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## Economic Causes and Consequences of the American Revolution

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**H**ow can we weigh the costs and benefits of the American Revolution? Even if we tried to do so in material terms, we would have to begin by considering the revolt's sheer human scope. War is hell, and the American Revolution began with a society-wide war.

Historians of the events from the Boston Tea Party in 1773 through Yorktown in 1781 and the Treaty of Paris in 1783 agree the Revolution was a civil war—the first of two shooting wars determining how Americans would govern themselves. According to the conventional account of the combatants in this first civil war, in 1780 about a third of the roughly 2,100,000 free citizens of the British colonies that became the United States would have described themselves, with mixed idealism and self-interest, as Patriots.<sup>1</sup> Another third were loyal to the British Empire.

Threatened with being tarred and feathered, having their property seized, and worse, about 60,000 of the roughly 700,000 Loyalists had decamped to Canada or Britain by 1783.<sup>2</sup> The decamping is noteworthy and considerably affected Canadian history, but it was nowhere close to the entire group. The 91 percent of Loyalists who lingered into the early republic perhaps found their voice as conservative moderates restraining their fellow citizens' wilder democratic impulses. The final third of the colonists occupied the uneasy middle—what we have come to call in American politics the independents. They were not willing to pledge their lives, fortunes, and sacred honor to a bloody, collective exit from the British Empire or a fierce, and also bloody, loyalty to king and country.

Historians calculate that 25,000 to 70,000 Patriots died directly because of the war, killed by camp fever and musket fire. Some 7,000 Loyalists did too. An additional 130,000 Americans were killed by a spike in smallpox that the movement of populations during the war exacerbated.<sup>3</sup> The war, in other words, was seriously disruptive due to the death, injury, disease, property damage, territorial occupations, and naval blockades it caused.

In America's other civil war, from 1861 to 1865, 1.8 percent of the country's combined population—Northerners and Southerners, free and enslaved—died as soldiers, and doubtlessly, numerous civilians in the South died during the suppression of the rebellion.<sup>4</sup> But during the first civil war, even setting aside deaths from smallpox and taking the lower estimate of Patriot soldiers' deaths, when we combine that number with Loyalists' deaths, we find that nearly as many died relative to the population as in the second civil war: fully 1.5 percent of merely the free Americans in 1776. Compared with the guillotining of French nobles and prison deaths from maltreatment during the French Revolution's Reign of Terror, in the American Revolution, fully 11 times more soldiers died relative to the population at risk. (In France, of course, Napoleon Bonaparte later vastly extended the slaughter.)

Taking the higher 75,000 figure for Patriots' war deaths in the American Revolution would imply that such deaths alone amounted to almost 4 percent of the free population. By comparison, about one-third of 1 percent of the American population died in World War II.<sup>5</sup> The Revolution was assuredly a bloody business. Its human cost was very high.

But was it a profane, *mere* "business" or a holy, sacred devotion? What can we make of the material and economic arguments for the Revolution? And what can we say about its implications for the former colonies' prosperity?

### **An Inner Revolution**

Did economic burdens cause the American Revolution? Contrary to the indignant rhetoric of the Declaration of Independence, historians have

long realized that the Revolution's narrow economic causes were trivial. As the economic historian Ben Baack summarizes, until the triumphant conclusion in 1763 of the Seven Years' War against France—so costly to the Crown in Parliament, if gratifyingly successful for the British Empire—

there was little, if any, reason to believe that one day the American colonies would undertake a revolution. . . . As a part of the [British] Empire the colonies were protected from foreign invasion [and the Native Americans allied with the French]. . . . In return, the colonists paid relatively few taxes and could engage in domestic economic activity without much interference [and had done so for a century]. . . . The colonists were only asked to adhere to . . . the Navigation Acts [which had been in place since the late 17th century and] required that all trade within the Empire be conducted on ships . . . constructed, owned, and largely manned by British citizens. Certain enumerated goods whether exported [such as tobacco] or imported [such as sugar] by the colonies had to be shipped through England, regardless of the final port of [origin or] destination.<sup>6</sup>

But after the Seven Years' War, an exhausted treasury drove the British to try novel policies on the American colonials, which mightily irritated the latter.

