Journal of
Economics and Political Economy
www.kspjournals.org
Volume 4 December 2017 Issue 4

Richard Sylla, *Hamilton: The Illustrated Biography,* Starling Publishing, 2016, 260 pp. $15 Hardcover.

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Abstract. In a time of renewed interested in Alexander Hamilton inliterature and art, recent attention reflects his near indispensable role in establishing the United States' political institutions and economic system. Richard Sylla has written an illustrated biography that complements this renewed interest in Alexander Hamilton.
Keywords. Political economy, Economic thought, Politics, Economic system.
JEL. B10, L66, Q18.

1. Introduction

During the United States' founding, it seems as though he was everywhere. Among the ensemble of political agitators, philosophers, and pragmatic geniuses, perhaps no other person was more pervasive and prolific than Alexander Hamilton. Few of the foundersrose as high from such modest beginnings yet have hadsuch as lasting impact as him. It is against this backdrop that Richard Sylla, a prominent economic and financial historian, adds his insights into this recent rediscovery of Hamilton in his book *Hamilton: An Illustrated Biography.*

Orphaned by his French-Huguenot mother and abandoned by his Scottish father, Hamilton was taken in by an older cousin and later a wealthy merchant family. His sharp intellect was noticed early, and he was soon sponsored to further his education at what became Columbia University in New York City. By 1775, he joined the colonial militia and became an artillery captain. Recognizing Hamilton's talent, George Washington elevated him to his aid de camp, a position he occupied until 1781. So, despite his later economic genius and administrative success, Hamilton had an important role during the Revolution and was later called upon during John Adams' administration to lead the country's New Army as a senior major general. Subsequently, it was his military career that first gave Hamilton an opportunity to a life in public service and expose him to military leaders -primarily George Washington- that propelled his career.

Among his many accomplishments, Alexander Hamilton was an economist. Because early life experiences have later life consequences, it was his interest in markets and his early work as a clerk at *Beckman and Cruger's* import-export company that motivated Hamilton to read James Steuart's *An Inquiry into the Principles of Political Oeconomy.* Hamilton demonstrated the skills of a developing economist that were required to understand how markets operated, the need for sound economic policy, and the need for a strong central government. The earliest signs of his understanding of the institutions necessary for the United States to prosper were those years after the Revolution, when at the 1786 Annapolis Convention, he foresaw the need for a strong central government and

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drafted a resolution for a Constitutional Convention, which led to the United States' Constitution.

While Thomas Jefferson had a larger role in crafting the Declaration of Independence and James Madison had a greater role in writing the US Constitution, as a primary author of *The Federalist Papers*, Alexander Hamilton had a pivotal role in clarifying to the colonial public the Constitution's meaning. When it went up for ratification among the thirteen colonies, gaps in the public's understanding persisted about the structure of the new government, which were addressed by parallel and anonymous newspaper editorials written in cognito by Hamilton, Madison, and John Jay. Hamilton wrote 51 Articles; James Madison wrote 29; John Jay, beleaguered by illness, wrote five. Hamilton assigned each author that area of their expertise. Hamilton covered branches of the government most relevant to him: the executive branch and Senate, taxation, and the military. Hamilton was also instrumental in establishing the principle of judicial review, codified in Federalist 78, and confirmed in 1803 by the Supreme Court's *Marbury vs. Madison*. Subsequently, Hamilton's political economy, legal foresight, and recognition for the need of a strong central government were instrumental in establishing the Constitution and US government.

There is no scholar more qualified to discuss Hamilton's role as chief architect of the US economy than Richard Sylla, who in leading academic journals advocates the six pillars of an economy's strong financial system. And while restricting Hamilton's economic contributions to merely the financial would be a mistake, Sylla's six pillars outline Hamilton's economic policies necessary for future US economic success. Hamilton was instrumental in establishing the US credit worthiness by creating strong public finances and effective debt management; creating a stable currency, standard for deferred payment, and store of value; creating a central bank that controls and serves the financial system and acts as the government's bank; establishing a legal environment witha system to provide bank money and loans to businesses and individuals; create securities markets that trade bonds issued by government and stocks and bonds issued by businesses; corporations that allowed individuals to pool their resources to create large, legally recognized institutions. Related to these six pillars is developing an effective insurance market that allows risk to be transferred from those who are risk averse to those accept risk for a premium. Like no other, it was Hamilton who created this financial apparatus that allowed the US to become a world economic leader.

