

Why Alexander Hamilton Is Important Today

by Robert Ingraham

Radical Hamilton: Economic Lessons from a Misunderstood Founder

by Christian Parenti

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Aug. 20—As the impact of the Covid-19 pandemic continues to wreak havoc with the global economy, and as many nations are brutally confronted with the reality of their own economic vulnerabilities, a welcome revival of serious economic discussion has begun to emerge within the United States. This is taking place within what are normally characterized as both the “left” and “right” of the political spectrum.

For 50 years a “neo-liberal” economic paradigm has been hegemonic in both the United States and internationally, an arrangement essentially neo-Keynesian in outlook and practice, but with significant chunks of the “Austrian School” thrown in. It is axiomatically a “monetarist” paradigm, and all economic policy has been subjugated to imperial banking and financial interests.

Under the imperatives of this post-1971 system we have witnessed the destruction of manufacturing, science and infrastructure in the United States and a descent into misery in many of the poorer nations throughout the world. Financial vultures have been picking the bones of defenseless countries for some time. To posit that the hegemony of this monetarist empire is about to vanish would be an exaggeration, but the crisis which has gripped the world since the

2008 financial meltdown, now augmented by the effects of the pandemic, has created a potential for a fundamental, even revolutionary, change in direction.

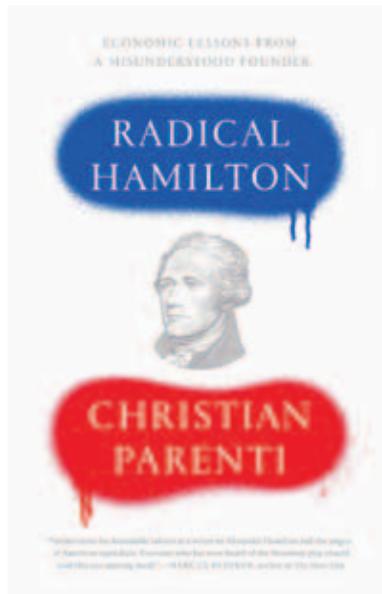
Among self-identified U.S. conservatives there is now serious debate, centering around an urgent necessity to rebuild America’s manufacturing base. This is

causing an irreversible rupture with the neo-liberal economics that have dominated the Republican Party until very recently. The emergence of such a discussion is very evident in publications like *American Compass* and *American Affairs*, as well as other locations, and the debate is serious and already well advanced.

The question of rebuilding the nation’s infrastructure has also become a matter of serious bi-partisan concern, although Congressional Republicans and Democrats seem, as yet, too pre-occupied with partisan concerns to effectively join in taking action. At the same time, the present and future cascading impact of the Artemis program has provided a sci-

entific and technological impetus not seen in at least two generations. The potential benefit from this is enormous, and an awareness of the implications of this revived space program is now spreading. Discussion of all of these developments is now rippling across the political spectrum.

Now, an intervention “from the left” has arrived, in the form of a new book, *Radical Hamilton: Economic Lessons from a Misunderstood Founder*, by Christian Parenti, a contributing editor to the *The Nation* magazine. The content and argument of that book is the subject here.



Hamilton, the Dirigist

On the one hand, nothing would please this reviewer more than to endorse Mr. Parenti's effort as a valuable contribution,—and there are certainly praiseworthy and important portions of his book, but axiomatic prejudices and errors contaminate Parenti's argument, and these must be discussed if Hamilton's genius is to be made relevant to what must be done today.

To begin, we start with what is good about the book. Parenti's primary subject in his offering is Alexander Hamilton's 1791 *Report on the Subject of Manufactures*, a work which arguably is the most important that issued from Hamilton's mind, and one, as Parenti points out, that is usually ignored or glossed over by those who have written about Hamilton.

Given the situation in the world right now, the author's choice of this subject is extremely timely. In discussing the *Report*, Parenti supplies more than mere generalities. In one of the better insights of the book, Parenti clearly differentiates between Hamilton's proposal for the use of "bounties" and "premiums" to foster rapid advances in science and manufacturing, versus the Mathew Carey/Tench Coxe rejection of that policy in favor of high protective tariffs. He also discusses the Carey/Coxe allegiance to Thomas Jefferson, including Carey's strong support of southern slavery, as well as how the later Henry Clay economic approach flowed from the Carey/Coxe network.