In the Proclamation of 1763 and the Quebec Act of 1774, for example, Parliament ordered the colonists not to trade with the British allies among the First Nations in the massive lands conquered from the French or to settle there. More famously, Parliament moderately taxed the colonists to pay for protection from those very Indians and European invaders from the west and to retrospectively pay the debt incurred during the French and Indian War (as the colonists called it).

Yet Baack reports that the estimate historians from the 1940s to the 1970s arrived at using various methods “suggests the per capita *tax* burden in the colonies ranged from two to four per cent of that in Britain.”<sup>7</sup>

(Emphasis added.) The sum was paltry. For example, though the notorious Stamp Act of 1765 was lower than similar taxes in Britain and was soon abandoned, its annual revenue would have handily paid for the ongoing cost of the 10,000 troops stationed in British forts in the American West. But unreasonably, the colonists were aroused to political, though not yet military, action against even this light impost, organizing successful boycotts of British goods. Britain repealed the Stamp Act the next year.

In other words, Parliament's moderate and often short-lived taxes after 1763, though they caused political kerfuffles, had hardly enough *economic* impact to inspire *military* patriotism. The colonists, whom the British Crown had for a century left to their own devices and whose land was much more densely populated with Europeans than the French lands to the north, were determined to act as economic free riders. After 1789, indeed, the new nation would tax *itself* more steeply than any British Parliament had proposed.

"No taxation without representation" raised the political temperature during the 1760s and 1770s, but it was not in material terms a revolt-worthy burden. After all, in Britain, the poor were taxed on their beer without any representation. And before Parliament was reformed, the United Kingdom's many big cities, newly thronged, were grossly underrepresented, while old and empty towns were grossly overrepresented. Yet the British were not moved to take up arms against their sea of troubles.

The other economic irritation, the Navigation Acts from the 1660s, could have been a significant burden. But though foreign trade plays an outsized role in historical accounts because it is easy to measure, it was always a modest share of the colonial economy. The colonials got their bread, meat, houses, and childcare and most of their furniture at home—from other Americans or by their own handiwork. A regulatory distortion of tobacco and lumber exports or tea and wine imports, therefore, would not radically impoverish the colonials. The more radical impoverishment would come from the war's radical distortions.

The Navigation Acts, in any case, had been in law for a century and were by no means a novel irritation. Under the rules (if they were enforced

against smugglers), Virginian exports of tobacco, for example, had to go through English ports in Bristol or London on British ships before entering the big markets of Amsterdam. The extra trip reduced the price of tobacco that colonial planters received. Following the money, the lost revenues in Virginia especially annoyed precisely those Virginians who became most active in the Revolution.<sup>8</sup>

The general scope of the burden is easily calculated, at any rate. One simply compares prices in Amsterdam with those in London and Virginia. As for the post-1763 taxation, historians have concluded that the burden from the Navigation Acts was at most a mere 1 percent of colonial income.<sup>9</sup> And colonial smuggling of the enumerated products, especially in coastal trade, made the Navigation Acts to some degree dead letters among the colonies. For instance, Virginians could get away with smuggling tobacco to Boston or Jamaica.

The counterfactual scenarios of full enforcement of the Navigation Acts versus complete exemption from the tax provide another reason to view the calculations as an upper bound on the actual economic burden. And that bound is low. It was hardly enough, in sober reality (if sober reality is what we are talking about), to make it “necessary for one people to dissolve the political bands which have connected them with another.”

One might argue that, in the heated atmosphere of the late 1760s and early 1770s, the Patriots feared that Parliament’s on-and-off impositions presaged, as the Declaration put it, “the establishment of an absolute tyranny over these States” as a “direct object,” meaning that *future* taxes and restrictions were the worry.<sup>10</sup> But such a minatory argument could apply to any change of any policy anywhere and at any time, creating a rational or irrational expectation of tyrannical extensions of any act by any state. If this argument held weight, revolutions would break out everywhere weekly.

