

# 1 THE AMERICAN VISION

Men are ever better pleased with laboring on their own farms, than in the workshops. Even the mechanics who come from Europe, as soon as they can procure a little land of their own, commonly turn Cultivators. . . . I rejoice in the belief that intellectual light will spring up in the dark corners of the earth; that freedom of enquiry will produce liberality of conduct; that mankind will reverse the absurd position that the many were made for the few and that they will not continue slaves in one part of the globe, when they can become freemen in another.

President George Washington, fragments from drafts of the first inaugural address, April 1789<sup>1</sup>

The property of this country is absolutely concentrated in a very few hands. . . . I am conscious that an equal division of property is impracticable. But the consequences of this enormous inequality producing so much misery to the bulk of mankind, legislators cannot invent too many devices for subdividing property, only taking care to let their subdivisions go hand in hand with the natural affections of the human mind. . . . But it is not too soon to provide by every possible means that as few as possible shall be without a little portion of land. The small landholders are the most precious part of a state.

Thomas Jefferson, letter to James Madison about France, Fontainebleau, France, October 28, 1785<sup>2</sup>

In a country where we have no wealthy incorporated companies of merchants—where we have no nobles with great estates, permanent in the family line—where we have no royal prerogative supported by an enormous civil list and numbers of dependents—I say in a country where we have no counterpose to correct its influence or control its enormities by their own—shall we grant such an institution? Shall we give such an artificial spring to concentrated wealth? By no means.

Representative William Findley, the General Assembly of Pennsylvania, 1786<sup>3</sup>

On Saturday, April 1, 1786, in Independence Hall in Philadelphia, the Pennsylvania General Assembly debated whether to give a corporate charter to the Bank of North America.<sup>4</sup> Benjamin Franklin chaired the meeting as president of the Pennsylvania Executive Council. The Bank of North America, one of the first banks in the United States, is where the Continental Congress held money to clothe and feed the army in the Revolutionary War and to pay the soldiers' wages. Its building still stands at the corner of South Sixth and Chestnut Streets near Independence Hall. This was one of the first debates about "the corporation" in U.S. history.

At issue was whether the bank was "compatible with public safety, and that equality which ought ever to prevail between the individuals of a republic." Representative William Findley of Westmoreland County, echoing Washington's and Jefferson's thoughts on the broad ownership of property, thought it was not. At that time, a corporation needed a charter from the legislature

to operate, and even the great moral philosopher Adam Smith, later recognized as the father of modern economics, was suspicious of the corporation as an institutional form. When Smith published *The Wealth of Nations*, in 1776, most English firms were partnerships: each partner bore all the profits and losses directly. Smith doubted that managers of “other people’s money” would treat it as carefully as they did their own funds.<sup>5</sup> Seeing the British government granting monopolies to entities like the royal charter trading companies, he viewed corporations as a danger to a market economy. The proponents of the Bank of North America’s charter wanted the limited liability and protection from personal risk that a corporate charter would assure them.

Findley argued that allowing the bank to incorporate violated the state constitution because it promoted economic inequality. He feared that the bank would give “undue and impartial advantage to one set of men,” who would “monopolize economic power and undermine the government because of its large concentrated economic power.” A powerful corporation violated “the government, the laws, and the habits of the state.”<sup>6</sup> If the assembly approved the charter of the bank, it would break the “great deed of trust between those in government and the citizens.” In Findley’s view, the purpose of democratic government was to make sure that everyone could “share in the fruits of their labor.” Findley was not antibusiness, nor were the western Pennsylvania farmers and artisans he represented: they wanted to expand their commerce and enlarge their property. Like Washington and Jefferson, they favored an economy based upon what we today would call the middle class.

Born in Ireland in 1741 and educated in parish schools, Findley had immigrated to Philadelphia in 1763. During the American Revolution, he rose from private to captain in the Cumberland

County militia. He was a weaver, a farmer, a Jeffersonian Republican, and a Bible-toting Reformed Presbyterian; he was strongly opposed to slavery and “well-read in philosophical and scientific works.” In 1783 he was elected to Pennsylvania’s Council of Censors and became a member of the Supreme Executive Council, which managed the state government. One of the tasks of the Council of Censors was to watch for violations of the Pennsylvania Constitution, censure these violations, and, if necessary, call for a new constitutional convention. The Pennsylvania Constitution was drafted mainly by men from rural counties outside of Philadelphia. They fought to widen the base of voters by loosening the property ownership requirements for voting. This increase in the suffrage gave greater power to the western rural interests, and their voices were now heard in this raucous debate.<sup>7</sup>

That the debate took place in the commonwealth of Pennsylvania reflects that state’s distinct position. The Pennsylvania Constitution of 1776 was the most democratic in the colonies. There was only one legislature, the General Assembly. There was no state senate, a body that in other states generally protected the interests of the wealthy. The assembly’s Supreme Executive Council had a president, who acted as an executive but without the power of a popularly elected governor. Pennsylvania elected all its representatives annually. Laws enacted by the assembly became effective only after a year, so that “the people” could have a chance to form an independent opinion about them. The delegates to Pennsylvania’s Constitutional Convention in 1776 had even seriously debated a clause that would allow the state to limit the amount of land any one person could hold in the city or on a farm. Even though Philadelphia’s merchants had managed to defeat this clause, the merchants viewed the constitution as a radical document.<sup>8</sup> Moves to limit individual ownership

in Pennsylvania were part of a trend that had also cropped up in other regions. Some of the early colonies, such as Jamestown in Virginia and the Plymouth Colony in Massachusetts, had been involved in failed experiments with communal ownership rather than individual property ownership and farming.<sup>9</sup>

Findley traced how the policies of the Bank of North America were harming the Pennsylvania economy. The bank charged excessive interest rates that pushed people into debt. Debt would cost them their houses. Vacant houses meant reduced tax rolls and less income for the government to make improvements. In addition, the bank financed importers who brought in consumer goods that encouraged citizens to overspend. It gave out credit to help pay for the imports, which added to the state's foreign debt. The bank's foreign investors did not have the nation's good in mind. A democratic government's purpose, Findley said, was to ensure that the "source and the support of feudal dignity are therefore taken away." "Feudalism" was a strong word to level at the bank.

It did not make sense to Findley that the bank would have a permanent charter whereas Pennsylvania's governments changed annually. The bank would become a "permanent society, congregated by special privilege," that would control the most profitable foreign markets and produce a corporate aristocracy harmful to democracy. He concluded his speech by stating that the legislature literally did not even have the power to give the bank a charter: "The laws are a common property. The legislatures are entrusted with the distribution of them. This house will not—this house has no right, no constitutional power to give monopolies of legal privilege—to bestow unequal portions of our common inheritance on favorites."

