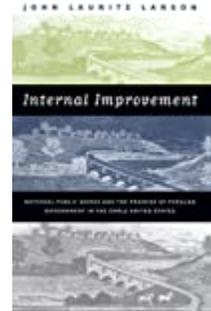


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We Have Met the Market Revolution, and It Is Us!

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With the signing of the Treaty of Paris in 1783, Americans officially ended their revolt against monarchy and colonial status to usher in a brave new world of republican nation building. Now what? Guided by little more than a shared language of republicanism whose meaning and intent varied widely among its speakers, and a handful of written constitutions that laid out the process if not the agenda of government, Americans turned to the challenge of defining the role of republican government in promoting the liberty and prosperity of the governed. As historian John Lauritz Larson lays out the events in his intricate and learned study, the eventual result of nation building during the first fifty years of the American republic was far from preordained.

In *Internal Improvement*, Larson traces the process of building the American nation by examining the intersection of republican rhetoric and practical politics with the central issue of internal improvements. Although broadly defined in the immediate post-Revolution years, the term came to be identified primarily with public works for the creation of a transportation infrastruc-

ture: roads, turnpikes, canals, harbor improvements, and so forth. Larson's focus is not on the projects themselves (although he provides some splendid narrative on several); rather, his purpose is to shed light on the workings of government during this era and on the struggle by Americans at the state and federal levels to "implement the promise of republican liberty by promoting designs for internal improvement" (p. 4).

Long before the Smithian tenets of laissez-faire came to dominate their economy and government, leading Americans had little doubt as to the propriety of employing a "vigorous" national government to improve the economic situation of its constituents. As the smoke from the Revolutionary War cleared, members of the "monied gentry" that led Americans to independence entertained grand visions of a nation expanding westward through a national system of transportation improvements. No less a personage than George Washington repeatedly pressed his vision of a network of canals and highways to be created and overseen through the auspices of wise leaders at the head of an active republican government. Unfortunately, this initial thrust for internal improvements

fell victim to what Washington was convinced was the narrow-minded and exasperatingly provincial outlook of the individual states, which under the Articles of Confederation hamstrung federal authority to the point of impotence. Closer to home, Washington watched as rivalries between the states of Maryland and Virginia gradually rendered his pet project, the Potomac Company, null and void by withholding public monies out of fear that a rival state might derive greater benefit from their own appropriations.

Understandably, Washington and his supporters rejoiced at the creation of a new Constitution in 1787 that promised a strong national government, whose leaders would direct the combined energy of the people into a common destiny. However, Americans were not prepared to submit themselves completely to new authorities, not even to a living deity such as Washington. Rivalries among states and localities again arose to thwart Federalist designs for national integration through improved inland navigation. While Americans united behind an inchoate and largely rhetorical “spirit of improvement,” this same consensus fell apart when actual improvement projects advanced or threatened the lives and fortunes of the people. Inland navigation projects pressed forward by urban centers such as Baltimore, New York, and Philadelphia found little support outside their localities, as promoters were more interested in capturing hinterlands to gain the upper hand in commercial rivalries than in pursuing a logical, national plan of improvement. Worse still, most of these early navigation projects were spectacular failures, expending vast sums of public and private money with little or nothing to show for it.

While the Federalist strand of republicanism defended internal improvements as agents of the “general welfare” or “public good,” another strand unraveled from the republican tapestry to denounce such schemes as “corruption,” taxing the many to benefit the few. Critics of individual improvement schemes did not have to dig deep under the veneer of “public good” to uncover self-interest (for example, Washington’s scheme for Potomac River improvement also happened to pass conveniently by his Mount Vernon estate and extend westward toward some 60,000 acres of undeveloped land in his possession). By the end of the 1790s, leaders of the emerging Republican Party regularly assaulted the “monied gentry” and their improvement plans as visionary and extravagant, and gradually eroded public confidence in government action and authority. In their assaults on the Federalists’ national agenda, Republicans perfected a language of opposition that provided the template for almost all future

critiques of federal power: fear of centralized power, burdening taxpayers, taxing one locale for the benefit of another, creating self-perpetuating bureaucracies, distant governments undermining local authority, and subsidizing the schemes of the wealthy at public expense.