On the contrary, as even the Declaration admitted, “Prudence, indeed, will dictate, that governments, long established, should not be changed for light and transient causes.” True, the Patriots said they had terrifying expectations. But their expectations were not soberly rational in view of the experience of, say, the Canadians, who did not stage a revolution.

In short, a Marxist or economicist supposition that material interests always drive history does not explain the American Revolution. In 1913, the progressive historian Charles Beard traced the 1789 Constitution to allegedly self-interested and corrupt economic origins. Most historians since then have demurred,<sup>11</sup> though in 2002, the economic historian Robert McGuire mounted a persuasively quantitative defense of Beard's economicist assignment of motives.<sup>12</sup>

However, an entire school of Marxist historians has adhered to an economicist cynicism similar to Beard's, identifying, for example, a commercial revolution during the early republic after the break with Britain. Charles Sellers's influential book *The Market Revolution: Jacksonian America, 1815–1846* characterized an allegedly novel respect for the bourgeoisie in America after the Revolution as a fresh plague that would “wrench a commodified humanity to relentless competitive effort and poison the more affective and altruistic relations of social reproduction that outweigh material accumulation for most human beings.”<sup>13</sup>

But this implied view of prerevolutionary America, though it lives on in leftist historiography, is mistaken. The Atlantic economy was unified, as was its ideology. In 1723, the Americans were already, like their English cousins, “a polite and commercial people,”<sup>14</sup> as William Blackstone described the English in his *Commentaries on the Laws of England*—a book studied closely by every legally minded American.

No one can read Benjamin Franklin's account of his escape in 1723 from a traditional apprenticeship to his brother or his later economic success in Philadelphia—not to mention the facts and expressions in the colonists' wills and probate inventories revealing a commercial mentality—and suppose prerevolutionary Americans lived in closed, corporate communities without an ideological commitment to property, trade, and innovation.<sup>15</sup> After all, the Patriots complained precisely about British interference in a market economy, in which they implied they would happily swim if evil old George III would let them. The American economy by 1776 had been long and self-consciously capitalist (or would have been, if that scientifically inaccurate word had been coined so early). It had been so since

the second generation of settlers, even in pious Plymouth, Massachusetts. Capitalism had already happened in America.

No, as historian Bernard Bailyn demonstrated in the 1960s and as prior and subsequent historians' calculations confirmed by showing the implausibility of economic burdens as an efficient cause, the Revolution's origins lay not in material burdens but in a liberal ideology long grown up in the colonies. Bailyn wrote in 1960,

The modernization of American politics and government during and after the Revolution took the form of a sudden, radical realization of the program that had first been fully set forth by the [British] opposition intelligentsia . . . in the reign of George the First [1714–27]. . . . Americans driven by the same aspirations but living in a society in many ways modern, and now [as they conceived] released politically, could [in 1776 and in the Revolution's denouement in 1789] suddenly act. Where the English opposition had vainly agitated for partial reforms . . . American leaders [by 1789] moved swiftly and with little social disruption to implement systematically the outermost possibilities of the whole range of radically libertarian ideas.<sup>16</sup>

Bailyn was being precise. His “libertarian ideas” were true liberalism (and still are). To imitate at some length his admirable precision, one must say further that the Revolution's ideological cause was *not*, as is often vaguely claimed without much precise reflection, the Enlightenment.

The Enlightenment was undoubtedly a fine thing, resulting in the science and reason that we all admire and the deism and atheism that some of us do not. But like the Renaissance three centuries earlier and the Scientific Revolution two centuries earlier, the 18th-century Enlightenment was mainly the hobby of a tiny elite. The Renaissance, Scientific Revolution, and Enlightenment contrast sharply with the utterly novel egalitarianism of 18th-century liberalism.

The Enlightenment and its follow-on had little or nothing to do with consent of the governed, constitutionalism, equality of permission, and liberal democracy. After all, the leading tyrants of the time were notably enlightened. Catherine the Great was a tyrant over serfs and the noble service class, sitting in Saint Petersburg with her court full of mathematicians and musicians. And Thomas Jefferson was a tyrant over his slaves, lying in Monticello with French wine on the bedroom side of his bed and expensively imported books on the study side. Frederick the Great, who even Immanuel Kant could not claim was a liberal, was a great-ish composer of symphonies still listened to and an expert flute player.