This banking debate resonates with today's economic problems. The revolving door between Wall Street and Washington, DC, in which politicians appoint bankers to top jobs who then return to the private financial sector after public service, fits Findley's fears of how concentrated wealth could create a privileged elite. The term "crony capitalism" did not exist in his day, but that was the underlying issue. The Bank of North America mainly served a very small group of wealthy individuals, who could abuse their power. The bank's accountant had in fact borrowed large sums for long periods to finance personal land speculation.<sup>10</sup>

Would the Pennsylvania General Assembly charter a bank corporation that would concentrate economic power? If it did, would the citizens be able to influence government decisions once the bankers and corporate leaders had amassed their power?

The record of the 1786 Pennsylvania General Assembly debate runs 130 pages. It shows that the early leaders of the American Revolution connected the American democratic ideal with citizens' ownership of property, so that the country would not be dominated by a small group of wealthy capital owners. While these ideas are associated with Thomas Jefferson and James Madison, who together organized the Democratic-Republican Party to stand for the common man, the views of the Federalists, such as John Adams, reveal similar concerns. Historian Drew R. McCoy explains why the founders of the new democracy considered it important that every citizen have an ownership stake in the economy, which in those days meant ownership of land:

American republicans valued property in land primarily because it provided personal independence. The individual

with direct access to the productive resources of nature need not rely on other men, or any man, for the basic means of existence. The Revolutionaries believed that every man had a natural right to this form of property in the sense that he was entitled to autonomous control of the resources that were absolutely necessary for his subsistence. The personal independence that resulted from the ownership of land permitted a citizen to participate responsibly in the political process, for it allowed him to pursue spontaneously the common or public good, rather than the narrow interest of the men—or the government—on whom he depended for support. Thus, the Revolutionaries did not intend to provide men with property so that they might flee from public responsibility into a selfish privatism; property was rather the necessary basis for a committed republican citizenry. Property in land also served another crucial purpose in a republican society—it stimulated the productivity of an alert and active citizenry.<sup>11</sup>

At the Pennsylvania General Assembly debate, many others besides Findley spoke about the dangers of inequality to democracy. Robert Lollar, paymaster of the Pennsylvania forces during the Revolution, argued that the corporate charter would “destroy that equality which ought to take place in a commercial country.” In an era when corporate charters were issued specifically for the public good—for civic projects such as turnpikes—Lollar could not fathom that the Bank of North America would have an unlimited charter to operate. What specific public good would it serve from day to day? Like Findley, he was alarmed that the assembly and its president were elected every year, while the charter of the bank would be indefinite and its direc-

tors could serve unlimited terms.<sup>12</sup> John Smilie, from Fayette County, later a congressman and early opponent of slavery, called the bank “an aristocratical idea” because it granted “exclusive rights” to concentrate large amounts of capital for which there would be no “counterbalance” in the people’s commonwealth. Smilie thought the bank “would be totally destructive of that equality which ought to prevail in a republic.”<sup>13</sup>

Similarly, Robert Whitehill, who helped write the Pennsylvania Constitution and, according to some historians, had drafted language that James Madison used in the Bill of Rights, called the bank “an engine of destruction” that would “enable a few men to take advantage of their wealth.” He went on: “But the government of Pennsylvania being a democracy, the bank is inconsistent with the bill of rights thereof, which says that the government is not instituted for the emolument of any man, family, or set of men. . . . It [the bank] is inconsistent with not only the frame but the spirit of our government.” Whitehill emphasized that the states encouraged broad holding of property through “long credits, and . . . slow methods for recovering debts.” He favored the practice in which Americans “divide our estates, both real and personal, more equally among our heirs, than the laws or habits of any country that I know of” and therefore had “no kingly prerogative . . . no hereditary nobles . . . no feudal law.” Whitehill tied a tight knot with his conclusion: “Enormous wealth, possessed by individuals has always had its influence and dangers in free states. . . . Wealth in many hands operates as many checks. . . . Every man in the disposal of his own wealth will act upon his own principles. . . . If our wealth is less equal than our kind of government, how absurd must it be for government to lend its special aid in so partial a manner to wealth. . . . Democracy must fall before it.”<sup>14</sup>

Tench Coxe, later Hamilton's assistant treasury secretary, wrote a series of essays against the bank. Coxe came from a rich Philadelphia family and was a respected political economist. He criticized the Bank of North America as a monopoly and attacked its corporate governance as aristocratic. There is no question but that he was an interested party. The bank had blocked his own attempt to set up a rival bank that would be more open to small property holders—artisans and farmers—to whom the bank rarely gave loans.<sup>15</sup>

On the other side of the debate, the bank's directors lobbied the assembly and sought to convince the citizenry that the bank was necessary for economic development. The opponents intimated that the bank's allies engaged in bribery, but historians have found no evidence supporting that claim.

When the assembly voted on the corporation charter issue, the vote was 41–28 against the charter.<sup>16</sup> However, that was not the end of the matter. Pennsylvania elected assembly members every twelve months, and the charter fight became a major issue in the 1786 election. Supporters of the bank marshaled petitions, arguing that the bank would help finance economic expansion. They obtained the support of Benjamin Franklin and, in a stunning coup, that of Tom Paine, the legendary populist pamphleteer of the American Revolution. Paine believed that the bank would promote economic development that would eventually extend economic opportunity to all citizens.<sup>17</sup>

These arguments convinced voters that the benefits of the bank exceeded the dangers of the concentration of capital. Artisans split with farmers and supported the bank in the hope that it would give them financing. The electorate voted many of the charter's opponents out of office, replacing them with bank supporters. On March 17, 1787, the new assembly reversed the pre-

vious year's decision and approved the bank's charter. As it turned out, the artisans had made a sensible decision. Some years later, half of the bank loans were to artisans.<sup>18</sup> Arriving in Philadelphia only a few weeks later to chair the Constitutional Convention for the United States, which would also struggle over the issues of property, democracy, and equality, George Washington had dinner at the home of Thomas Willing, the bank's president.

The issues behind the bank debate went beyond a single corporate charter. Findley, Whitehill, and their colleagues were aligned with the proponents of the populist Pennsylvania Constitution, which sought to shift power in the state from a small group of propertied men to a wider body of citizens. The directors of the bank were aligned with the Federalist Party, which had opposed the 1776 Pennsylvania Constitution. These men of commerce were horrified by the discussion of allowing the state to limit property ownership.

The difficult economy that followed the end of the Revolutionary War strained relations between the two sides. Farmers wanted paper money, to make it easier to pay their debts, and easy credit to develop their commerce. Merchants wanted bank credit to allow them to expand their businesses. The broader fight was over whether the United States would maintain its land-centered economy of yeomen farmers or encourage a wider change that would shift the economy toward industry. The latter would necessarily concentrate wealth and increase the bankers' economic power.<sup>19</sup>

The ability of corporations to amalgamate huge sums of capital to invest in new economic activities was necessary for economic development, even when corporate charters did not specify their exact public purpose. Eventually, the laws regulating corporations relaxed: corporations did not have to ask permission

to exist, and their years of operation were not limited. Different states competed with each other to attract corporations. These firms accumulated vast amounts of capital, which became another ocean of property beyond the country's vast lands. Citizens could acquire ownership stakes in corporations as they could in land, though corporate ownership was more concentrated among the few, with potential undesirable consequences for democracy. The tension between the concentration of capital for investment, presumptively necessary for rapid economic development, and the democratic ideal of equality of citizens (for those with the suffrage at a given point of time) that upset the Pennsylvania General Assembly is recurrent in U.S. history, from the founding of the United States to the present day.

