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Chapter 1 : The Origin, Structure and Development of the American Fiscal Regime,

The Origin, Structure and Development of the American Fiscal Regime, Edling, Max M Uppsala University, Humanistisk-samhällsvetenskapliga vetenskapsområdet, Faculty of Arts, Department of History.

Thomas Jefferson, Third U. President Jefferson is a central figure in early American history, highly praised for his political leadership, but also criticized for the role of slavery in his private life. He championed equality, democracy and republicanism, attacking aristocratic and monarchistic tendencies. He was a leader in American independence, advocated religious freedom and tolerance, and opposed the centralizing tendencies of the urban financial elite. He formed the second national political party and led it to dominance in , then worked for western expansion and exploration. Critics decry the contradiction between his ownership of hundreds of slaves and his famous declaration that "all men are created equal", and argue that he fathered children with his slave mistress. For example, in , to pay for the rapidly expanding army and navy, the Federalists had enacted a new tax on houses, land and slaves, affecting every property owner in the country. Some tax resisters were arrestedâ€”then pardoned by Adams. Republicans denounced this action as an example of Federalist tyranny. Jefferson enjoyed extraordinary favor because of his appeal to American idealism. In his inaugural address, the first such speech in the new capital of Washington, DC , he promised "a wise and frugal government" to preserve order among the inhabitants but would "leave them otherwise free to regulate their own pursuits of industry, and improvement". Believing America to be a haven for the oppressed, he reduced the residency requirement for naturalization back to five years again. This was accomplished by reducing the number of executive department employees and Army and Navy officers and enlisted men, and by otherwise curtailing government and military spending. The president and his associates were widely distrustful of the judicial branch, especially because Adams had made several "midnight" appointments prior to leaving office in March. In *Marbury vs Madison* , the Supreme Court under John Marshall established the precedent of being able to review and overturn legislation passed by Congress. This upset Jefferson to the point where his administration began opening impeachment hearings against judges that were perceived as abusing their power. The attempted purge of the judicial branch reached its climax with the trial of Justice Samuel Chase. When Chase was acquitted, Jefferson abandoned his campaign. To protect its shipping interests overseas, the U. This was followed later by the Second Barbary War. With the upcoming expiration of the year ban on Congressional action on the subject, Jefferson, a lifelong enemy of the slave trade, called on Congress to criminalize the international slave trade, calling it "violations of human rights which have been so long continued on the unoffending inhabitants of Africa, and which the morality, the reputation, and the best interests of our country have long been eager to proscribe. Louisiana Purchase and War of The Louisiana Purchase in gave Western farmers use of the important Mississippi River waterway, removed the French presence from the western border of the United States, and, most important, provided U. The United States, dependent on European revenues from the export of agricultural goods, tried to export food and raw materials to both warring Great Powers and to profit from transporting goods between their home markets and Caribbean colonies. Both sides permitted this trade when it benefited them but opposed it when it did not. Following the destruction of the French navy at the Battle of Trafalgar , Britain sought to impose a stranglehold over French overseas trade ties. Thus, in retaliation against U. Believing that Britain could not rely on other sources of food than the United States, Congress and President Jefferson suspended all U. The Embargo Act, however, devastated American agricultural exports and weakened American ports while Britain found other sources of food. He was quick to repeal the Embargo Act, refreshing American seaports. He tried various trade restrictions to try to force Britain and France to respect freedom of the seas, but they were unsuccessful. The British had undisputed mastery over the sea after defeating the French and Spanish fleet at Trafalgar in , and they took advantage of this to seize American ships at will and force their sailors into serving the Royal Navy. Even worse, the size of the U. Navy was reduced due to ideological opposition to a