In a letter to John Adams in March 1776, Abigail Adams asked whether the gentry of Virginia—namely, the enlightened Jefferson, James Madison, and George Washington—were lords “and the common people vassals.” Of the Virginians, she was

ready to think the passion for Liberty cannot be . . . Strong in the Breasts of those who have been accustomed to deprive their fellow Creatures of theirs. . . .

[Enslavement] is not founded upon that generous and christian principle of doing to others as we would that others should do unto us.<sup>17</sup>

From England the year before, Samuel Johnson had pointedly asked likewise of the American traitors to the Crown, “How is it that we hear the loudest yelps for liberty among the drivers of negroes?”<sup>18</sup>

Liberal equality of *permission*, that is, was nothing like an entailment of the Enlightenment, as one can see in Kant’s short 1784 essay “What Is Enlightenment?” Kant calls liberty of *conscience* the sole characteristic of enlightenment. Like Georg Wilhelm Friedrich Hegel and other German professors, he furthermore excuses members of the Prussian aristocracy for keeping their official positions. It is easy to imagine modern science and an alleged rule of reason implementing the most hideously illiberal tyranny. Indeed, from Plato to George Orwell, the authors of



many utopias and dystopias have imagined just that, and many modern mega-states have implemented such tyrannies.

European uber-enlightened rationalists such as Auguste Comte, Karl Marx, and Jean Jacques Rousseau stood explicitly against the British and American liberalism we are construing here. What was notable about the liberal experiment after 1776, said Alexis de Tocqueville about America and John Stuart Mill about Britain, was its egalitarianism, its equality of permission. The Enlightenment featured no such egalitarianism. At length, an enlightened if illiberal German chemistry invented mustard gas and Zyklon B, and Soviet rulers, with their enlightened appreciation for classical music and the rational science of historical materialism, invented illiberal central planning enforced by gulags.

The cause of the Revolution, then, was a specifically liberal ideology, not the Enlightenment or material burdens and interests. When the idealistic and highly successful American Maj. Gen. Benedict Arnold grew disgusted in 1780 with what he considered his fellow Patriots' material self-dealing, he shifted to an equally fierce loyalty to the Crown. Idealists routinely make such leaps, in contrast with independents, who are willing to go along to get along.

We are liable after Marx and positivism to suppose, cynically and Beard-like, that all motivation is economic, a matter of getting along materially. We are all historical materialists now. But as even some Marxists and a few utilitarian economists acknowledge, economic interest is not the only human motivation, and it is commonly not dispositive. Men followed Washington for reasons other than their pocketbooks.

Humans, in other words, march also to the music of the transcendent, whether good, indifferent, or evil—God or baseball or the Thousand-Year Reich. True, the American Revolution spilled blood and spent fortunes, while the Patriots claimed economic burdens made the violence necessary. The Declaration is full of such rhetoric, calculated to appeal (one supposes) to the outer, material interests of persuadable independents.

But if the Revolution's cause was always partially outer, its greater cause and lasting effect were inner—it brought an entirely new idea

of equality of permission into a world that had been, since the coming of agriculture, under an ancient and naturalized hierarchy. Jefferson the enslaver's clause about all men being created equal was by 1776 a commonplace among advanced liberal thinkers, mainly those in Britain and America and a few of those in France. In the same revolutionary year, Adam Smith (who, like Edmund Burke, was sympathetic to the colonists) wrote,

All systems either of preference or of restraint [such as the Navigation Acts], therefore, being thus completely taken away, the obvious and simple system of natural liberty establishes itself of its own accord. Every man, as long as he does not violate the laws of justice, is left perfectly free to pursue his own interest his own way, and to bring both his industry and capital into competition with those of any other man, or order of men. The sovereign is completely discharged from . . . the duty of superintending the industry of private people, and of directing it towards the employments most suitable to the interest of the society.<sup>19</sup>

