'Price of Greatness': James Madison and Alexander Hamilton battle over contrasting visions of the economy

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By Glenn Altschuler

In 1787, shortly before he arrived in Philadelphia as a delegate to the Constitutional Convention, James Madison declared that “the great desideratum” (that is, the essential purpose) of government in a republic was to act as “a disinterested and dispassionate umpire,” securing property and public safety and preventing one faction in society “from invading the rights of another,” to the detriment of the collective good.


Mr. Cost indicates that Hamilton designed his financial plan (which advocated immediate assumption of state debt, a central bank to create a uniform national currency and extend credit, and subsidies to manufacturers) to align the interests of the wealthy few to the priorities of the United States government. In his indifference to conflicts of interest among public officials “and the greed and small-mindedness of the speculative class, which attached itself like a barnacle to his administration,” Mr. Cost writes, Hamilton exhibited “shocking naiveté.”

Mr. Cost attributes Madison’s subsequent support for a central bank, protective tariffs and federal spending on internal improvements to the reduced relevance of “agrarian republicanism,” the growth of manufacturing and commerce, an ideologically adrift political party desperately in need of a new direction,” and a conviction that the benefits of his policies would be more broadly distributed.
throughout the country. His approach, Mr. Cost suggests, not all that convincingly, was less a capitulation than “a synthesis of Hamilton vigor and Madisonian balance.”

At the same time, however, Mr. Cost insists that Madison and his Democratic-Republican colleagues “were wrong to set aside their own worries about corruption.” Their “scheme,” he adds, “tended to exacerbate rather than mitigate the threat.”

Mr. Cost’s thesis, it turns out, is that the Madison of 1787 was fundamentally right, after all. The Madisonian-Hamiltonian “hybrid,” the author declares, produced a Second Bank of the United States that “fomented oligarchy” and a “Tariff of Abominations” that “facilitated an ochlocracy, or mob rule,” consisting of a majority faction that enriched its members, harmed the South “and did nothing for the national interest.”

The realities of antebellum America, in my judgment, do not support Mr. Cost’s characterizations of government policies. The “oligarchy” folded in the wake of President Andrew Jackson’s veto of the bill renewing the charter of the bank he called a “monster.” And, although Mr. Cost claims that the geographical expansion of the United States “could not prevent majority factions” from abusing the fundamental principles of “the great desideratum,” he acknowledges that Henry Clay and John C. Calhoun engineered a compromise that reduced rates, which remained “reasonable” for decades. The mob, apparently, had no staying power.

Virtually no one, in my mind, disagrees with the age-old claim that nations with substantial commercial and manufacturing sectors, growing populations and aspirations to global power are more prone to corruption than those dominated by yeoman farmers. Or with the proposition that some people (usually elites) benefit more than others from government policies.

Madisonian factions (encapsulated these days in the phenomenon called pluralism) and organizations of the previously unorganized, have, to some degree, mitigated these tendencies. That said, corruption and inequality have been and continue to be pervasive in American society.

“The Price of Greatness” concludes with a plea to Americans to “remember that sovereignty belongs to the people” and “demand a return to republican propriety.” If they do, Mr. Cost predicts, “the government will acquiesce.”

Along with many other Americans, color me uncertain about the 21st century content of republican propriety, the role of government, the “proper” balance between republicanism and nationalism, and the “price of greatness.”

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