets across the globe without inference from nationalistic governments.<sup>90</sup>

### ***Union, Disunion, and the Morrill Tariff***

The evolutions in protectionist and free trade political economy had important consequences for discussions of union amid sectional turmoil. Protectionist emphasis on localism and regionalism evolved in direct response to southern arguments for free trade and even aligned with calls for economic diversification emanating from some southerners. Supporters of protection hoped charges of monopolism and centralization would fade as they focused on intraregional diversification. However, this shift towards localism and regionalism led to surprising assessments of union. Again, the thought of Henry Carey is instructive. As sectional tensions worsened in the 1840s and early 1850s, Carey insisted that protectionists harbored no ill-will towards the institution of slavery, and he went out of his way to criticize northern abolitionists for stirring controversy over slavery. However, by the end of the 1850s, Carey's rhetoric resembled that of the most dedicated abolitionists. Not only did he think slavery less efficient than free labor, but he claimed the North was "more moral...for we do not covet our neighbor's lands, nor would we make of himself a chattel."<sup>91</sup> Southern secession thus appeared as a viable option if their devotion to slavery was greater than their interest in union.<sup>92</sup>

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<sup>89</sup> It is difficult to overstate how important this connection between financial crises and free trade became for protectionism generally and Carey especially. For a key work see Henry C. Carey, *Financial Crises: Their Causes and Effects* (Philadelphia: Henry Carey Baird, 1864).

<sup>90</sup> Ardent free-trade advocate William Cullen Bryant framed the Panic of 1857 as "one of the epidemic visitations against which...no human prudence can provide, so far, at least, as to prevent their recurrence...any more than it can prevent the scarlet fever or the cholera." *Letters of a Traveller.: Second Series* (New York: D. Appleton and Company, 1859), 108; Onuf and Onuf, *Nations, Markets, and War*, 289.

<sup>91</sup> Henry C. Carey, *The North and the South: Reprinted from the New York Tribune* (New York, 1854), 34.

<sup>92</sup> Carey's commitment to his protective system over union placed him within a broader northern nationalist movement that, to a significant extent, actually mirrored southern sectionalism. However, it is notable the degree to which Carey constructed his political economy and public pronouncements around accommodation for southern

Carey's apparent sudden reversal on slavery and union actually marked a consistency in his political economy. Historians have had a difficult time explaining this shift in Carey's writings because they have most often portrayed Carey as an economic nationalist who was convinced that sectional tension betrayed a natural harmony among Americans.<sup>93</sup> This analysis places Carey firmly in the tradition of the American System of Henry Clay and Mathew Carey. An emphasis on the localist strains in Carey's thoughts reveals that he was far more confident that harmony among classes could be fostered within localities and regions rather than among distant neighbors. Support for a national trade policy that promoted intraregional harmony had important implications for Carey's view of union. If southern opposition to a protective policy alone could prevent Carey's desired political economy, then secession offered an acceptable solution for removing that obstacle. Disunion marked a fatal threat to the American System of Henry Clay and Mathew Carey, but Henry Carey's emphasis on regionalism evolved this system in a manner that allowed him to speak openly, and even approvingly, of ridding the union of southern intransigence. Importantly, Carey did not join southerners who openly advocated disunion, but his ardent devotion to a protective legislative program and his recognition of the challenges posed by the sectional crisis led him to remove sectional harmony and union as a necessary precondition for his policy goals. As a result, Carey could express optimism that, if the southern states were to secede, the remaining states "would be richer and more populous...than our present Union."<sup>94</sup>

Talk of union and disunion swirled as another push for tariff reform began in March 1860, when Republican Justin S. Morrill, a representative from Vermont, presented a bill that replaced the system of *ad valorem* rates used in previous tariffs and implemented specific duties.<sup>95</sup> Specific

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institutions and interests, and how much his idealized system differed from typical Pennsylvanian or northern industrialists. Prior to the heightened conflicts of the sectional crisis, Carey spoke glowingly of southern enslavers and was satisfied that enslaved persons were "well fed, well clothed, well sheltered, and reasonably worked." *Harmony of Interests*, 169. As sectional tensions worsened Carey's frustration with southern obstruction inspired a more hostile and newfound moral objections to slavery, but his protective system never considered slavery itself to be incompatible with economic development and progress and he even encouraged the domestic slave trade. The politics of vicinage applied in Carey's works applied equally to northern industrialists, western family farmers, and southern enslavers. For coverage of Carey and slavery see, Smith, *Henry C. Carey*, 25-40. For northern nationalism see Susan Mary Grant, *North Over South: Northern Nationalism and American Identity in the Antebellum Era* (University Press of Kansas, 2000); David M. Potter, "The Historian's Use of Nationalism and Vice Versa," *The American Historical Review* 67 (Jul., 1962): 924-950; Michael E. Woods, "What Twenty-First-Century Historians Have Said about the Cause of Disunion: A Civil War Sesquicentennial Review of the Recent Literature," *The Journal of American History* (September 2012): 426-430.