To be sure, the liberal idea of equality of permission had been articulated before its heyday in the 18th century, but seldom, and it had come under violent attack from ancient royalists, as it is today by modern statist. In 1381, the defrocked priest John Ball was hanged, drawn, and quartered in St. Albans, England, for asking, "When Adam delved and Eve span, / Who was then the gentleman?"<sup>20</sup> A century before the Patriots' victory in America, the English Leveler Richard Rumbold declared from the scaffold at his own public hanging, "I am sure there was no man born marked of God above another; for none comes into the world with a saddle on his back, neither any boot and spurred to ride him."<sup>21</sup>

Back in 1685, few in the crowd that gathered in Edinburgh, Scotland, for the entertainment of seeing the Leveler hanged by James II's servants would have agreed with Rumbold's liberal and anti-hierarchical

declaration. A century later, a few more would agree, prominently Smith. By 1985, virtually everyone would agree, in theory if not in practice.

In short, the outer American Revolution of violence, initiated at the Battles of Lexington and Concord against the redcoats on April 19, 1775, was ideological in cause: It came from an inner revolution of a liberal equality of permission into which the varied colonies had been drifting since they were founded.

Yet one material and powerful cause that led to the liberal drift was the necessary lack of intrusive central authority from London in an age of sailing, when a message took a month to arrive from across the Atlantic and did so with high and perilous variance. It got the American colonists—at least the white men of property discussing matters in New England town meetings or Virginia's House of Burgesses—into the habit of self-rule. Contrary to myths of Roman, Chinese, or Ottoman centralization, loose governance from the metropolis was historically typical before the telegraph, steamship, airplane, and bureaucracies and secret police enforcing the will of a colonial office or politburo. The political scientist James Scott and the historian James Searing observed that before these modern devices of state capacity, every state had trouble governing people at the margins of its dominion—highlanders, colonials, and the like—so such people were relatively liberated compared to subjects in the metropolis.<sup>22</sup>

### War and Wealth

So much for the Revolution's material and ideological causes. What of its effects?

The Revolution's economic consequences were not in the short run what the Patriots' eloquence had promised. The too-loose confederation before the new Constitution of 1789 was an economic embarrassment. The separate states erected tariffs as barriers against each other's exports and quarreled over pensions and bonded debts from the war. The confederation's one great economic accomplishment was the Northwest

Ordinance of 1787, which, along with a few earlier enactments, ended disputes among the states about western claims and laid out the procedure for settling the vast area south of Canada, east of the Mississippi, and north of the Ohio River that the British had ceded in the Treaty of Paris.

An economic crux in the 1789 Constitution that replaced the confederation's arrangement was the agreement to forbid states from erecting tariffs against each other, like those among the states of India and in Europe before the European Union, which remain in force today. Constructing thereby a great free-trade area forced Americans to compete with each other in exertion and innovation, greatly benefiting the average worker and consumer. The authority to impose an external tariff, which the Constitution granted to the federal government, immediately became the main source of federal income and a political football for protecting northern textile mills and, later, steel mills. Yet so large was the nation—doubled by the Northwest Territory, redoubled by the Louisiana Purchase, and then supplemented in 1848 by the seizure of half of Mexico—that the external tariff's economic harms remained small relative to gross domestic product.<sup>23</sup>

The large scale of the open market created by the Revolution and its aftermath, then, was good for business. Yet that scale would have been still larger if the Americans had stayed in the British Empire, especially when, in 1846, the UK began free trade with the world. The United States' federal system did not in the long run prevent the states from enacting the economic equivalent of state-level tariffs through state-level labor laws, occupational licensure requirements, local zoning, and the banking regulations that led to the bizarrely high number and instability of American banks. Government policy, not private monopolies or commercial greed, has always been the main obstacle to economic progress.

But in 1783, progress from the vast geographical scope for private competition and innovation lay far in the future. For Americans huddled on the East Coast tidewater, the Revolution's biggest short-run economic consequence was a shocking drop in income, as the economic historians Jeffrey Williamson and Peter Lindert show, confirming earlier work

by James Shepherd and Gary Walton in 1976.<sup>24</sup> Keynesian fantasy sometimes sees war as a salubrious economic stimulus. War has seldom been so. It usually turns out that killing people and being killed, burning most houses, blockading every trading ship, and diverting labor and capital to toss them away in war is not a good plan for economic progress.