#### PROPERTY, INEQUALITY, AND DEMOCRACY

On May 14, 1787, leaders from the thirteen states opened the Constitutional Convention to design a federal government for the United States. The convention was held in Independence Hall, where the Pennsylvania General Assembly had reversed its decision over corporations just weeks earlier, and it was just a short walk from the Bank of North America. Mindful of the effort to include a clause in the Pennsylvania Constitution for state limits on ownership of property and similar excesses in other states, some of the delegates feared that an enfranchised majority would violate property rights, and that was their focus.<sup>20</sup> Others were concerned that inequality in property was inconsistent with democracy and citizen support of those same property rights. On one side, those without property might seek to restrict private property rights, in the manner of the abortive Pennsylvania clause, or engage in disruptive social protests and demands for redistribution. On the other side, concentration of ownership

might give the rich enough resources to undo democracy and create a new aristocracy. Broad property ownership was more likely to lead to wide citizen support for a republic and a stable democracy that operated on behalf of all citizens. All previous republics had been small and homogeneous, and some of the participants observed that “no federal or republican government had ever worked on so large a scale” as the United States.<sup>21</sup> Could the new country devise institutions and policies to balance the competing forces?

Appendix 1.1 conveys the concerns about inequality, property ownership, and democracy of some of the Founders in their own words.

The three presidents who followed George Washington—John Adams, Thomas Jefferson, and James Madison—each had a unique approach to the problem. Expecting inequality to increase as the economy evolved, they sought ways to make the acquiring and holding of property, especially land, as broad based as possible, although they could not overcome their blindness to slavery at the time. Similar views can also be seen in the writings of Benjamin Franklin and the leading pamphleteer of the Revolution, Tom Paine.<sup>22</sup> Broad-based ownership would give many citizens a stake in preserving the political and economic system.

### John Adams

John Adams believed that a government could not protect liberty if it did not protect the right to property, but that concentration of property endangered democracy. (See Appendix 1.2.) One historian has observed “no subject interested Adams more than the nature and origins of inequality.”<sup>23</sup> Adams focused on the problem throughout his life. The colony of Massachusetts

distributed public lands to citizens as widely as possible and had minimal qualifications for property ownership for the right to vote. Adams fought repeatedly to distribute free land to American soldiers and foreign deserters during the Revolution as an incentive for their military service.<sup>24</sup>

After the American Revolution, he favored state laws to force families to divide their estates among all their children and thus prevent the large feudal estates that developed in Europe when property went only to the eldest (male) offspring. Regulating inheritance in this way would reduce inequality without touching the distribution of income between rich and poor families.<sup>25</sup> Like other Founders, Adams closely read the seventeenth-century political philosopher James Harrington, whose book *The Commonwealth of Oceana* linked broad property ownership to the distribution of power and liberty in a republic. As the principal author of the Massachusetts Constitution, Adams stressed the protection of property rights and the right to acquire property. He thought the concentration of wealth was bad for a society's political health and that extensive property ownership would be an important check on the emergence of a new aristocracy.<sup>26</sup> Recognizing that natural human differences lead to inequality, Adams opposed mechanical plans to distribute property, but he still wanted property ownership to be as widespread as possible.

Searching for institutions or mechanisms to avoid the twin dangers of property inequality and violations of property rights, Adams reviewed the experiences of dozens of past republics and federations. He published the results in a book, *A Defense of the Constitutions of the United States*, which appeared around the time of the Constitutional Convention. The design of the U.S. Constitution was consistent with many of his ideas. The three branches

of government would check one another to best protect the right to property. A strong executive would help maintain the balance between the rich and the poor. Having two houses of Congress would help avoid the populist extremes. The Senate, he wrote, would be a place “to group the rich . . . to tie their hands.” The goal was to create a society where individuals would be responsible for their own performance and improvement and where society would adopt institutions and policies that made the acquisition of property easy.<sup>27</sup> Adams “advocated a public policy that would encourage the broadest possible distribution of property” so that “the property of every man has a share in the government.”

Toward the end of his life, Adams grew pessimistic about the future of republican governments. His fear was not that the propertyless majority would redistribute property, but that inequality would allow a new aristocracy to manipulate elections to sway democratic majorities. Fearing “a system of subordination of all to . . . the capricious will of one or a very few,” he offered some guidelines for the future. The goal of a republic, he wrote, was not the enrichment of the powerful and wealthy but “the greatest happiness for the greatest number.” The government should not only guarantee equality of rights but also enact “equal laws for the common interest.” He hoped that the highly accomplished and wealthy, the “aristocracy of merit,” would lead the way through their passion for the public good.<sup>28</sup> Historians generally portray Adams as the most traditional of the Founders, but he held strong views about broadening property ownership.<sup>29</sup>

## Thomas Jefferson

Thomas Jefferson, Adams's successor, consistently argued for a policy of expansive property ownership. (See Appendix 1.3.) His draft of Virginia's Constitution in 1776 called for granting fifty acres of public land to each person without landownership. In his only book, *Notes on the State of Virginia*, he argued that as the proportion of citizen landowners went up, political corruption went down. He wrote to James Madison in 1775 that those excluded from property ownership needed to have this "fundamental right" returned to them. Like some other Founders, he believed property owners were more likely to protect liberty. His worry that the nation would run out of land, expressed in a letter to John Jay, sheds light on why he favored government support for the cod industry as well as the Louisiana Purchase. The independence of the fisherman was comparable to that of the farmer and thus to be strongly supported. Early drafts of the Declaration of Independence emphasized citizens' "acquisition" of property. Jefferson and others developed the Northwest Ordinance of 1787, which offered land for less than a dollar an acre in what would later become Ohio, Indiana, Michigan, Illinois, Wisconsin, and part of Minnesota, and is considered by some historians of this period among the most important legislative acts aside from the Constitution itself. Among other things, it outlawed primogeniture in the entire region.<sup>30</sup> In his 1801 inaugural address, Jefferson called for not taking "from the mouth of labor the bread it has earned." His stunning condemnation of the British landed aristocracy in a letter to Governor John Langdon of New Hampshire adroitly recalls the current political situation in the United States where two parties, close in power, use a variety of methods to get the propertyless masses to vote for them.