<sup>93</sup> Lee, "Henry C. Carey," 282.

<sup>94</sup> Carey, *The North and the South*, 34.

<sup>95</sup> For political coverage of western Republicans on the Morrill tariff see Thomas M. Pitkin, "Western Republicans and the Tariff in 1860," *Mississippi Valley Historical Review* 27 (December 1940): 401-420.

duties ideally increased the level of protection and limited the undervaluation of imported goods. The bill also provided further protection by reducing the number of items admitted freely and requiring merchants to pay duties immediately upon entry.<sup>96</sup> Henry Carey endorsed this measure and used his extensive networks to garner support across partisan and sectional lines.<sup>97</sup> Republicans, for their part, accepted the idea that “what ever Henry C. Carey approves will suit us.”<sup>98</sup> After a series of complex legislative maneuvers that nearly saw the new legislation collapse under the weight of an extraordinary number of amendments, the Morrill Tariff passed the House of Representatives with only minor adjustments along a nearly unanimous party-line vote.<sup>99</sup> Despite this positive step, the final passage of the Morrill Tariff remained uncertain as it moved into the Democratically-controlled Senate. Virginian Robert Hunter ultimately thwarted protectionist hopes by successfully moving to postpone consideration of the tariff bill until the next session. As a result of the postponement, supporters of protection would have to wait until after the election of 1860 for movement on their desired reform.

The election elevated Republican Abraham Lincoln to the presidency and prompted the secession of seven southern states between December and February. For Henry Carey, secession left the remaining states “free to pursue the policy by means of which alone we may repair the damage that has been done” by southern obstruction. Readers of Carey’s works understood the implication, and the “Protectionist idea...that if we could trade off the Cotton States for the Tariff, we should benefit by the exchange.”<sup>100</sup> The Senate took up the Morrill Tariff again in the waning days of James Buchanan’s presidency, and in February passed the bill with twenty-five votes in favor against fourteen in opposition. This comfortable margin was possible only because of the empty seats left by southern legislators.<sup>101</sup> Morrill’s bill redressed the narrow manufacturing focus

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<sup>96</sup> This reversed the Warehouse Act passed in 1846 during the Polk administration, which allowed merchants to store goods in a warehouse in the hopes that the price of the imported good would fall and, consequently, the amount of tax paid by the merchant would be less. Bolt, *Tariff Wars*, 185.

<sup>97</sup> Daniel Peart provides an invaluable account of Carey’s substantial efforts in securing passage of the Morrill Tariff, *Lobbyists*, 182-193. See also, Lee, “Henry C. Carey,” 297-298.

<sup>98</sup> Peart, *Lobbyists*, 186.

<sup>99</sup> The parliamentary moves of John Sherman and Justin Morrill were essential in restoring the tariff nearly to its original form and consolidating the votes of Republicans in favor of greater protection. For more detailed coverage of the legislative history of the Morrill Tariff see Phillip W. Magness, “Morrill and the Missing Industries: Strategic Lobbying Behavior and the Tariff,” *Journal of the Early Republic* 29 (Summer, 2009), 287-329; Bolt, *Tariff Wars*, 199-201. Daniel Peart highlights the influential role played by Carey, *Lobbyists*, 182-191.

<sup>100</sup> “The Tariff.” *Time Union* (Brooklyn, NY), February 14, 1861.

<sup>101</sup> The timing of these events is important in establishing that, despite revisionist statements to the contrary, the tariff in no way was responsible for southern secession. Rather, as Daniel Peart asserts, “secession provided the occasion for passage of the Tariff of 1861, not vice versa.” *Lobbyists*, 192.

of the Tariff of 1857 to some extent by extending greater protection to raw materials, but residents in the border states could hardly enjoy the new legislation because of the secession crisis. Regardless of where they stood on the question of free trade or protection, westerners all assumed that proximity and interest ensured the webs of the southern and western markets were intractably woven together. Decades of improvement in transportation, finance, and industry only further emboldened visions of dynamic economic growth driven by western grain and southern cotton. Disunion introduced westerners to the reality that their closest neighbors were now enemies in war and trade.

