

## *When Businessmen Had Guts*

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# *How Benjamin Franklin organized American industrial growth*

by Donald Phau

Today, as hundreds of businessmen go bankrupt daily as a result of the British-inspired policies of Federal Reserve Chairman Paul Volcker, we ask the reader, who perhaps is a businessman himself, to reflect on the period when the United States was created 200 years ago. Organized under the leadership of Benjamin Franklin, the entrepreneurs of that age were key to the founding of the nation, and showed some guts as well as an instinct for self-preservation. Both these qualities appear to be lacking today. We hope the following will now lead to some changes in this sorry state of affairs.

By 1783 the United States had won its independence but the question of whether the colonies' rupture with the British crown would be a mere formality remained unanswered: would the new nation remain subservient to British "free trade" colonial looting policies? A handful of conspirators, led by Benjamin Franklin, set out in that year to crush British colonialism forever. To accomplish this they planned to model the new nation on the 17th-century Grand Design policies of the German scientist and philosopher Gottfried Wilhelm Leibniz by building a republic based on scientific and industrial advancement and dedicated to the prosperity and rapid growth of its population.

It was to implement such a Grand Design that Franklin led in the organizing of a federal government through the adoption of the Constitution. Under the post-Revolutionary War government of the Articles of Confederation the states had been left to bicker among themselves, with little energy left over to concern themselves with the business of the nation as a whole. Franklin's intention was to put an end to this state of affairs by creating a strong central federal government as the vehicle to ensure centrally directed national development in the form of construction of massive infrastructural projects of canals, bridges, roads, and power sources. His interest was to create an economically powerful republican nation which could be a "beacon of hope" for the world.

### **Franklin the city-builder**

Franklin had a proven record of success as a city- and nation-builder. Under his leadership, with the aid of the elder merchant-scholar James Logan, the nation's first city of Philadelphia underwent phenomenal growth, increasing from 8,000 inhabitants in 1723, when he first entered the city, to 50,000 at his death. By 1790, it rivaled London and Paris in importance. Franklin planned to replicate Philadelphia's growth in other cities throughout the United States. As early as 1754, while the colonies were still under Crown rule, he proposed the full-scale development and settlement of the great central U.S. Ohio Valley. The project would be directed by a joint committee of representatives from each colony, a prototype central government. This, Franklin stated, would be essential for "natural defense" especially against possible invasion from the French, then at war with Great Britain.

The Court of St. James, however, rejected Franklin's proposal without comment. Years later Franklin's co-conspirators, expanding on the project, proposed the massive development of steam power utilizing the Ohio Valley as, in their words, "the greatest factory of raw materials in the United States." Integrated industrial cities were planned as well, with steam or water power as their chief energy sources. It was to accomplish such "Great Enterprises" that Franklin sought to recruit prominent merchants, bankers, and entrepreneurs to his Federalist faction's program for the Constitution.

Franklin's major opponents were the landed, nouveau-riches aristocracy of the South and the Boston-centered Tory stronghold of merchants and bankers. Together these constituted a powerful faction which desired to see the nation remain a backward, agriculturally oriented country dependent on Great Britain for its manufactured goods.

The spokesman for this Anti-Federalist faction, as they became known, included Richard Henry Lee, the great-

grandfather of Robert E. Lee, and Patrick Henry. Thomas Jefferson was their silent partner in public demeanor, a position that can be readily ascertained by reference to Jefferson's book, his 1783 *Notes on the State of Virginia*. This tract contains an explicit attack on Franklin's city-building policies. Jefferson writes:

While we have land to labour then, let us never wish to see our citizens occupied at our workbench, or twirling a distaff. Carpenters, masons, smiths are wanting in husbandry, but, for the general operations of manufactures, let our workshops remain in Europe. . . . The mobs of great cities add just so much to the support of pure government, as sores do to the strength of the human body.

