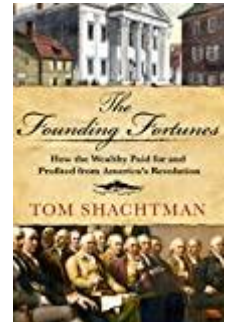


Tom Shachtman. *The Founding Fortunes: How the Wealthy Paid for and Profited from America's Revolution.* New York: St. Martin's Press, 2020. 352 pp. \$29.99, cloth, ISBN 978-1-250-16476-6.



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In *Founding Fortunes: How the Wealthy Paid for and Profited from America's Revolution*, author Tom Shachtman guides a popular audience through the making of early American finance during the fifty-year period between 1763 and 1813. Shachtman uses secondary literature, published collections, and the National Archives' Founders Online database to immerse his readers in the domestic and international economic issues of the era. He also profiles some of the key figures who financed the revolution connecting the rise and fall of early American fortunes to the development of the nation. He highlights the economic underpinnings that fueled the rivalry between Federalists and Democratic Republicans at the turn of the nineteenth century and concludes by demonstrating how the financiers of America's "war for economic independence" in 1812 differed in both principle and ideology from their revolutionary counterparts. While lay readers might enjoy a digestible economic history of early America free from the financial jargon that complicates more academic works, a lack of both historiographical

engagement and original arguments will disappoint scholarly audiences. A few other oversimplifications and omissions, especially concerning the place of slavery in the early United States and the connection between women and the American economy, are more detrimental and detract from Shachtman's overall analysis.

Shachtman's narrative flows chronologically and is divided into five sections. The first three chapters cover the colonial crisis from 1763 to 1776 and explain how the mercantile elite encouraged widespread popular resistance to British rule in America. In chapter 1, Shachtman highlights the most crucial difference between wealthy colonials and their British counterparts: access to liquid capital. "Liquid capital is what allowed Britons," he explains, "to commission the new factories and advanced machinery that would shortly push Great Britain to the forefront of the Industrial Revolution and lead to the immense profits accruing from it" (p. 14). He further suggests that the British jealously guarded their access to liquid capital to keep their colonies in a state of submis-

sion. Shachtman turns, in chapter 2, to explaining how the wealthy convinced average Americans that resistance to British economic policy was in the nation's collective best interest. Ultimately, he explains, the wealthy had to abide by the same sacrifices as common people if they were going to make resistance compelling. "In a society aspiring to republicanism and in which the opinion of the multitude bears considerable weight," he notes, "the wealthy must not use their riches to evade restrictions placed by common consent on everyone in the community" (p. 20). Chapter 3 highlights the importance of men like Thomas Mifflin, Joseph Trumbull, and their immediate purchasing-corps subordinates to the war effort. These men risked their personal credit to supply the revolution's earliest troops. Without these sacrifices, "the troops would continue to be hungry and unclad, or there would have to be wide-scale confiscations of food, horses, clothing, and other supplies that could rile the populace and undercut prerevolutionary zeal" (p. 40).

In section 2, the only section to have four, instead of three, chapters, Shachtman covers the war years from 1776 to 1781 to demonstrate the dangers radical wartime republicanism posed to a functioning American economy. He dedicates chapter 4 to outlining the rise of revolutionary governments, which in Pennsylvania enfranchised "87.5 percent of adult white Protestant" citizens (p. 57). He also charts how these governments instituted price controls, signifying that they were more "responsive to the will of the majority" than previous colonial governments had been (p. 69). Chapter 5 covers the revolutionary government's struggle to supply Washington's Continental army during and after encampment at Valley Forge. Here he places the blame on greedy Americans unwilling to act against their own self-interest. As he notes, "The more basic problem of supplying the armies lay in some of these merchants' lack of sensitivity to the notion that in a democracy all citizens were expected to act in more socially responsible ways than did their counterparts under

autocratic regimes" (p. 82). The struggle to supply the army and provide for the common people comes to a head in chapter 6. In this four-page chapter, Shachtman uses the example of Philadelphia Robert Morris to demonstrate a critical turning point in the outlook of the revolutionary elite. Frustrated by price-gouging merchants and unruly commoners, Morris and his peers decided "to push harder to replace Pennsylvania's anti-wealth holder constitution and its irresponsible assembly with the kind of governance more attuned to creating constitutions that would enhance [the elite's] economic activities" (p. 93). Chapter 7 sets the stage for the next section by noting the collective failure of the revolutionary government to tap into America's financial resources during the revolution. "There was sufficient wealth in America to fund the war," Shachtman notes, "but overall the assessment was correct: the mobilization of America's monetary resources had been muted at best" (p. 109).