## CONCLUSION

*“The Western States are already the heart of the nation. They keep the gate of the future. They are much more than a balance of power now. The Empire of Union is possible to them. But they must take care of themselves.”<sup>1</sup>*

Months after the surrender of General Robert E. Lee’s Army of Northern Virginia at Appomattox Court House William Elder, a close acolyte of Henry Carey, published a brief pamphlet addressed to residents of “that portion of the Mississippi valley which is drained by the Ohio, Mississippi and Missouri rivers.” Backed by statistical and empirical evidence, Elder detailed the economic advancement of the western states in the decades preceding the Civil War and identified their further development as essential for prosperity in a postwar world. The dominance of the western states in agriculture was evident, but Elder pushed westerners to “shape their policy towards industrial independence” and “secure themselves every form of labor which their infinite variety of capability demands.” Summing up the lessons of decades of market-oriented growth, Elder warned that if westerners failed in developing an adequate home market “they will hang their peace of mind and pecuniary prospects upon the Atlantic telegraph that threatens to put Liverpool, Halifax and Chicago, into a commercial circuit with its preposterous *centre* and governing battery at the eastern end.”<sup>2</sup> Whatever advancements the western states had made, the constantly looming threat of sudden financial ruin from distant strangers in distant markets made agriculture and commerce a weak basis for future prosperity.

Although he adopted the role of an advisor, Elder’s promotion of a home market for the western states echoed a debate that had roiled internally in the Ohio Valley for decades as westerners navigated rapid and disruptive expansion. Economic diversification and market integration from the early republic through the 1850s tied westerners to the patterns and promises of distant exchange, which shaped their assessments of markets and governmental authority. Westerners revealed their shifting ideas and interests in economic development when they engaged in political conflicts over trade and tariffs, where free trade advocates and protectionists packaged and sold competing visions of future prosperity tied to correct trade policy. While historians have debated the extent to which modern market-oriented growth disrupted existing patterns of

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<sup>1</sup> William Elder, *The Western States: Their Pursuits and Policy* (Philadelphia, 1865), 23.

<sup>2</sup> Elder, *The Western States*, 23.

economic activity and undermined traditional notions of governmental authority, western discussions of trade policy joined enthusiasm for capitalist growth with ideas of positive and legitimate governance. By the time of the Civil War, economically liberal views of markets remained compatible with an embrace of governmental power expressed in demands for state and federal policies that benefitted regional development. These hybrid ideas of markets and governance manifested in the decades after the Civil War through social organizations that opposed the monopolistic capitalism of the Gilded Age, like the Granger movement, but their roots lay in the discussions of trade and tariffs that dominated politics in the early republic.

After the newly ratified Constitution provided a strengthened Congress with a monopoly on trade legislation, Congress enacted tariffs that included explicitly protectionist messages but with rates well below the standard for a protective tariff. Facing rivals at home and abroad, residents of the trans-Appalachian West looked to Congress for action against Native peoples and foreign powers who threatened their expanding settlement and trade. In their articulation of the need for free access to trade along the Mississippi River, westerners insisted that their stability and independence sprang from the ability to dictate their own trade and development. To realize claims of political union with the areas west of the Appalachian Mountains, the federal government needed to meet western demands that tied allegiance to the proper exercise of authority. However, these demands were not static. After decades of disruption in Atlantic trade that stemmed from European warfare, a vocal group of westerners detailed a vision of stability and independence rooted in economic diversification supported by state legislation and federal tariffs. As foreign disruption of trade continued, and state policies failed at producing significant results, the enactment of protective legislation increasingly appeared as a key tool in securing western prosperity. Demands for the exercise of governmental authority both in securing free trade and then restricting trade for the purposes of encouraging manufactures belonged together in the process of state building in the trans-Appalachian West.

Early demands for the enactment of high tariffs came to fruition in the years immediately following the War of 1812. The first tariff with protective rates passed in 1816, and preceded a period of rapid expansion in the trans-Appalachian West, bolstered especially by the spread of steamboats that hastened the movement of goods and peoples and spurred other advancements in industry and finance. In 1819, prosperity soon turned to panic, as Americans confronted the first major ebb in the business cycles of the nineteenth century. Westerners who struggled with the

shock and novelty of modern financial crisis elaborated a set of ideas about the ability of the market process to operate alongside positive governmental authority and without the risk of sudden collapse. Motivated by the tenets of “protective liberalism,” protectionists in Congress pushed for an explicitly western-oriented tariff in 1820, only to see it fail by a single vote.