With the Republican triumph in 1800, newly elected President Thomas Jefferson immediately put the federal government on an austerity program built on two pillars: majority rule and strict construction. Ironically, while their opposition to federally designed plans of internal improvement united Republicans in their rise to power, the subject almost as quickly divided the party. Federalist schemes may have been rightly exposed and defeated, but the nation still lacked an adequate transportation network and constituents flooded their congressmen with petitions for improvement projects. The public outpouring placed Republicans in a quandary: what should they do if the majority of the people truly wanted a more active federal authority? And, concomitantly, what to do when majority demands appeared at odds with the cherished tenet of strict construction?

The debate split Republicans. National Republicans, seeing the Federalist threat as thwarted, moved to take up the mantle of internal improvement themselves. Even Jefferson began to embrace a national vision and suggested amending the Constitution to enlarge federal power to include the funding and construction of improvement projects. Opposing them were Old Republicans such as John Randolph and Nathaniel Macon, who resurrected the battle cry of strict construction and vehemently opposed any and all measures that threatened “consolidation” of the states under federal authority. For a brief moment, it appeared that Republican nationalists might prevail. Guided by Albert Gallatin’s national transportation network as laid out in his 1808 report to Congress, energetic young nationalists (especially Henry Clay and John C. Calhoun) brought out the Bonus Bill of 1817, skillfully guiding it through Congress with patriotic declarations of the need to “bind the Republic together with a perfect system of road and canals,” and brushing off strict constructionists with their own arguments in favor of “implied powers.” But President James Madison vetoed the bill, fearing that Clay, Calhoun, and their supporters were playing too fast and loose with the Constitution. Moreover, Madison was appalled at the log rolling and blatant pork barrel spending that accompanied the Bonus Bill debates, which led him to believe that “special-interest issues like internal improvements inexorably corrupted the legislative process” (p. 68).

With the Bonus Bill dead, the onus of internal improvement fell upon the states and private entrepreneurs. The subject might have dwindled into insignificance altogether had it not been for the spectacular success of New York's Erie Canal. Confronted with an example of the riches to be gained from internal improvements, individual cities and states embarked on their own projects in a frenzied attempt to duplicate New York's achievement. None came close. Thwarted by a combination of geography, insufficient funds, apathy and suspicion, while lacking the unified political sovereignty that New York held over the Erie Canal, boosters yet again returned to Congress demanding a federally funded system of improvements.

Their petitions quickly became the focal point of an increasingly rancorous Congress. "By the spring of 1818," Larson observes, "the problem of internal improvements embodied the question of liberty and power for a new generation of American republicans" (p. 119). Republican nationalists, especially Clay and John Quincy Adams in Congress and Calhoun in the War Department, continued to press for an expanded federal role in economic development. Indeed, internal improvements were at the very heart of Clay's "American System," as well as Calhoun's efforts to reorganize and improve national defense. Such policies horrified Old Republicans, especially Virginia particularists like Randolph and Spencer Roane, who (realizing Virginia's diminished authority in national affairs) vilified the efforts of nationalists by raising the specter of "consolidation" and calling for a halt to the expansion of Congressional power and the restoration of undiluted state sovereignty. In opposing internal improvements, these Virginians and their allies redefined the intent of the Founding Father's handiwork. "The great danger against which [Old Republicans] labored was the consolidation of a national state," writes Larson. "The practical target of their initial opposition was support for internal improvements" (p. 111). In this contentious atmosphere, roads and canals were seldom seen simply as transportation improvements, but as sinister links in a grand national plot to undermine state sovereignty and corrupt the "original intent" of the founding generation. Though considered radical at first, the arguments of the Virginia particularists suddenly assumed an air of legitimacy following the Panic of 1819 (which they denounced as a speculative bubble brought on by the shenanigans of the Bank of the United States), the Supreme Court's decision in *McCulloch v. Maryland* (in which John Marshall claimed for Congress all powers not specifically proscribed by the Constitution), and the

Missouri Controversy (in which Virginia's sister slaveholding states quickly absorbed the states' rights argument in defense of the peculiar institution).

