

The Effective Early American State

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Max Edling, [A Hercules in the Cradle: War, Money, and the American State](#) (2014).

For those of us working on the relationship between law and the American state, [Max Edling's](#) first book, [A Revolution in Favor of Government](#), was a welcome and necessary intervention. Work on the nineteenth-century state was slowly moving beyond the “courts and parties” thesis that portrayed the early American state as “weak.” But we lacked a systematic study of the United States Constitution as a blueprint for a strong American state. Edling filled that gap by demonstrating that the Constitution of 1787 established the foundations for a fiscal-military state that looked strikingly similar to its European competitors. A crucial piece to revising our understanding of the early American state was in place.

Traditional views die hard, however. For example, Sheldon Pollack, in [War, Revenue, and State Building](#), argues that the early American fiscal-military state “remained extraordinarily weak” until the Civil War, and concludes that it “must be viewed as a notable *failure*” because of its lack of substantial fiscal-military powers (100-101). In *A Hercules in the Cradle* Edling challenges this construction by demonstrating how the federal government used the powers delegated to it by the 1789 Constitution to build a state with enormous extractive powers. Instead of reading the story of the American state backwards and comparing it to modern states, or evaluating it in light of modern theories of the state, Edling reads it forward comparing it to its contemporaries. Most fundamentally Edling interrogates the objectives of the early American state, and its ability to accomplish them. In other words, rather than asking whether the early American fiscal-military state was “weak” or “strong”, he asks whether it was *effective*.

That these newfound powers enabled it to compete in a world of European monarchies and to conquer a continent suggests that it was.

Hercules in the Cradle is essentially divided into two parts. The first part deals with the creation of an American fiscal regime, comparing it to contemporary European ideas and practices. It focuses on the key power delegated to Congress by the new constitution, the power “to lay and collect Taxes, Duties, Imposts, and Excises.” This power to act directly upon individuals to collect revenue rather than rely upon the inefficient requisition system under the Articles of Confederation had several important consequences.

The tax power increased the new government’s extractive power, but only as it facilitated the introduction of modern European ideas about public finance. Printing money and levying direct taxes on property and polls had been the American method of war finance during both the Seven Years’ War and the Revolutionary War. Yet this method threatened the new nation’s political stability at home and abroad following the War for American Independence. With the new tax power in hand, Treasury Secretary Alexander Hamilton introduced modern ideas of public finance that focused on loans and public credit rather than printing money .

Public credit created the ligaments for the new state to be able to protect itself both nationally and internationally. Internationally, it enabled the government to raise vast amounts of money in case of war. Hamilton thus devised a finance system to restore and ensure the faith of creditors in the ability of the American state to pay its debts. He accomplished this by renegotiating for lower interest rates and terms of repayment, redefining securities as redeemable annuities with no fixed maturation date, which allowed the government to pay only the interest, free from claims of entitlement to the repayment of the entire principle, and allowing creditors to sell their securities to third parties so they could liquidate their assets.

The new system of public credit had effects at home, too. Hamilton not only restructured the debt, he used the impost, land sales, and other forms of indirect taxes to make the payments. This method mitigated tax politics within the states. After the federal government assumed the major portion of state war debts, the states were able to reduce the tax burden on their residents to nominal sums. The effect was substantial as there were no tax revolts following the major wars of the nineteenth century.

The proving ground for this new fiscal regime was America's subsequent wars — the War of 1812, the Mexican War, and the Civil War — that Edling takes up in the second part of his book. In the realm of war finance the War of 1812 marked a sharp break for Americans. For the first time Americans financed a war through use of long-term securities rather than printing money, which would become the method by which the United States would finance its subsequent wars. The Mexican War allows Edling to compare the fiscal-military regimes of Mexico and the U.S. Lack of credit and a poorly-organized army (despite spending more on its army than the United States) doomed the Mexican war effort. By contrast, American war finance methods enabled them to finance the war at little cost, and without placing an onerous tax burden on its citizenry, which likely would have stimulated sustained resistance to the war effort. As a result, Mexico lost half of its national territory despite the fact that the United States mobilized only a fraction of its resources.

The Civil War demonstrated that, though difficult, the American government could extract enormous amounts of resources to prosecute a major war. The national debt increased enormously from \$90m in 1861 to \$2.7b in 1866. The ability to finance such massive sums should itself go a long way toward undermining the weak state thesis. But more than that, the ability to finance such a large-scale war, Edling argues, demonstrated to the rest of the world the extent of American power, and consolidated American aspirations to a continental empire.

Edling's works demonstrate that it is time to abandon questions about whether the early American state was "strong" or "weak," and begin to evaluate it on its own terms. The early American state was distinct in terms of both norms and techniques. This is something that we miss if we simply ask whether it was strong or weak, especially if we evaluate that question in comparison to modern practices or theories. What were the aims of the early American state, how did it go about achieving those aims, and what were the consequences of those efforts? These seem to me to be the most basic questions to be asked, and exactly what Edling has done here.

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