The Keynesian stimulus that the United States created through its war effort after 1939 as the “arsenal of democracy” and after December 7, 1941, as a combatant nation is conventionally thought to have permanently solved the Great Depression. It did so temporarily and, of course, only until 1945—after which, if the Keynesian premise were true, the Depression should have returned with a vengeance as millions of former servicemen sought civilian work and as government war spending abruptly ceased. Though many economists feared this would happen, it didn’t. Innovation, not spending, enriches. And the innovations attributed to the pressure of armed struggle are usually irrelevant to the arts of peace.

In 1776, a peaceful pattern of activity, such as joining Canada in loyalty to Britain, would have stimulated innovation in something other than cannons and warships. In fact, America’s Revolutionary era was sterile in terms of innovation. Cotton gins and steamboats came later. War is hell, not a path to economic heaven.

Williamson and Lindert’s dismal estimates imply that America’s real income per capita dropped by over a fifth between 1774 and 1800. They note that “America’s urban centres were damaged by British naval attacks, by their occupation, and by the eventual departure of skilled and well-connected Loyalists.” To this they add a burden from “the disruptions to overseas trade during the revolution and, after 1793, the Napoleonic Wars.” A path for the new nation akin to Canada’s would have kept the colonial merchants and Loyalist labor within the economic ambit of the greatest naval power facing Napoleon, instead of outside.

“The most painful of these shocks,” Williamson and Lindert continue, “was the loss of well over half of all trade with England between 1771 and 1791. In addition, America lost Imperial bounties like those on the South’s indigo and New England’s whale oil.” The Navigation Acts were by no

means disadvantageous only to Americans. “Without the 1774–1790 economic disaster,” the authors conclude, “America might well have recorded a modern economic growth performance even earlier, perhaps [becoming] the first on the planet to do so.”<sup>25</sup>

The economic liberalism growing in the Anglosphere was led intellectually by Scots during the 18th century but practically by Americans during the 19th century. Americans were trivial contributors to enlightened science until about 1900. On that score, they remained not much to write home about until the intellectual migrants from *Mitteleuropa* flooded in during the era of fascism and World War II. Yet the uniquely British liberalism of America’s society and economy resulted, after the quarter century of decline from the Revolution’s immediate effects, in massive mechanical and biological inventions: cotton gins, steamboats, mechanical harvesters, sewing machines, gun making with interchangeable parts, and selective breeding of cotton plants that quadrupled yields.

These economic successes of what Smith called in 1776 “the obvious and simple system of natural liberty” were not, as Smith thought and many economists still believe, merely a function of better resource allocation. Yes, cutting off trade could cause per capita income to fall by one-fifth. But the Great Enrichment that began in the early 19th century in the Anglosphere and spread to much of the globe did not involve gains or losses of 20 percent from good or bad allocation; rather, it brought gains on the order of 2,500 percent from innovation.<sup>26</sup>

Good resources, like timber, fish, and soil, were likewise not what made America rich, as one can see in the enrichment of resource-poor places like Japan and Hong Kong and the poverty of resource-rich places like Russia and Congo. Nor, contrary to the neo-institutionalist argument that the World Bank still espouses, were American and British property or contract laws much superior to those of other places.

Good allocation of existing resources is a fine idea that gets you 10 percent, 20 percent, or even 100 percent improvement—once. Splendid. But Britain’s radical innovations of steam and steel, the United States’ corporate form, Germany’s modern university, and, above all, the

encouragement to take economic risk explain the Great Enrichment's greatness—that transformative 2,500 percent. As Tocqueville wrote in 1835,

Looking at the turn given to the human spirit in England by political life; seeing the Englishman . . . inspired by the sense that he can do anything . . . I am in no hurry to inquire whether nature has scooped out ports for him, or given him coal or iron.<sup>27</sup>

Slavery is further fodder for informing counterfactual histories. If America had remained under Britain, the British Empire's abolition of slavery after 1833 through compensated emancipation might have become *une cause d'indépendance* in the minds of American slaveholders, dividing the North from Virginia and North Carolina in the manner of Upper and Lower Canada. During the decades before America's second civil war, alas, slaveholders refused similar schemes proposed by moderate abolitionists.