In a flanking maneuver Franklin set out to enlist the support of a grouping of wealthy merchants in New York and Philadelphia. His efforts were dependent on two young recruits, Alexander Hamilton of New York and Tench Coxe of Philadelphia.

Hamilton at the early age of 16 had already been put in charge of the powerful trading firm of Nicholas Cruger of St. Croix, a major trading center in the British West Indies. Through Cruger, Hamilton was introduced to the influential merchant families of New York led by William Livingston and Elias Boudinot. These families brought Hamilton to New York and sponsored his education. Later Hamilton married the daughter of another wealthy New York merchant, Philip Schuyler.

Franklin's other young agent was Tench Coxe, son of a wealthy Philadelphia merchant. Coxe family members were the first proprietors of the Carolinas under a grant from the King of England. Later they bought a million acres of land in western New Jersey. In 1763 Franklin aided Tench's father in providing the management for their Carolina claim. The Coxe's were part of the Philadelphia elite which included the Willings, Shippens, Miflins, and Bingham.

By no means were these families all patriots. The Coxe family itself was split between Tory and Patriot. Tench Coxe himself, at the age of 21, continued to sell goods to British troops occupying Philadelphia. When the British abandoned the city, Tench stayed behind and joined the American cause. When Tench was accused of being a traitor after the war, Franklin himself stepped forward to clear his name.

### **'Free trade' war**

Under Franklin's guidance, Tench Coxe became a dedicated spokesman and organizer for an American industrial republic. Coxe soon joined forces with another Franklin ally, the Irish republican printer, Mathew Carey. Carey was the first to publish an essay written by Coxe denouncing the City of London's new policy of bankrupting the U.S. economy. The policy, which became the Earl of Sheffield's "orders in council," prohibited all non-British ships from trading with the British West Indies. All but unfinished American goods

were banned from British import as well. These orders were combined with a policy of massive dumping of British manufactured products on the U.S. market by underbidding domestic goods, i.e., British-style "free trade."

With a knife to their throats, American businessmen responded by joining the newly created Committee of Merchants and Traders of Philadelphia. Coxe was its organizer and first secretary. Established to promote the development of American-based commerce, the Committee issued a circular, written by Coxe, to merchants throughout the country calling for action against the new British "free trade" doctrines. Backed by the Committee, Coxe sponsored the passage in 1785 of the first major protectionist tariff in the Pennsylvania legislature, which then served as a prototype for national legislation. In Coxe's words, the legislation was designed as "an act to encourage and promote the manufactures of this state."

### **Hamilton and 'The Continentalist'**

At the close of the war, Hamilton's organizing for the new government took shape in New York with the publishing of a series of newspaper articles called "The Continentalist." In the series, Hamilton called on the new U.S. elite to look to the former policies of the great French Finance Minister Jean-Baptiste Colbert. Hamilton described Colbert's dirigist economic programs, for which the central government of France was wielded as a mighty engine of development:

France was much later in commercial improvements; nor would her trade have been at this time in so prosperous a condition, had it not been for the abilities and indefatigable endeavors of the great Colbert. He laid the foundation of the French commerce, and taught the way to his successors to enlarge and improve it. The establishment of the woolen manufacture in a kingdom where nature seemed to have denied the means, is one, among many proofs, how much may be effected in favor of commerce by the attention and patronage of wise administration.

In late 1782 Hamilton was elected to the Continental Congress representing New York. The Congress became his stepping-stone for organizing the Constitutional Convention five years later in Philadelphia.

In the fall of 1785 Benjamin Franklin returned from Europe to his home in Philadelphia to take personal charge of the organizing for his Grand Design. Franklin had spent the previous nine years in Europe successfully winning the support of most of the European nations for the American Revolution. The essential role that Franklin played in establishing the Constitution after his return is, without question, one of the most wildly distorted episodes in American historiography. Many historians go so far as to assert that Franklin opposed adoption of the Constitution.

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*To be continued*