The third section covers the war's immediate aftermath and demonstrates Shachtman's ambition to rescue the Constitution from critics who argue that it sacrificed democracy for capitalism. Shachtman uses chapter 8 to push back on the idea that the states' debt continually rose until Alexander Hamilton began to cut it down after 1789. He also traces the rise of "an American middle class" back to 1781 and suggests that some early economic gains "began to fulfill the Revolution's promise that property would not be solely reserved for those who already owned a lot of it" (p. 132). In chapter 9, however, a slowly recovering economy created three popular targets for Americans' frustrations: the elitist Society of the Cincinnati, the Bank of North America, and new state taxes, which ultimately spawned Shay's Rebellion in Massachusetts. In chapter 10, Shachtman outlines how the framers of the Constitution responded to growing American unrest. Ultimately, he argues that the framers had the majority of Americans' best economic intentions in mind when they created the new federal government. Responding

to critics who suggest the framers chose capitalism over democracy, he notes, “The critique presumes there was a choice to be made and that alternative, democratic, experience-tested solutions for large-scale limiting of capitalism were available” (p. 158). In this telling, the ratification of the Constitution created a nation that would “be governed under a better and fairer set of laws” (p. 168).

Section 4 focuses primarily on the Federalist economic agenda to poke holes in the mythology surrounding and recent infatuation with Hamilton. Chapter 11 discusses the Federalist plan to encourage the creation of the liquid capital, which the British government had tried to deprive American entrepreneurs of during the colonial era. “Hamilton’s was the original trickle-down economic plan,” Shachtman explains of the founder’s ambition to concentrate wealth and political power in the hands of the elite, “as paternalistic as any monarchy” (p. 177). In chapters 12 and 13, Shachtman further attacks Hamilton’s plan focusing on the Bank of the United States and growing political opposition. He argues that Hamilton was at least as responsible as his former assistant William Duer for the Panic of 1792. He also highlights Hamilton’s 1795 *Report on a Plan for Further Support of Public Credit* to emphasize that some of the founder’s final official acts actually reversed some of his earlier policies. Before leaving office, Hamilton implemented “changes to previous policies, just the sort of changes that critics had been advocating for years” (p. 218).

The final section brings the book full circle to argue that a new generation of wealthy Americans—the very men who had benefited most from American independence and Hamilton’s economic agenda—approached the War of 1812 with none of their predecessors’ patriotic enthusiasm. Although historians tend to focus on the Adams administration’s bungling of foreign and domestic affairs, Shachtman uses chapter 14 to highlight John Adams’s new tax plan, rolled out at the same time as the Alien and Sedition Acts. This plan, he notes,

was “as progressive and protective of the poor as any before or since” (p. 234). Hoping to emphasize Thomas Jefferson’s contributions to the making of the American financial system, Shachtman argues in chapter 15 that Jefferson “had as much a background in economic theory as Hamilton,” and that together with his secretary of the Treasury, Albert Gallatin, he began to swing the economic pendulum back in favor of the less wealthy (p. 246). Despite significant economic gains in the early nineteenth century, strained relations with both Britain and France threatened to divide Americans politically and stagnate the economy. Jefferson was able to prevent the United States from declaring war, but his successor, James Madison, was not as lucky. In his final chapter, Shachtman demonstrates how a new generation of American entrepreneurs—John Jacob Astor, David Parish, and Stephen Girard—finally agreed to loan the government more than ten million dollars in 1813, but only because their businesses suffered tremendously during the war and because the resale of government bonds promised to net them a small fortune. Although Astor, Parish, and Girard were American elites, Shachtman notes that these men were far less patriotic and more financially self-interested than their revolutionary predecessors.

As may already be apparent, Shachtman’s lack of engagement with the historiography will frustrate historians of the American Revolution and early republic. Inexplicably, Shachtman provides no references to the work of Charles Beard—his seminal *An Economic Interpretation of the Constitution of the United States* (1913) is not even included in the bibliography. Such a critical oversight undermines his authority on the subject. Rather than respond to the important literature, Shachtman prefers to borrow from a few more recent studies, most notably Eric McKittrick and Stanley Elkins’s *The Age of Federalism: The Early American Republic, 1788-1800* (1993), Richard Beeman’s *Our Lives, Our Fortunes and Our Sacred Honor: The Forging of American Independence*,

1774-1776 (2013), and Peter H. Lindert and Jeffrey G. Williamson's *Unequal Gains: American Growth and Inequality since 1700* (2016), to create his narrative. While he also draws from a few other more narrowly focused studies, including T. H. Breen's *Tobacco Culture: The Mentality of the Great Tidewater Planters on the Eve of Revolution* (1985) and Woody Holton's *Unruly Americans and the Origins of the Constitution* (2007), his references are brief and he fails to grapple with their central arguments. Shachtman replaces meaningful commentary on the scholarship with a repeated, and increasingly tiresome, insistence that he is revealing what "American mythology has glossed over," expanding on aspects that "the abbreviated version of American history has forgotten," and illuminating elements that "our mythology has overlooked" (pp. 36, 212, 225). On other occasions he claims that he is refuting what "American mythology holds" and correcting that which "mythology has refused to acknowledge" (pp. 201, 258).