Yet in a Canada-type counterfactual scenario, the Southerners in the 1830s would have lacked the alliance with New England radicals that they possessed in 1776 and even 1787. They might therefore have settled for the pounds sterling of monetary compensation. Their fellow enslavers in the British Caribbean did.

Similarly, in 1861, Czar Alexander II decreed that Russian private holders of serfs must liberate them for redemption payments imposed on the freedmen. This scheme was like granting American freedmen 40 acres and a mule but burdening them with a lifetime obligation to pay for the grant. Yet that would have been better than a second civil war.

In any case, the existing international comparisons show that, contrary to the view that new historians of slavery like Sven Beckert popularized in the 1619 Project, slavery was not the source of American enrichment. If it were, then Canada—where descendants of Underground Railroad fugitives still live in Windsor, Ontario, across from Detroit, Michigan—would have lagged in economic growth during the Great Enrichment. It did not.

We cannot ignore Abraham Lincoln's noble words in his second inaugural address:

If God wills that [the war] continue until all the wealth piled by the bondsman's two hundred and fifty years of unrequited toil shall be sunk, and until every drop of blood drawn with the lash shall be paid by another drawn with the sword, as was said three thousand years ago, so still it must be said "the judgments of the Lord are true and righteous altogether."<sup>28</sup>

But, like the heated rhetoric of the Declaration of Independence fourscore and nine years earlier, Lincoln's soaring poetry should not be considered a proper economic analysis, any more than the 1619 Project could be.

In the Canada-style counterfactual scenario, the historical pressure from the radical democracy that the rhetoric of Jefferson and especially Thomas Paine promised in 1776 would have been replaced by the gradual liberalization that was already creeping into British politics and was transferred to Canada in 1867—the same year many workingmen in the UK were democratically enfranchised. One could ask how much the UK's liberalization was a reaction to threatening models of popular rule in France and the United States, of course. The extraction of Mexico, Bolivia, and Brazil from Spanish and Portuguese colonial rule did not cause these countries to develop as poster children for successful liberalism.

But the United States, especially after it settled in 1865 the worst of its sins against the liberal ethos, was such a model, though with hideous exceptions down to the present. The United States—guaranteed by Lincoln's generals to be a unified polity that was democratic in principle, if not always in practice—probably put pressure on European politics by its example. Yet the French Revolution and the British Reform Acts surely continued to exert the strongest pressure in a liberal direction. After all, Alexander II liberated the serfs before Lincoln liberated the slaves, not after. The czar doubtless had European, not American, models in mind,



especially the modernizing policies of successful autocrats, such as the Prussian king's emancipation of the serfs in 1807.

In 1780, a year and a half before the Battle of Yorktown settled the issue, Adams, John Hancock, and 60 others looking forward to the new nation founded, on the model of the Royal Society back in London, the American Academy of Arts and Sciences. The Latin motto on its seal is still *sub libertate florent*, "under liberty they flourish." And so under *libertas* they eventually did flourish, because after 1776, more and more people were gradually emancipated to exercise equality of permission, with its astounding material and spiritual fruit.

That was the lasting economic consequence of the American Revolution. Eventually, it yielded a society, polity, and economy of, by, and for the people. And in time, it even yielded the promise of an entire world of, by, and for the people. That was the economic and transcendent significance of the American Revolution.

### *Sub Libertate Florent*

The American Revolution's most significant economic consequences were therefore not above all economic—and neither were they simple or straightforward.

The United States' independence advanced the democratic ideal worldwide but left the issue of slavery hanging. It advanced economic liberalism as an ideology but opened the doors of Congress to protectionism. It advanced the revolutionary ideal of "Don't tread on me" but confirmed the busybody impulse from early colonial times of attaching a scarlet letter to any social deviant. It disestablished the Anglican church in Virginia and the Congregational church in Massachusetts but witnessed Great Awakenings that inspired policy lurches impossible in Britain or Canada.