Jefferson went further than any Founder to implement his ideas. He supported granting land to soldiers during and after the American Revolution. He persuaded the Virginia legislature to outlaw primogeniture. The Virginia Constitution ensured not only the right to own property but also the right of “acquiring and possessing property.”<sup>31</sup> Jefferson wrote President George Washington’s first major report on distributing public lands. As president he set up land offices and hired surveyors to accelerate the distribution of land to citizens. Setting aside his own constitutional reservations, he made the Louisiana Purchase in part because this vast increase in the nation’s territory advanced his vision of a homogeneous property-owning republic, “the empire of liberty.” In a letter to Edward Bancroft in 1789, a year before Jefferson returned home to work on the cod fishery, Jefferson revealed that he intended to do a social science experiment that would show how landownership benefited human behavior as well as individual well-being. He wanted to import as many Germans as he had slaves, provide each group with fifty acres of land, and observe how they responded to this opportunity. He had “no doubt but that they [both groups] will be good citizens.”<sup>32</sup>

While Jefferson’s support of the broad middle class contrasts with Alexander Hamilton’s interest in creating a financial elite closely tied to the central government, Jefferson’s lack of interest in industry and finance can be exaggerated. He opposed, as cozying up to the financial elite, Hamilton’s plan for the federal government to issue bonds for the entire Revolutionary War debt of the states and the Confederation. He opposed Hamilton’s push to persuade Congress to provide substantial support for manufacturing. And he opposed Hamilton’s plan to charter a Bank of the United States. But he relied on the outcome of Hamilton’s investment banking prowess to raise the funds for the Louisiana

Purchase and was friendly to manufacturers during his presidency. He came up with creative financing ideas, not unlike today's employee stock ownership plans, to help people use leverage in their purchases of public land. He was open to European and American "land corporations" buying and distributing land to citizens. Herbert Croly, the founder of the *New Republic* magazine, said Jefferson achieved Jeffersonian ends through Hamiltonian means. In the end, Jefferson's yeoman farmers, his citizens, and his proposals were more market oriented than is often recognized.<sup>33</sup>

In *A Preface to Economic Democracy*, political theorist Robert Dahl writes that wide access to land allows the state to create broad property ownership. For the United States, buying land, pushing westward, and dividing up more and more land as the population grew seemed like a way to make Jefferson's vision of a homogeneous republican citizenry come true. Jefferson's first inaugural address described "a rising nation, spread over a wide and fruitful land." He repeatedly wrote that land would "in the end contribute most to real wealth" because self-labor would make the land more valuable and create independent capital owners across the nation. There is no question that blindness to the rights of Indians helped facilitate the land's availability.<sup>34</sup>

To support "a nation of citizens spread over vast tracts of land," Jefferson funded the Lewis and Clark expedition and spent \$15 million on the Louisiana Purchase, acquiring almost a million square miles of land. As the historian Gordon Wood wrote, the purchase served to "fulfill the president's dream of having sufficient land for generations to come of his yeoman farmers" and was "the most popular and momentous event of Jefferson's presidency." Ironically, many members of the Federalist Party, which normally favored activist national government, opposed

this expenditure, although Alexander Hamilton supported it. Jefferson clearly stated the connection between land and democracy: “By enlarging the empire of liberty, we multiply its auxiliaries, and provide new resources of renovation, should its principles at any time degenerate in those portions of the country which gave them birth.”<sup>35</sup>

### James Madison

James Madison, the fourth president, was more pessimistic than Jefferson about the ability of a vast supply of land to keep inequality in check. He worried more about how inequality might harm the political system. (See Appendix 1.4.) In *The Federalist*, he expressed the fear that a majority faction based on those without property would seek to cancel the property rights of the richer minority. Protecting liberty therefore meant protecting property rights. Yet allowing people with “unequal faculties to acquire property” would certainly generate more inequality. Madison opposed equalizing property through redistribution as “impracticable” and “unwise.” His political solution was what he called “extending the sphere” by making the country so large that multiple factions, a large territory, a government of checks and balances, and a Senate made up of cooler heads would all help avoid the implosion that mounting inequality could produce if the majority tried to violate property rights.<sup>36</sup> Many scholars stress this aspect of Madison’s thought because he gave so much attention to it at the Constitutional Convention and in *The Federalist*.<sup>37</sup>

Another dimension of Madison’s thought was his support for broad-based property ownership and the right to acquire property. He wanted that right added as an amendment to the U.S. Constitution. Like Adams and Jefferson, he supported a program of tough laws to abolish primogeniture, which restricted

how property would pass from generation to generation.<sup>38</sup> In a piece written for the Virginia Constitution Convention in 1829, near the end of his public career, he worried that the effect of “equalizing the property of citizens” by abolishing primogeniture would not be enough to keep property widely distributed. At the same meeting, he made a table of the likely U.S. population for the next one hundred years. By about 1930, he estimated, the United States would have 192 million people (the actual number was 123 million) and there would be 800–900 million acres to divide among the citizens. He feared that there would not be enough land to go around to sustain broad property ownership.<sup>39</sup>

Still, Madison held firm to his original idea that “the owners of the country itself form the safest basis of free government.” Extensive property ownership was thus important to protect liberty and social order. He thought the government would be freer if the nation had a lot of property assets—that is, land—relative to the population and adopted laws that favored widespread property ownership. The more freeholders in a country, the more they would protect liberty compared to those who had no hope of acquiring property. The political economy problem was how to broaden property holdings while respecting property rights. He also believed that this type of broadened ownership-oriented economy probably provided more social control to calm the masses who were landless.<sup>40</sup>

Madison never elaborated a program for solving his political economy problem, but in a series of stark articles in the *National Gazette* in 1792, he offered some hints. He favored withholding unnecessary opportunities from the “few” that would lead to unmerited accumulation of riches. He favored laws that would extend the middle class by reducing extreme wealth without

violating property rights. While he was against arbitrary restrictions on acquiring property, he strongly opposed monopolies and preferential treatment for the rich and powerful. He was against policies that would favor one interest at the expense of another, and he hoped that the rich and the poor would serve as a check on each other and produce an equilibrium of moderate inequality.

Madison's bottom line is as much a challenge to policy makers today as to his contemporaries: "To the effect of these changes, intellectual, moral, and social, the institutions and laws of the country must be adapted, and it will require for the task all the wisdom of the wisest patriots." It would require some very wise policies to meet this challenge. Looking forward to the future economy, he worried about a deficiency of capital "for the expensive establishments which facilitate labor and cheapen its products." Indeed, the corporation later emerged as a possible solution to his worry because it offered a new type of capital for "expensive establishments" that would not run out like land but could be broadly owned. We will consider whether the corporation is capable of creating the wide base of property stakeholders whom Madison considered so necessary.<sup>41</sup>

#### THE HOMESTEAD ACT

It has long been a cherished opinion of some of our wisest statesmen that the people of the United States had a higher and more enduring interest in the early settlement and substantial cultivation of the public lands than in the amount of direct revenue to be derived from the sale of them. . . . This policy has received its most signal and beneficent illustration in the recent enactment granting homesteads to actual settlers. Since the 1st day of January last the before-mentioned

quantity of 1,456,514 acres of land have been taken up under its provisions.