Legislative failure did not erase the influence of protective liberalism in the 1820s, a decade that witnessed the most consistent conflicts over trade policy that went unresolved until the Nullification Crisis of the 1830s. Heightened disputes over tariffs were a result of the political consequences of western economic growth. As the increase in westward migration fueled population growth and greater representation in Congress, southerners devoted to free trade and cotton slavery feared a possible alliance between northern and western interests in support of protection. Such fears were confirmed between 1824-1828, when Congress enacted drastic increases in tariff rates over southern opposition. In response, southerners turned to threats of disunion that prompted a failed attempt at compromise in 1832. A decade of commercial and agricultural growth in the western states fueled by the transportation revolution following the Panic of 1819 made political union more appealing than dogmatic attachment to high tariffs, which provided Henry Clay room to broker a compromise in 1833 that abandoned the protective principle and gradually reduced tariff rates.

Compromise on trade policy once again turned to conflict as a result of the Panic of 1837, which laid bare to westerners how enmeshed they had become in networks of international trade and finance. In contrast to the decline in support for governmental authority that accompanied general incorporation laws and faltering internal improvement projects, the return of panic created another push for a high tariff that appealed to westerners who saw open markets as inherently vulnerable to the whims of foreign rivals. The Tariff of 1842 ushered in higher rates, including on western commodities, but did not end discussions of trade and trade policy. A push for the repeal of England’s Corn Laws placed western grain and the western market at the center of a transatlantic debate over free trade and protection that culminated in repeal in 1846 and the passage of a new American tariff the same year. The “Walker Tariff,” as it was known, maintained moderate levels of protection even as it lowered average rates overall. Considered together, the economic changes of the 1830s and 1840s forced free trade advocates and protectionists to demonstrate how their systems operated in a world of natural markets and hostile nations.

Focus on the tariff in Congress subsided as sectional hostilities over the territorial extension of slavery dominated the attention of legislators. For residents of the trans-Appalachian West, the period after the Walker Tariff was one of extraordinary commercial growth. As travel along rivers and rails held out the promise of economic diversification and a stable home market, calls for new trade legislation waned. Despite political and economic realities that reduced conflict over trade policy, free trade advocates and protectionists maintained an active and vibrant war of ideas over markets, governmental authority, and economic development. Henry Charles Carey emerged as the intellectual leader of protectionism in this period of legislative inaction, and published innovative texts that placed local and regional development, rather than national market integration, at the center of protectionist political economy. Congressional silence on the tariff issue eventually broke in 1857, when Congress passed an industry-oriented tariff that provided manufacturers with cheap imported goods through reduced rates on raw commodities. Momentum quickly swung back in favor of supporters of high tariffs when the Ohio Life and Trust Company closed its doors only months after Congress passed the Tariff of 1857. The failure of this bank preempted another period of panic, which spurred calls for legislative action in trade policy from westerners who connected hard times to the influence of international trade and finance on the American economy. Protectionist hopes went unrealized until 1861, when the secession of seven southern states removed the most entrenched opponents of protection in Congress and allowed Republicans to enact a broader tariff that restored some protection to western goods.

As Americans engaged in the many debates over tariff policy in the first half of the nineteenth century, they explored underlying assumptions about the proper construction and operation of markets, governance, and nations. Economists and historians have devoted significant attention to the effects of trade policy on American economic development, but these material concerns mattered less than the ways people interpreted the ability of markets and legislators to secure future prosperity. Despite supporting what most economists view as economically inferior arguments, protectionists have maintained an influential role in shaping policy because of their mutual embrace of market-oriented growth and governmental initiative. While protective policies have, at times, given merit to free trade charges of legislative cronyism and special-interest corruption, the arguments put forth by advocates of trade restriction have also appealed to broader understandings of the proper role of nations and policymakers in providing shelter from the creative destruction of the capitalist process. That the protectionist appeal to economic nationalism

and the promotion of the home market is once again succeeding in the United States amid the disruptive growth of political and economic globalization should be no surprise. Since the earliest years of nationhood, Americans have balanced the promises and perils of economic liberalism with their understandings of legitimate governance. Whether intended or not, when the Framers endowed Congress with the exclusive authority “to lay and collect Taxes, Duties, Imposts and Excises,” they ensured Americans would consider the boundaries of the market alongside the power of the nation.

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