This positive appraisal of Hamilton's proposal for national bounties and premiums as a means to deliberately foster science, manufacturing and an increase in the nation's productivity deserves a fuller treatment than what Parenti provides, but the mere fact that he raises the subject is both refreshing and important.

Along the same lines of Hamilton's commitment to use government to foster human advancement, Parenti also touches on—all too briefly—Hamilton's proposal toward the end of the *Report* to establish a national Board "for promoting Arts, Agriculture, Manufacturing



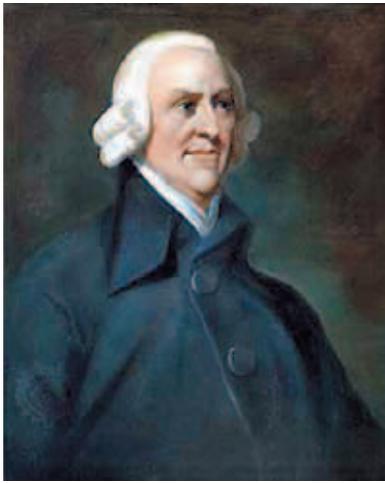
Portrait by John Trumbull, 1806.

Alexander Hamilton's Report on the Subject of Manufactures, published in 1791, is arguably his most important, and is also the one usually glossed over by historians and economists.

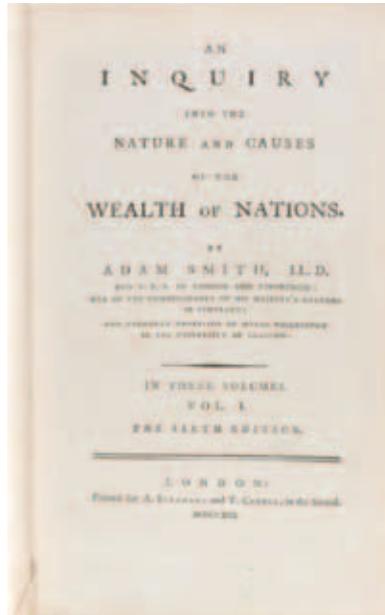
and Commerce." This Board, to be financed by the national government, would invest in the development of science and the recruitment of skilled labor. Parenti quotes Hamilton's words from the *Report* which say that the Board would—

Induce the prosecution and introduction of useful discoveries, inventions and improvements by proportionate rewards, ... [and] Encourage by Premiums, both honorable and lucrative, the exertions of individuals, and classes, in relation to the several objects they are charged with promoting.

Radical Hamilton is also clear in making the irrefutable case that it was the South's "Slave Power" grouping that bitterly fought against Hamilton's policies, on the question of the National Bank, but even more fiercely against his proposals in the *Report on Manufactures*. The book is also very clear in showing that Hamilton consciously and publicly opposed the *laissez-faire* doctrines of Adam Smith, a topic frequently misrepresented, or even lied about, by some historians and neo-liberal free market economists today. Parenti demonstrates that the actual godfather of modern-day American proponents of *laissez-faire* was Thomas Jefferson, even providing a 1790 quote from Jefferson: "In political economy, I think Smith's *Wealth of Nations* the best book extant."



Adam Smith published his laissez-faire doctrines in *The Wealth of Nations*, in 1776.



The ‘Misunderstood’ Hamilton

All of the above can be viewed as a useful contribution to the reassessment of economic fundamentals which is now underway. But as one proceeds through the book, a nagging feeling creeps in—that Parenti really doesn’t comprehend “what made Hamilton tick.”

Putting to one side Parenti’s egregious “guesses” about Hamilton’s sexuality, and related digs concerning his character, he persists in presenting Hamilton as a sort of calculating pragmatist. He insists that Hamilton’s economic initiatives were a “pragmatic” consequence of Hamilton’s war experiences and the economic crisis of 1782-1788, ignoring the earlier influences of William Livingston, Alexander McDougall, John Jay, and Hamilton’s upbringing on the islands of Nevis and St. Croix.

This picture of Hamilton as a pragmatist, as well as a clever and sly manipulator who used “loopholes” in the Constitution to get his way, resurfaces throughout the work. This is a serious error, and in failing to understand the motivation which inspired Hamilton’s life and work, leads Parenti into fatal problems as to the nature of Hamiltonian economics itself. What he tends to do is to focus on the *form* of Hamilton’s policies, rather than the *intention* behind those policies. Essentially, Parenti misunderstands his “Misunderstood” protagonist.