Given his political economy, it is Hamilton's role as the first US Treasury Secretary and architect of the US economy where Hamilton's star shines brightest. He wrote four functional and foundational reports to Congress: The Report on Public Credit, the Report on the National Bank, the Report on Manufacturers, and the Report on the Establishment of a Mint. After an instrumental role in establishing the Constitution and government, the US needed a credible plan for taxation and means to pay its national debt, and the problem of who was responsible to pay each colony's debt decreased the Union's prospect for economic sustainability. At the end of the Revolution, each colony had acquired a colonial debt when they barrowed to equip their individual militias. When fighting ended, the contentious issue of who was responsible for each colony's debt threatened the new Union's cohesion. On the one hand, Thomas Jefferson and James Madison - who initially approved assumption of state debts by the national government- soon reversed their views and maintained that the assumption of colonial debt by the national government gave it too much influence. Alternatively, Hamilton and the Federalists argued that assumption of colonial debts gave wealthy landholders the incentive to see the new national government survive so it could repay the debts held by domestic bond holders. Assumption was settled by the Funding Act of 1790, and the compromise where Jefferson and Madison allowed the national capital to move southward from Philadelphia to Virginia in exchange for the federal government assuming colonial debts. Hamilton's compromise was economic brilliance because land holders -even those initially skeptical of the federal government- then had personal incentives to support the government and assure its survival.

Assumption of the national debt was only one of four parts of Hamilton's Report Relative to the Provision for the Support of Public Credit. He also made provisions to repay the entire principal on the debt owed to foreign creditors at face value plus its unpaid interest. The Treasury was to issue new federal bonds to replace the total principal from expiring state bonds. Lastly, the Report proposed that the interest rate on new bonds was four percent. This allowed US public finances to become sufficiently credible to make the 1803 Louisiana Purchase and gave it the resources necessary to fund the War of 1812. Years ahead of his time, Hamilton also saw the need for a central bank, which its report he submitted to Congress in 1790.

In 1791, Hamilton completed his economic plan by presenting his Report on the Subject of Manufacturers to Congress which encouraged the growth of manufacturing through the use of moderate tariffs, increased migration, and diversifying the economy to include industry, trade, and agriculture. He favored mild tariffs on select industries and government subsidies to fund internal improvements, such as roads and canals, which in creased travel, therefore, commerce. While Jefferson initially opposed Hamilton's Report on Manufacturers, he yielded over time to Hamilton's economic reasoning. In 1791, Hamilton submitted to Congress a Report on the Establishment of a National Mint, which finished his plan for a credible financial system. So, while Hamilton was America's foremost founding financier, he was more importantly its most important economic policy maker.

During the current period of renewed interest in Hamilton, while Sylla's contribution is valued, not everyone will find equal value in the book. The narrative is precise, but seasoned economic historians may find an illustrated biography of lesser value. Nevertheless, Sylla has written a valuable, concise, and informed biography of this vital founder.

It seems like Alexander Hamilton was everywhere at the founding and was the founder who most embodied unique ability to develop and enact its early economic policies. New Economic historians typically shy away from labeling anyone as an indispensable figure. However, the measure of Alexander Hamilton's role in early economic policy making had few peers. He was an early political philosopher and economist who understood the need for a strong central government to conduct economic and military policy. He was instrumental in establishing the young United States' Constitution and legal system; his economic policies have stood the test of time, and his understanding of financial markets assured the US could afford the short-term purchase of Louisiana but also put the US on the path to long-run economic and political stability.

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