—*President Abraham Lincoln, December 9, 1863, Annual Message to Congress*<sup>42</sup>

The land was not exhausted yet. During much of the nineteenth century the extensive territory west of the Mississippi made Jefferson and Madison's dream of increasing the independent land-owning population of the country a plausible way to reconcile the dilemma between inequality and property. There were two competing views of what the federal government should do with its hundreds of millions of acres. The Hamiltonian view favored selling the lands to the highest bidder to raise enough revenue to balance the indebted nation's books. The Jeffersonian view called for distributing public lands to landless citizens, to give them a direct capital stake in society. The land-distribution policies of the Northwest Ordinance of 1787 and the Louisiana Purchase had begun the process in earnest. The early 1800s saw some additional modest programs along Jeffersonian lines. The Harrison Land Act of 1800, which created the Indiana Territory out of the Northwest Territory, sold land to citizens by means of a liberal system of credit to help them buy small amounts. In 1804 the federal government made access to land easier and gave land grants to military volunteers. In some areas, squatters pressured the government to sell to them. A congressional act of 1820 reduced the price of land to \$1.25 an acre, less than the price immediately after independence. Treasury Secretary Albert Gallatin reflected the original "republican sentiment": "Every purchase is voluntary and advantageous to all parties: to the purchaser, who on the most easy terms, becomes a freeholder and secures for life an independent existence; to the community at

large, which is enriched by the annual conversion of unproductive into most productive land; to every individual of that community, whose taxes are lessened in proportion to the amount received."<sup>43</sup>

This policy culminated in the Homestead Act, which President Lincoln highlighted in his Annual Message to Congress. The idea had long roots: its first mention may have been by Thomas Hart Benton, a Jacksonian Democrat, in 1809. Then serving in the Tennessee Senate, Benton called for a policy to give the first settler on public land who improved it the first option to buy it. He emphasized that settlers who were landowners were more self-sufficient and less likely to go to the poorhouse. The then standard practice of selling government land to the highest bidder was, he said, "a false policy." Benton's efforts were, according to his biographer, "thrust aside with ridicule as mere visionary dreams." Later, in the U.S. Senate, Benton regularly introduced bills to distribute federal land to citizens, citing George Washington, Alexander Hamilton, and Thomas Jefferson in support of his proposals. He asked the State Department to do a special census of freeholders to track the development of a broad-based proprietary economy. He attacked the federal government for having 70 million acres in areas where 140,000 non-freeholders lived. A land distribution bill he introduced in 1828 almost became law but got entangled in the battle over whether western lands should allow slavery.<sup>44</sup> Southern plantation owners wanted to buy new lands and operate them with gangs of slaves. Northerners wanted small free farmers to operate the lands. The result was a deadlock.

In the late 1840s, the idea of giving land to citizens who worked it gained more favorable attention than any other measure, other than cheap postage. The National Reform Association,

allied with labor groups, stimulated the largest nationally coordinated petition drive in American history in favor of homesteads. Alvan Earle Bovay, secretary of the association, described homesteading as “an effort [for the worker] to redeem himself from the slavery of wages.” Newspapers across the nation endorsed the petition. Many of them included petition forms that people passed around and mailed in to the government.<sup>45</sup> In 1848, citizens in the Midwest formed the Free Soil Party under the motto of “Free Soil, Free Labor, and Free Men.” (See Appendix 1.5.)

In the early 1850s the Free Soilers joined other groups opposed to the spread of slavery to form the Republican Party. The Republicans’ first candidate for president, former California senator John C. Frémont, ran on a slogan that was only slightly modified: “Free Soil, Free Labor, Free Men, and Frémont.”<sup>46</sup> In response to the financial crash of 1857, Congress passed a homestead act in 1860. Initially the plan was to provide 160-acre farm plots for free to pioneers, in part to help workers who lost jobs in the crisis, but the eventual bill made lands available at twenty-five cents an acre, still a very good price. Industrialists opposed the bill for fear it would reduce the supply of labor. Southern plantation owners opposed the bill for fear that the lands would attract Free Soilers opposed to the extension of slavery. President James Buchanan vetoed it.<sup>47</sup>

The Civil War changed the political calculus. In 1862, with no representatives from the southern states, Congress passed the Homestead Act. House Speaker Galusha Grow, often called “The Father of the Republican Party,” steered the act through Congress as promoting social and political equality, saying, “I want the government to protect the rights of men.” Grow’s words highlight the belief that among the basic human rights was the right to own property and that the right should extend to all persons.

The Homestead Act gave ownership of 160 acres of undeveloped federal land west of the Mississippi River to families for a small fee and five years of residency if they built a house and worked the land, or for \$1.25 an acre with minimal improvements and a six-month residency. Veterans who had not fought against the Union could count their military service against the five years. It was the country's greatest effort to improve the wealth of citizens and carry out the Jeffersonian vision. The Homestead Act did not take property from any existing owners. The land was the common property of the United States. Though it was a government program, it was also, in the eyes of many, an antigovernment program, moving assets from the government to private ownership. By the 1880s, both political parties supported the homestead idea that the lands should go to citizen settlers and not corporations.<sup>48</sup>

The original Homestead Act eventually allowed some six hundred thousand Americans to get a property stake in society. Between 1860 and 1900 it created 4 million farms. It did not live up to its promise quickly because the government's administrative apparatus was not widespread or efficient enough to manage the program, because of fraud and favoritism. After the Civil War the government passed many additional homestead acts to allow for the different land needs associated with different types of farming. The Homestead Act continued until it was finally repealed in 1976. Similar legislation continued in the state of Alaska until 1986. The distribution of public lands through homesteading helped build many western states that today value rugged individualism and small government.

These laws represented a major implementation of the Founders' policy of broad-based ownership. Between 1862 and 1938, 10 percent of the landmass of the United States—nearly the area

of Texas and California combined—was claimed and settled by 1.6 million homesteads under the different homestead acts. This represents about 20 percent of all public land and is comparable to all the land granted to states and sold or awarded to corporations and land grant colleges. While Congress granted four times more land to railroad corporations than it allotted under the original Homestead Act, railroads sometimes granted “homesteads” to citizens to encourage the building of settlements and create markets for their services.<sup>49</sup>

When the original Homestead Act became law in 1863, African Americans could not become citizens and so could not enjoy its benefits. On November 15, 1865, General William Tecumseh Sherman issued an order granting forty acres of land to free blacks on “the islands from Charleston, south, the abandoned rice fields along the rivers for thirty miles back from the sea, and the country bordering the St. Johns River, Florida” and offered the new settlers military protection. His field order was canceled by President Andrew Johnson. The Civil Rights Act of 1866 at least officially granted African Americans citizenship. Radical Republicans who wanted to reform the South tried after the Civil War to create a “Homestead Act for free blacks” by promising forty acres and a mule to every black family, but this was blocked. In 1866 the Southern Homestead Act was passed to open up 46 million acres of public land for former slaves. Southern opposition to black ownership led Congress to repeal that act in 1876.<sup>50</sup>

#### THE CORPORATION AS THE NEW LAND?

The ideology of agrarian democratic republicanism developed during a peculiar moment in American history, when farmland and small artisans could hold a large proportion of the

country's property and capital, and inequalities among citizens were relatively modest. Historian Gordon Wood writes about this theme in *The Empire of Liberty*:

Just as Americans lacked the corrupting luxury of Europe, so too, they constantly told themselves, they were without Europe's great distinctions of the wealthy few and the poverty-stricken many. Compared to Great Britain, America had a truncated society; it lacked both the great noble families with their legal titles and sumptuous wealth and the great masses of poor whose lives were characterized by unremitting toil and deprivation. In America, wrote Benjamin Franklin in one of the many expressions of the idea of American exceptionalism in these years, "a general Mediocrity" prevailed. . . . Commentators were eager to turn the general middling character of America into an asset. "Here," wrote Crèvecoeur, "are no aristocratical families, no courts, no kings, no bishops, no ecclesiastical dominion, no invisible power giving to a few a very visible one, no great manufactures employing thousands, no great refinements of luxury. The rich and the poor are not so far removed from each other as they are in Europe." . . . Nowhere in America, he said, ignoring for the moment, as most American social commentators did, the big houses of the Southern planters and the slave quarters of hundreds of thousands of black Africans, could one find "the hostile castle and the haughty mansion, contrasted with the clay-built hut and miserable cabin, where cattle and men help to keep each other warm and dwell in meanness, smoke, and indigence." . . . The fact that the great bulk of Americans were landowners radically separated them from the rest of the world. . . . Americans were a society, in

other words, suited for republicanism. . . . It was precisely the prevalence of all these independent farmers that made possible virtuous republican government in America.<sup>51</sup>

But the era of the independent farmers did not survive into the twentieth century. While the U.S. population did not grow as rapidly as Madison expected, it grew sufficiently to validate his belief that the Jeffersonian vision of a broad-based agrarian property class with fairly equitable holdings was not a plausible outcome. Instead, the share of workers in agriculture dropped from census to census as the population grew increasingly urban. Manufacturing increasingly drove the economy, along with the exploitation of natural resources such as coal and oil. Rapid industrialization and modernization after the Civil War produced the kind of economy that Findley and his allies in the Pennsylvania General Assembly feared: huge concentrations of capital; key markets controlled by monopolies or trusts; and a generation of superrich individuals with great influence and power. In the late 1800s and early 1900s, two thousand corporations were consolidated into fewer than two hundred huge concentrations.<sup>52</sup> Then, most of the population ended up working for someone else: first in the massive expansion of manufacturing, oil, and mining, and later in white-collar and retail businesses. Corporate capitalism generated great economic growth and huge pools of capital but also huge inequalities in the distribution of property.<sup>53</sup>

The problem of creating broadened ownership in the new industrial world was not something the Founders foresaw. James Madison worried about “capital for these expensive establishments,” but no one came up with a way to turn the citizens in them into a new version of “proprietors.” When Republican Speaker Galusha Grow finally retired from the House of Repre-

sentatives in 1902, he gave one last speech on “Labor and Capital.” Having seen both the successes and limitations of the Homestead Act, he proposed that profit sharing could be used to provide access to property rights to workers in the now industrialized economy. It was not, he argued, that corporations were themselves the problem—as Findley tried to convince the Pennsylvania General Assembly—but rather that business and political leaders had envisioned no way of organizing the finances of corporations that encouraged broadened ownership.<sup>54</sup>

Could the Founders’ vision for widespread ownership be fulfilled with the new forms of wealth embodied in corporate property? Could the corporation that Findley and his colleagues saw as the enemy of liberty become instead the new source of broad-based property? How would firms that spread the benefits of ownership to all their workers fare in the marketplace against more traditional firms?

## APPENDIXES

### Appendix 1.1. The Dual Fears from Unequal Distribution of Property: Lack of Protection of Property vs. the Rich Control of Government

#### THE PROPERTYLESS COULD TRAMPLE PROPERTY RIGHTS

Suppose a nation, rich and poor, high and low, ten millions in number, all assembled together; not more than one or two millions will have lands, houses, or any personal property. . . . If all were to be decided by a vote of the majority, the eight or nine millions who have no property, would not think of usurping over the rights of the one or two millions who have? . . . The time would not be long before courage and enterprise would come, and pretexts be invented by degrees, to countenance the majority in dividing all the property among them, or at least, in sharing it equally with its present possessors. Debts would be abolished first; taxes laid heavy

on the rich, and not at all on the others; and at last a downright equal division of every thing be demanded, and voted. What would be the consequence of this? The idle, the vicious, the intemperate, would rush into the utmost extravagance of debauchery, sell and spend all their share, and then demand a new division of those who purchased from them.

John Adams, *A Defense of the Constitutions of Government of the United States of America*, 1794<sup>55</sup>

There will be debtors and creditors and an unequal possession of property. . . . In England, at this day, if elections were open to all classes of people, the property of landed proprietors would be insecure. An agrarian [redistribution] law would soon take place. If these observations be just, our government ought to secure the permanent interests of the country against innovation. Landholders ought to have a share in the government, to support these invaluable interests, and to balance and check the other. They ought to be so constituted as to protect the minority of the opulent against the majority.

James Madison, Philadelphia Constitutional Convention,  
June 26, 1787<sup>56</sup>

All communities divide themselves into the few and the many. The first are the rich and well born, the other the mass of the people. The voice of the people has been said to be the voice of God; and however generally this maxim has been quoted and believed, it is not true in fact. The people are turbulent and changing; they seldom judge or determine right. Give therefore to the first class a distinct, permanent share in the government. They will check the unsteadiness of the second, and as they cannot receive any advantage by a change, they therefore will ever maintain good government. Can a democratic assembly, who annually revolve in the mass of the people, be supposed steadily to pursue the public good? Noth-

ing but a permanent body can check the imprudence of democracy. Their turbulent and uncontrolling disposition requires checks.

Alexander Hamilton, Philadelphia Constitutional  
Convention, June 19, 1787<sup>57</sup>

#### THE RICH COULD TAKE CONTROL

Are the citizens to be all of the same age, sex, size, strength, stature, activity, courage, hardiness, industry, patience, ingenuity, wealth, knowledge, fame, wit, temperance, constancy, and wisdom? The answer of all mankind must be in the negative. . . . There is an inequality of wealth; some individuals, whether by descent from their ancestors, or from greater skill, industry, and success in business have estates both in lands and goods; others have no property at all . . . The only remedy is to throw the rich and the proud into one group, in a separate assembly, and there tie their hands; if you give them scope with the people at large or their representatives, they will destroy all equality and liberty, with the consent and acclamations of the people themselves.

John Adams, *A Defense of the Constitutions  
of the United States*, 1794<sup>58</sup>

If all power be suffered to slide into hands not interested in the rights of property which must be the case whenever a majority fall under that description, one of two things cannot fail to happen; either they will unite against the other description and become dupes and instruments of ambition, or their poverty and dependence will render them mercenary instruments of wealth. . . . In either case liberty will be subverted; in the first by a despotism growing out of anarchy, in the second by an oligarchy founded on corruption.