In 1819, the Swiss politician Benjamin Constant articulated a distinction between "ancient" and "modern" liberty.<sup>29</sup> Ancient liberty is the right to participate in a polity—to gather in Athens and debate the expedition

to Syracuse or to carry a shield in the phalanx. Its form after the rise of nationalism became self-determination.

Modern liberty, by contrast, is an individual's right to be left alone by the polity. A New Englander could be proud of participating in the town meeting, as exhibited in Norman Rockwell's famous painting for the *Saturday Evening Post* illustrating the freedom of speech, the first of Franklin D. Roosevelt's "four essential human freedoms."<sup>30</sup> But the town meeting and Roosevelt's further promise of freedom from *want* entailed numerous gross violations of *modern* liberty. "Banned in Boston" became a watchword for even the liberty-mad New Englanders' coercion of others. Modern liberty may not have required a revolution of self-determination.

What modern liberty did require was the idea of equal liberty—not equal outcomes, as in socialist thought since 1848, or equal opportunity, as in the so-called new liberal thought of the past century and a half, but the equal *permission* that Americans since colonial times increasingly claimed as their due. A naive European newly arrived in America in the late 19th century asked a man in the Powder River country of Montana and Wyoming, "Where can I find your master?" The man replied, "He ain't been born yet!"<sup>31</sup>

That's it. No masters, not even a masterful state. This was the American achievement. But the economics of the Declaration were a decidedly mixed bag in cause, achievement, and outcome, in the short and long terms.

## Notes

1. The 1789 population estimates are from University of Maryland, Baltimore County, "Slave, Free Black, and White Population, 1780–1830," <https://userpages.umbc.edu/~bouton/History407/SlaveStats.htm>. This source seems intelligently compiled. It uses data from the first federal census in 1790 to extrapolate back to 1789 the 7.8 percent of blacks who were not enslaved—and were among the considerable number of free blacks who fought on both sides in the Revolution.

2. Maya Jasanoff, *Liberty's Exiles: American Loyalists in the Revolutionary World* (New York: Random House, 2012), 357.

3. Jeremy Black, *Fighting for America: The Struggle for Mastery in North America, 1519–1871* (Bloomington, IN: Indiana University Press, 2011).

4. J. David Hacker, “A Census-Based Count of the Civil War Dead,” *Civil War History* 57, no. 4 (December 2011): 307–48, <https://muse.jhu.edu/article/465917>.

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19. Adam Smith, *The Wealth of Nations* (New York: Modern Library, 2000), 651.

20. Mark O’Brien, *When Adam Delted and Eve Span: A History of the Peasants’ Revolt* (London: Bookmarks, 2016).

21. Richard Rumbold et al., “The Last Words of Coll. Richard Rumbold, Mad. Alicia Lisle, Alderman Henry Cornish, and Mr. Richard Nelthrop Who Were Executed in England and Scotland for High Treason in the Year 1685,” University of Michigan, <https://name.umdl.umich.edu/A57890.0001.001>. Thomas Jefferson paraphrased this line without attribution in his June 24, 1826, letter to the mayor of Washington, DC—the final letter he wrote—yet he did not liberate even by his last will and testament his enslaved people, as George Washington had. See Thomas Jefferson, letter to Roger Chew Weightman, June 24, 1826, Founders Online, <https://founders.archives.gov/documents/Jefferson/98-01-02-6179>. Thus in practice was the practical force of “all men created equal” among enlightened Virginians.

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26. On this point, see Deirdre Nansen McCloskey, “How Growth Happens: Liberalism, Innovism, and the Great Enrichment” (working paper, Economic History Seminar, Northwestern University, Evanston, IL, November 29, 2018), [https://www.deirdremccloskey.com/docs/pdf/McCloskey\\_HowGrowthHappens.pdf](https://www.deirdremccloskey.com/docs/pdf/McCloskey_HowGrowthHappens.pdf).

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