Despite the growing strength of the arguments by states' rights radicals, public outcry for public works remained strong. Buoyed by this mounting demand, in 1824 improvers in Congress passed the General Survey Act, a watered down offspring of the Bonus Bill that authorized only surveys by army engineers (acting under Executive, not Congressional authority). Coupled with the passage of a protective tariff the same year, these acts had the potential to found a new federal policy and resurrect the national vision of Washington, Gallatin, and their ideological progeny. But it was not to be. The "corrupt bargain" that placed Adams in the White House and Clay in the State Department launched a four-year campaign of revenge by the friends of Andrew Jackson. Claiming the people had been cheated of their choice, Jacksonians attacked the Adams administration at every turn as illegitimate and tainted by aristocracy and corruption. Adams aided his own defeat by failing to rein in the pork barrel frenzy sparked by the General Survey Act. Jackson's attack on the national blueprint put forward by Adams and Clay won support from Old Republicans and market liberals, the latter of which increasingly argued that Congressional involvement in internal improvement was an open invitation to special interests and political logrolling. With the veto of the Maysville Road bill and the defeat of Henry Clay in the 1832 presidential contest, Jacksonians had essentially removed the subject of internal improvement from the national agenda, leaving the Old Republican dogma of strict construction and states' rights to feed off the Federalist carcass of an active and virtuous national government. In this aftermath, the states again stepped forward to take up internal improvements, and again the results only served to further erode public confidence in public works. The Panic of 1837 brought a public revulsion against state-owned enterprises, which left many states (especially in the west) awash in red ink and with a series of incomplete transportation networks. Understandably, taxpayers acquired a significant prejudice against public debts and public works, as well as those who continued to promote such schemes. "Amid the wreckage of so many state treasuries, state-chartered banks, and public works programs," writes Larson, "private capitalists and smart politicians understandably turned (albeit sometimes grudgingly) toward the relatively untried liberal course of private enterprise" (p. 220). Forgetting the complicity their cries for public works played in en-

couraging political leaders to plunge state treasuries into debt and default, constituents “hurled themselves at the traders of bonds rather than pay taxes or invest their own savings in developing their own communities” (p. 224).

With public works thoroughly discredited by the 1840s, and laissez-faire in the ascent as the “true meaning” of the Constitution and its framers, railroads stepped into the void vacated by government and assumed the power to design the national transportation system that had motivated public works advocates since the 1780s. Operated for profit, “private” corporations (heavily subsidized by fiscal and legal favors from state and local governments) became the primary beneficiaries of the general rejection of public works, becoming, in Larson’s words, “buffers between the people’s demands for transportation improvement and the state’s responsibility for borrowing the money or doing the work” (p. 233). Initially, states embraced privatization with reluctance, and only after their own attempts to construct transportation networks had failed. With the turn to private enterprise and free markets, the enemies of public works appeared to have placed the final nail in the coffin of consolidation at the hands of the federal government. But in reality, they had merely exchanged designers, guaranteeing that consolidation would come not from gov-

ernment, but from a post-Civil War, integrated business system, “whose liberal creed of laissez-faire so quickly displaced the commonwealth language of republicanism that hardly anybody noticed the switch” (p. 255).

Internal Improvement is a major achievement, and Larson’s narrative promises to become a touchstone of debate among historians for some time to come. The author writes with wit, grace, and a passion that approaches but never quite turns into polemic. Nevertheless, Larson frequently wears his political heart on his sleeve. Despite the virtual rogues’ gallery of office seekers, glad handers, and self-serving windbags that appear throughout his work, Larson reserves his greatest disappointment for the American people who demanded so much from their government and leaders, but who were willing to sacrifice so little in order to attain their desires. By the time they found themselves being ridden and consolidated by the visible hand of private enterprise, “the people” simultaneously discovered that their best defense against unchecked corporate power—a strong national government—had been emasculated by their embrace of free competition and laissez-faire a generation before. Republican virtue had been lacking not only among political leaders, but among those that elected them as well.

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