James Madison, *Observations on the "Draught of the Constitution  
for Virginia,"* ca. October 15, 1788<sup>59</sup>

Do we imagine that our assessments operate equally? Nothing can be more contrary to the fact. Whenever a discretionary power is lodged in any set of men over the property of their neighbors, they will abuse it, their passions, prejudices, partialities, dislikes, will have the principal lead in measuring the ability of those over whom their power extends.

Alexander Hamilton, July 4, 1782<sup>60</sup>

## Appendix 1.2. John Adams on Widespread Property Ownership

Property monopolized or in the Possession of a few is a Curse to Mankind: We should preserve not an Absolute Equality—this is unnecessary, but preserve all from extreme Poverty, and all others from Extravagant Riches.

John Adams, *Fragmentary Notes for a Dissertation on the Canon and Feudal Law*, May–August 1765<sup>61</sup>

Our Laws for the distribution of Intestate Estates occasions a frequent Division of landed Property and prevents Monopolies of Land.

John Adams, letter to Abigail Adams, October 29, 1775<sup>62</sup>

Harrington has Shewn that Power always follows Property. This I believe to be as infallible a Maxim in Politicks, as that Action and Reaction are equal, as in Mechanicks. Nay, I believe We may advance one Step farther, and affirm that the Balance of Power in a Society, accompanies the Balance of Property in Land. The only possible Way then of preserving the Balance of Power on the side of equal Liberty and public Virtue, is to make the Acquisition of Land easy to every Member of Society: to make a Division of the Land into Small Quantities, So that the Multitude may be possessed of landed Estates. If the Multitude is possessed of the Ballance of real Estate,

the Multitude will have the Ballance of Power, and in that Case the Multitude will take Care of the Liberty, Virtue, and Interest of the Multitude in all Acts of Government.

John Adams, letter to James Sullivan, May 26, 1776<sup>63</sup>

All men are born equally free and independent, and have . . . certain natural, essential, and unalienable rights: among which may be reckoned the right of enjoying and defending their lives and liberties; that of acquiring, possessing, and protecting their property; in fine, that of seeking and obtaining their safety and happiness.

John Adams, *Report of a Constitution or Form of Government for the Constitution of Massachusetts*, ca. October 28–31, 1779<sup>64</sup>

The general discontents in Europe have not been produced by any increase of the power of kings, for monarchical authority has been greatly diminished in all parts of Europe during the last century, but by the augmentation of the wealth and power of the aristocracies. The great and general extension of commerce has introduced such inequalities of property, that the class of middling people, that great and excellent portion of society upon whom so much of the liberty and prosperity of nations so greatly depends, is almost lost; and the two orders of rich and poor only remain. . . . The people find themselves burdened now by the rich. . . . In America, the right of sovereignty resides indisputably in the body of the people, and they have the whole property of land. . . . But if the whole people be landlords, or hold the land so divided among them, that no one man or number of men, within the compass of the few or aristocracy overbalance them, it is a commonwealth. . . . In America, the balance is nine tenths on the side of the people.

John Adams, in the *Boston Patriot*, 1811<sup>65</sup>

That all men are born to equal rights is true, Every being has a right to his own, as clear, as moral, as sacred, as any other being has. This is as indubitable as a moral government in the universe. But to teach that all men are born with equal powers and faculties, to equal influence in society, to equal property and advantages through life, is as gross a fraud, as glaring an imposition on the credulity of the people, as ever practiced by monks, by Druids, by Brahmins, by priests of the immortal Lama, or by the self-styled philosophers of the French revolution.

John Adams, letter to John Taylor, April 15, 1814,  
Quincy, Massachusetts<sup>66</sup>

### Appendix 1.3. Thomas Jefferson on Broad-Based Property Ownership

The political institutions of America, it's various [soils and climates opened a] certain resource to the unfortunate & to the enterprising of every country, and ensured to them the acquisition & free possession of property.

Thomas Jefferson, *Draft of the Declaration of Independence*,  
June 1775<sup>67</sup>

Every person of full age neither owning nor having owned 50 acres of land shall be entitled to an appropriation of [fifty] acres . . . in free and absolute dominion. And no other person shall be capable of taking such an appropriation.

Thomas Jefferson, *Proposed Constitution for Virginia*, Section IV,  
Rights, Public and Private, June 1776<sup>68</sup>

Generally speaking, the proportion which the aggregate of the other classes of citizens bears in any State to that of its husband-

men, is the proportion of its unsound to its healthy parts, and is a good enough barometer whereby to measure its degree of corruption. . . . 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. It is the manners and spirit of a people which preserve a republic in vigor. A degeneracy in these is a canker which soon eats to the heart of its laws and constitution.

Thomas Jefferson, *Notes on the State of Virginia*, 1784<sup>69</sup>

Whenever there is in any country, uncultivated lands and unemployed poor, it is clear that the laws of property have been so far extended as to violate natural right. The earth is given as a common stock for man to labour and live on. If, for the encouragement of industry we allow it to be appropriated, we must take care that other employment be furnished to those excluded from the appropriation. If we do not the fundamental right to labour the earth returns to the unemployed.

Thomas Jefferson, letter to James Madison,  
October 28, 1785<sup>70</sup>

We have now lands enough to employ an infinite number of people in their cultivation. Cultivators of the earth are the most valuable citizens. They are the most vigorous, the most independent, the most virtuous, and they are tied to their country and wedded to its liberty and interests by the most lasting bands. As long therefore as they can find employment in this line, I would not convert them into mariners, artisans, or anything else. . . . This is not the case as yet, and probably will not be for a considerable time. As soon as it is, the surplus of hands must be turned to something else. I should then perhaps wish to turn them to the sea in preference to manufactures, because comparing the characters of the two classes I find the former the most valuable citizens. I consider

the class of artificers as the panders of vice and the instruments by which the liberties of a country are generally overturned. However we are not free to decide this question on principles of theory only.

Thomas Jefferson, letter to John Jay, 1785<sup>71</sup>

As long as agriculture is our principal object, which will be the case while there remain vacant lands in any part of America. When we get piled upon one another in large cities, as in Europe, we shall become corrupt as in Europe, and go to eating one another as they do there.

Thomas Jefferson, letter to Uriah Forrest,  
December 31, 1787<sup>72</sup>

A wise and frugal government . . . shall not take from the mouth of labor the bread it has earned. . . . It is proper you should understand what I deem the essential principles of our government[:]. . . Economy in public expense that labor may be lightly burthened.

Thomas Jefferson, first inaugural address, 1801<sup>73</sup>

What, in the nature of her government unfits England for the observation of moral duties? In . . . her king is a cypher; his only function being to name the oligarchy which is to govern her. . . . The real power & property in the government is in the great aristocratical families of the nation. The nest of office being too small for all of them to cuddle into at once, the contest is eternal, which shall crowd the other out. For this purpose they are divided into two parties, the Ins, & the Outs, so equal in weight that a small matter turns the balance. To keep themselves in, when they are in, every stratagem must be practised, every artifice used which may flatter the pride, the passions or power of the nation. Justice,

honour, faith must yield to the necessity of keeping themselves in place. The question whether a measure is moral is never asked.