The real problem here is a failure to understand the American Revolution. Perhaps, Parenti should have first taken up the reading of John Jay’s Dec. 23, 1776 “Address of the Convention of the Representatives of

the State of New York,” Gouverneur Morris’ 1778 “Observations on the American Revolution,” or William Livingston’s writings in the *Independent Reflector*. These were all individuals who were very close to Hamilton, and in these writings the shared mission of this group is very explicit.

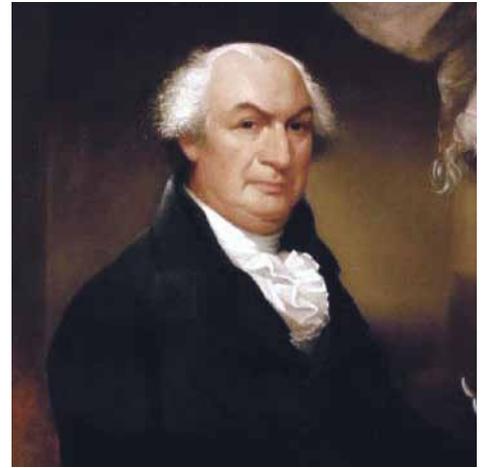
The axiomatic issue of the American Revolution was a fight to free the inhabitants of the 13 American colonies from oligarchical rule, as that rule was manifest in the post-1763 policies of the British Empire. Facing the determination of the British ruling elite to impose their Jamaican slave-economy model on the colonies, the revolution was first and foremost a fight for the *freedom to develop*. Perhaps Mr. Parenti might agree with that statement, up to that point,—for he does spend

a great deal of time stressing Hamilton’s commitment to a “developmental state”—but it is worth considering a little more deeply what is meant by the “right to develop.”

In Chapter 13 of *Radical Hamilton*, Parenti makes the assertion, “For Hamilton, the State is both the means and the ends.” No one would accuse Parenti of categorizing Hamilton as a modern-day devotee of Mao Zedong or Adolph Hitler, but the aroma of “serving the state, for the sake of the state” lingers in his analysis. For the actual Hamilton, the paramount issue was not developing the state simply for the sake of having a strong national state. Foremost was the issue of human productivity. This is where the unbridgeable gulf between the British Empire (and all of the Old-World oligarchical cultures) and the American Republic becomes self-evident, and it is an issue understood by very few modern-day historians.

What Hamilton recognized, and this is very explicit in a careful reading of his *Report* as well as in his later writings on the French Revolution, was the creative potential which exists within every human being. Human beings are not beasts of burden, as European oligarchical culture had defined them and used them for centuries. They possess the power to invent, to discover, and to socialize those discoveries.

Hamilton knew that the survival of the experiment of the American Republic must depend on nurturing and fostering those creative potentials within a free citizenry. Through science, invention, and technology the



Left to right: John Jay, William Livingston, and Gouverneur Morris, three individuals who were very close to Hamilton, and in whose writings the shared mission with Hamilton is explicit.

human condition, and human culture, could be improved and advanced to higher levels. This is not people serving the state, but the state providing the means whereby human productive power, civilization and happiness might advance. Thus the Constitution's charge to promote the General Welfare for present and future generations.

It was this understanding of the “divine spark” which resides within every human being that made Hamilton such a determined foe of slavery. Critically, almost all of those close to Hamilton were of the same view: Gouverneur Morris, John Laurens, Rufus King, Alexander McDougall, John Jay, Lafayette, and even Washington himself abhorred slavery. Historians tend to erect a wall between Hamilton's “moral opposition” to slavery and his economic policies, as if one had no connection to the other. In truth the American Revolution was the greatest anti-slavery revolution in history, and that intention was inseparable from Hamilton's economic and banking initiatives.

The Critical Problem

It is in the conclusion of *Radical Hamilton* that the problems which are apparent throughout the work go completely off the rails. What Parenti does is to take his argument on behalf of “statist” centralized “Hamiltonian” economics and insist that this is the most effective approach to impose a “Green” economic agenda on the United States today. In the concluding chapter of the book, he states:

What does the Hamiltonian tradition have to say to the present and the climate crisis? The unprecedented challenge of climate change requires, at

a minimum, that we euthanize the fossil-fuel industry and build out a vast clean-energy sector. This energy transformation, already underway but going too slowly, involves a simultaneous deindustrialization, putting an end to fossil-fuel use, and a green reindustrialization, building the new energy economy.