Errors in the footnoting and editing compound the problems created by a lack of historiographical dialogue. For example, in chapter 7, Shachtman wants to highlight how "not well-known leaders" sacrificed their own fortunes to supply the Continental army prior to the arrival of French aid. Introducing the chapter, he borrows a quote from E. Wayne Carp's *To Starve the Army at Pleasure: Continental Army Administration and American Political Culture, 1775-1783* (1984) that he attributes to one of the "dozens and dozens of [less celebrated] quartermasters" who kept the army supplied (p. 94). However, a glance at the notes suggests this quote, like the one that precedes it, can be attributed to Nathanael Greene, hardly an unsung hero. In other instances, historians mentioned in the text only appear as abbreviated references in the notes and not in the bibliography. In chapter 4, for example, Shachtman cites the work of "historian of business" Robert Abraham East; however, East's work is not given a title in the notes and is omitted entirely from the bibliography (p. 70). Although her name is spelled cor-

rectly in the bibliography (Pauline Maier), Shachtman refers to "Pauline Meier" in the text (p. 165).

Although Shachtman should be commended for looking to connect the economic and financial history of the early United States to the social and political movements and events, his analysis suffers from a few oversimplifications and omissions. Perhaps one of the most glaring issues concerns his treatment of slavery and its connections to the makings of both the American nation and the early American economy. When explaining what galvanized southern patriots, Shachtman highlights "a counterattack at Norfolk by Virginia's governor" in 1776 but fails to mention that same governor's earlier proclamation offering freedom to enslaved people who fled their rebellious masters to serve in the British ranks (p. 47). Likewise, although he recognizes the framers' inaction against slavery in the Constitution as "an American failure," he quickly shifts blame to international perpetrators, claiming that "most of the slave-importing trade was British and French," thereby dismissing the nefarious domestic trade and validating the title of Edward Baptist's important work on the relationship between slavery and capitalism in America, *The Half Has Never Been Told: Slavery and the Making of American Capitalism* (2014) (p. 183). His treatment of Jefferson's relationship with slavery is also extremely problematic. Explaining President Jefferson's refusal to aid Napoleon in Haiti, Shachtman pays little attention to the specter of slave rebellion that haunted American plantation owners, including Jefferson, and instead chalks up his hesitation to a worry about continuing French influence over the port of New Orleans (p. 255). Only a few pages later, he perplexingly notes that by 1803 Jefferson had "become more outspokenly abolitionist even as he continued as a slave holder" (p. 259).

Shachtman also falls short in his treatment of early American women. The scholarship of Linda K. Kerber (*Women of the Republic: Intellect and Ideology in Revolutionary America* [1980]), Laurel

Thatcher Ulrich (*Good Wives: Images and Reality in the Lives of Women in Northern New England, 1650-1750* [1982]), Cynthia A. Kierner (*Beyond the Household: Women's Place in the Early South, 1700-1835* [1998]), Joan Wallach Scott (*Gender and the Politics of History* [rev. ed., 1999]), and others has demonstrated the important role women played shaping local and national economies even if their sex barred them from the creation of economic policy. Unfortunately, Shachtman seems to place women into his narrative almost as an afterthought without fully explaining the relationship between gender roles and economic power. For example, when explaining why “nonimportation worked the second time,” Shachtman focuses on “an even higher participation rate among women, who controlled household purchasing and were also privy to what their friends and neighbors were not buying,” but fails to explain what he

means by “household purchasing power” or the critical role of wives and mothers in early American communities (p. 33). He also contradicts this assessment later in the work when explaining the economic success of Jefferson’s administration. Looking at the early nineteenth century, Shachtman notes that rising employment created by Galatin’s economic agenda benefited a variety of different common Americans, including women, “who were now earning wages rather than, as in the past, toiling unpaid in the home and on the farm” (p. 251).

Collectively, Shachtman provides a somewhat elementary walk through of early American economics and the financial changes that occurred between 1763 and 1813. Historians interested in scholarly debate will find his work underwhelming.

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