Thomas Jefferson, letter to John Langdon, March 5, 1810<sup>74</sup>

#### Appendix 1.4. James Madison on Extensive Property Ownership

I have no doubt that the misery of the lower classes will be found to abate wherever the Government assumes a freer aspect, & the laws favor a subdivision of property. . . . Our limited population has probably as large a share in producing this effect as the political advantages which distinguish us. . . . No problem in political Oeconomy has appeared to me more puzzling than that which relates to the most proper distribution of the inhabitants of a Country fully peopled.

James Madison, letter to Thomas Jefferson, June 19, 1786<sup>75</sup>

Those who contend for a simple Democracy, or a pure republic, actuated by a sense of the majority, and operating within narrow limits, assume or suppose a case which is altogether fictitious. . . . We know however that no Society ever did or can consist of so homogeneous a mass of citizens. . . . A distinction of property results from that very protection which a free Government gives to unequal faculties of acquiring it.

James Madison, letter to Thomas Jefferson,  
October 24, 1787<sup>76</sup>

Viewing the subject in its merits alone, the freeholders of the Country would be the safest depositories of Republican liberty. In future times a great majority of the people will not only be without landed, but any other sort of property. These will either combine under the influence of their common situation in which case the rights of

property and public liberty, will not be secure in their hands; or which is more probable, they will become the tools of opulence and ambition, in which case there will be equal danger on another side.

James Madison, *Suffrage Qualifications for Electing the House of Representatives*, August 7, 1787<sup>77</sup>

In estimating the tendency of Governments to the increase or relaxation of their powers, particular causes . . . seem to have been overlooked or little heeded by the great oracles of political wisdom. A Government of the same structure, would operate very differently within a very small territory and a very extensive one . . . over a Society composed whole of tenants of the soil aspiring and hoping for an enlargement of their possessions and a Society divided into a rich and independent class, and a more numerous class without property and hopeless of acquiring a permanent interest in maintaining its rights.

James Madison, *Note on the Influence of Extent of Territory on Government*, ca. December 1791<sup>78</sup>

That is not a just government where arbitrary restrictions, exemptions, and monopolies deny to part of its citizens that free use of their faculties and free choice of occupations, which not only constitute their property in the general sense of the word, but are the means of acquiring property strictly so called.

James Madison, in the *National Gazette*, March 29, 1792<sup>79</sup>

The proportion being without property or the hope of acquiring it, cannot be expected to sympathize sufficiently with its rights, to be safe depositories of power over them.

James Madison, the Virginia Convention, 1829–1830<sup>80</sup>

In every political society, parties are unavoidable. A difference of interests, real or supposed is the most natural and fruitful source of them. The great objects should be to combat the evil: 1. By establishing political equality among all. 2. By withholding unnecessary opportunities from a few, to increase the inequality of property, by an immoderate, and especially unmerited, accumulation of riches. 3. By the silent operation of laws, which, without violating the rights of property, reduce extreme wealth towards a state of mediocrity, and raise extreme indigence towards a state of comfort. 4. By abstaining from measures which operate differently on different interests, and particularly such as favor one interest, at the expense of another. 5. By making one party a check on the other, so far as the existence of parties cannot be prevented, nor their views accommodated—If this is not the language of reason, it is that of republicanism.

James Madison, in the *National Gazette*, January 23, 1792<sup>81</sup>

#### Appendix 1.5. The Homestead Act<sup>82</sup>

The public lands of the United States belong to the people, and should not be sold to individuals nor granted to corporations, but should be held as a sacred trust for the benefit of the people, and should be granted in limited quantities, free of cost to landless settlers.

Eighteen fifty-two platform of the Free Soil Party that was absorbed into the Republican Party

As the means for sustaining life are derived almost entirely from the soil, every person has a right to so much of the earth's surface as is necessary to his support. To whatever unoccupied portion of it, therefore, he shall apply his labor for that purpose, from that

time forth it should become appropriated to his exclusive use; and whatever improvements he may make by his industry should become his property and subject to his disposal. For the only true foundation for any right to property is man's labor. . . . The struggle between capital and labor is an unequal one at best. It is a struggle between the bones and the sinews of men and dollars and cents, and in that struggle it needs no prophet's ken to foretell the issue. . . . Is it not time you struck from your statute books its lingering relics of feudalism, wiped out the principles engrafted upon it by the narrow-minded policy of other times, and adapted the legislation of the country to the spirit of the age, and to the true idea of man's rights and his relations with his government. For if a man has a right on earth he has a right to land enough to rear a habitation on.

Congressman Galusha A. Grow, former Speaker of the House of Representatives and Republican Party whip, speaking during the Homestead Law debate, March 1852

Free Homesteads. That we protest against any sale or alienation to others of the Public Lands held by actual settlers, and against any view of the Free Homestead policy which regards the settlers as paupers or suppliants for public bounty; and we demand the passage by Congress of the complete and satisfactory Homestead Measure which has already passed the House.

National platform of the Republican Party, 1860

The freedom of the public lands to actual settlers, and the limitation of future acquisitions of land to some reasonable amount, are also measures which seem to us vitally necessary to the ultimate emancipation of labor from thralldom and misery. What is mainly wanted is that each man should have an assured chance to earn,

and then an assurance of the just fruits of his labors. . . . Every new labor-saving invention is a new argument, an added necessity for it. And so long as the laboring class must live by working for others, while others are striving to live luxuriously and amass wealth out of the fruits of such labor, so long the abuses and sufferings now complained of must continue to exist or frequently appear. We must go to the root of the evil.

Horace Greeley, former editor of the *New York Tribune* and congressman from New York, writing in the *New-York Weekly Tribune*

I agree with you, Mr. Chairman, that the working-men are the basis of all governments for the plain reason that they are more numerous. . . . I will simply say that I am for those means which will give the greatest good to the greatest number. . . . In regard to the Homestead Law, I have to say that in so far as the Government lands can be disposed of, I am in favor of cutting up the wild lands into parcels, so that every poor man may have a home.

Abraham Lincoln, address to Germans at Cincinnati, Ohio,  
February 12, 1861

The homestead policy was established only after long and earnest resistance; experience proves its wisdom. The lands in the hands of industrious settlers, whose labor creates wealth and contributes to the public resources, are worth more to the United States than if they had been reserved as a solitude for future purchasers.

President Andrew Johnson, December 4, 1865

In every country, and under every system of government, the ownership of land by the larger portion of the people has been a cause

for congratulation, and the fact has been treated as evidence of stability in the government.

George S. Boutwell, secretary of the Treasury under President Grant; governor of Massachusetts; congressman and senator; first commissioner of the Internal Revenue Service under President Lincoln

The principle involved in this bill is one that has divided free democratic principles and aristocratic government for all past time.

Eugene Hale, Republican senator from Maine