Mr. Parenti made similar comments in a recent August 12 interview with *The Hill*.

One might overlook these views as secondary to the rest of the contents of *Radical Hamilton*, except for the fact that Parenti's opposition to the physical economic development of the human species is both public and long-standing. In the December 24, 2012 issue of *The Nation*, Parenti authored an article, “‘Limits to Growth’: A Book That Launched a Movement,” wherein he heaps fulsome praise on Jay Forrester and Dennis Meadows and endorses their contention that human progress must be curtailed. Similar praise is bestowed on the oligarchical Club of Rome and its founder Aurelio Peccei. Parenti says of *Limits to Growth*: “a scientifically rigorous and credible warning.”

So what we are left with is an author who proposes to use the credit and banking policies of Alexander Hamilton to usher in anti-growth economic policies that would have been anathema to Hamilton himself. In making this argument, Parenti unfortunately references, in several locations, the “creative destruction” gibberish of Joseph Schumpeter, going so far as to draw a parallel between the “destruction” of horse and buggy transportation and its replacement by railroads with his proposed “destruction” of coal-fired generating plants

and their replacement with miles of low-energy solar panels.

Thus, Hamilton's intention is turned on its head.

The Science of Economics

As Lyndon LaRouche spent a lifetime elaborating, all human economic and civilizational progress is a product of the creative potential which resides within the human mind. All mechanistic, input-output and monetarist notions of economics are nonsense. From the Paleolithic, through the Bronze Age and into modern times, discoveries, and inventions—including most importantly discoveries of principle, as to how the universe is ordered and operates—have been the basis for all upward human progress. The modern-day Anglo-Dutch model, descended from monetarist practices adopted in 17th and 18th century London and Amsterdam, is about money and rule by an oligarchy. Hamilton's economics is about human advancement.

Parenti touches on this in his discussion of "bounties" and "premiums" and Hamilton's sponsorship of science, but he fails to draw the correct conclusion. What he refuses to see is that human advancement,—even continued human survival—is dependent on continual revolutions in science, technology and industry,—revolutions which increase mankind's power over nature, as well as the productivity (power) of both society as a whole and the individual citizen.

What *Limits to Growth* posits is just what its title says, that there is a Malthusian limit to human advancement: a limit to population growth, a limit to energy use per capita, a limit to vital resources, etc. This is the argument of today's present-day eco-warriors. The problem with this is not only that Hamilton would utterly reject such claptrap; more urgently, any attempt to enforce such a no-growth policy world-wide would ensure a human holocaust. Humanity either progresses or it dies.

Modern-day Hamiltonian economics is best expressed in the 2014 [Four Laws](#) of Lyndon LaRouche:

1. Immediate re-enactment of the Glass-Steagall law instituted by U.S. President Franklin D. Roosevelt, without modification....

2. A return to a system of top-down, and thoroughly defined, National Banking.

3. The purpose of the use of a Federal Credit-system, is to generate high-productivity trends in improvements of employment, with the accompanying intention, to increase the physical-economic productivity, and the standard of living of the persons and households of the United States....

4. Adopt a Fusion-Driver "Crash Program." The essential distinction of man from all lower forms of life, hence, in practice, is that it presents the means for the perfection of the specifically affirmative aims and needs of human individual and social life....

Today, the Covid-19 pandemic has revealed not only

the woeful state of public health capabilities world-wide, but the even greater need for advanced scientific breakthroughs, which will lead to a coronavirus vaccine, as well as the treatment and cure of other diseases. The Artemis program, the *Perseverance* mission to Mars and numerous space projects by other nations are also posing daunting challenges to our scientists, engineers, and our economic system. And they are beginning to reveal unanswered questions, as to the nature of our galaxy and the universe,—questions that demand attention and exploration. Fusion energy, starved for funding for decades, holds the promise of virtually limitless energy, more than enough to provide a

standard of living higher than the most prosperous European nation to every inhabitant of the planet.

Crash programs in all of these areas should and must become the order of the day. That is the proper understanding of Hamilton's proposal for Bounties and Premiums and the establishment of a Board to encourage "useful discoveries, inventions and improvements."

There are no limits to growth! There is no limit to human creativity and advancement! Economics is a physical science, not an accountant's playpen. What is required today is for serious people to study this matter with more honesty and depth. What is required is an economic system that is designed to foster increases in human productivity, leading to greater human happiness. That is the true intention of the *Report on the Subject of Manufactures*. And that is where real economics begins.