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large standing military and the Federal government became considerably weakened when the charter of the First National Bank expired and Congress declined to renew it. A clamor for military action thus erupted just as relations with Britain and France were at a low point and the U. Powell In response to continued British interference with American shipping including the practice of impressment of American sailors into the British Navy , and to British aid to American Indians in the Old Northwest , the Twelfth Congress â€”led by Southern and Western Jeffersoniansâ€”declared war on Britain in 1812. Westerners and Southerners were the most ardent supporters of the war, given their concerns about defending national honor and expanding western settlements, and having access to world markets for their agricultural exports. New England was making a fine profit and its Federalists opposed the war, almost to the point of secession. The Federalist reputation collapsed in the triumphalism of 1815 and the party no longer played a national role. News of the victory at New Orleans over the best British combat troops came at the same time as news of the peace, giving Americans a psychological triumph and opening the Era of Good Feelings. Under the direction of Chief Justice John Marshall , the Supreme Court issued a series of opinions reinforcing the role of the national government. The signing of the Adams-Onís Treaty helped to settle the western border of the country through popular and peaceable means. The New England states that had opposed the War of 1812 felt an increasing decline in political power with the demise of the Federalist Party. This loss was tempered with the arrival of a new industrial movement and increased demands for northern banking. The industrial revolution in the United States was advanced by the immigration of Samuel Slater from Great Britain and arrival of textile mills beginning in Lowell, Massachusetts. In the south, the invention of the cotton gin by Eli Whitney radically increased the value of slave labor. The export of southern cotton was now the predominant export of the U. The western states continued to thrive under the "frontier spirit. Following the death of Tecumseh in 1811, Native Americans lacked the unity to stop white settlement. Era of Good Feelings[edit] Domestically, the presidency of James Monroe â€” was hailed at the time and since as the "Era of Good Feelings" because of the decline of partisan politics and heated rhetoric after the war. The Federalist Party collapsed, but without an opponent the Democratic-Republican Party decayed as sectional interests came to the fore. No new colonies were ever formed. Annexation of Florida and border treaties[edit] As the 19th century dawned, Florida had been undisputed Spanish territory for almost 200 years, aside from 20 years of British control between the French and Indian Wars and the American Revolution. Although a sparsely inhabited swampland, expansionist-minded Americans were eager to grab it and already, in 1763, American settlers had invaded the westernmost tip of Florida and expelled the local Spanish authorities, after which Congress hastily passed a bill annexing it under the claim that the Louisiana Purchase had guaranteed the territory to the United States. During the War of 1812, American troops occupied and seized the area around Mobile Bay. Spain, then engulfed in war with France, did not react to either of these actions. In 1819, Andrew Jackson led an army into Florida to quell the chaotic situation there. He arrested and hanged two British agents who had been encouraging Indian raids, leading to an outcry in London and calls for war. However, cooler heads prevailed and the situation did not escalate further. The Spanish agreed to turn over the no-longer-defensible Florida to the US and also give up their extremely flimsy claims to the distant Oregon Territory, in exchange for which American claims on Texas were renounced some Americans had also been claiming parts of that territory under the Louisiana Purchase. Although American designs on Texas did not disappear, they were put on the backburner for the more immediately important Florida. Meanwhile, in 1803, the U. Included in this settlement was the headwaters of the Red River in what would eventually become Minnesota, and the Mesabi Range, which eventually proved to contain vast amounts of iron ore. The eastern border of Canada continued to be disputed and was not settled until 1793. Emergence of Second Party System[edit] Main articles: Second Party System and Presidency of Andrew Jackson Monroe was reelected without opposition in 1820, and the old caucus system for selecting Republican candidates collapsed in 1824. In the presidential election of 1824, factions in Tennessee and Pennsylvania put forth Andrew Jackson. Personality and sectional allegiance played important roles in determining the outcome of the election. No candidate gained a majority in the Electoral College , so the president was

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selected by the House of Representatives, where Clay was the most influential figure. Although he governed honestly and efficiently, Adams was not a popular president, and his administration was marked with frustrations. Adams failed in his effort to institute a national system of roads and canals as part of the American System economic plan. His coldly intellectual temperament did not win friends. Andrew Jackson and Jacksonian democracy Charismatic Andrew Jackson, by contrast, in collaboration with strategist Martin Van Buren rallied his followers in the newly emerging Democratic Party. The former painted himself as a war hero and the champion of the masses against Northeastern elites while the latter argued that he was a man of education and social grace against an uncouth, semi-literate backwoodsman. This belied the fact that Andrew Jackson was a societal elite by any definition, owning a large plantation with dozens of slaves and mostly surrounding himself with men of wealth and property. The election saw the coming to power of Jacksonian Democracy, thus marking the transition from the First Party System which reflected Jeffersonian Democracy to the Second Party System. Historians debate the significance of the election, with many arguing that it marked the beginning of modern American politics, with the decisive establishment of democracy and the formation of the two party system. A week short of his 63rd birthday, he was the oldest man yet elected president and suffering from the effects of old battle wounds. He also had a frequent hacking cough and sometimes spit up blood. The inauguration ball became a notorious event in the history of the American presidency as a large mob of guests swarmed through the White House, tracking dirt and mud everywhere, and consuming a giant cheese that had been presented as an inaugural gift to the president. A contemporary journalist described the spectacle as "the reign of King Mob". President Andrew Jackson Suffrage of all white men[edit] Starting in the s, American politics became more democratic as many state and local offices went from being appointed to elective, and the old requirements for voters to own property[citation needed] were abolished. Voice voting in states gave way to ballots printed by the parties, and by the s in every state except South Carolina presidential electors were chosen directly by the voters. Jacksonian Democracy drew its support from the small farmers of the West, and the workers, artisans and small merchants of the East. They favored geographical expansion to create more farms for people like them, and distrusted the upper classes who envisioned an industrial nation built on finance and manufacturing. The entrepreneurs, for whom Henry Clay and Daniel Webster were heroes, fought back and formed the Whig party. In addition, the system supported establishment politicians and party loyalists, and much legislation was designed to reward men and businesses who supported a particular party or candidate. As a consequence, the chance of single issue and ideology-based candidates being elected to major office dwindled and so those parties who were successful were pragmatist ones which appealed to multiple constituencies. Examples of single issue parties included the Anti-Masonic Party, which emerged in the Northeastern states. Its goal was to outlaw Freemasonry as a violation of republicanism; members were energized by reports that a man who threatened to expose Masonic secrets had been murdered. None of these parties were capable of mounting a broad enough appeal to voters or winning major elections. Vermont had universal male suffrage since its entry into the Union, and Tennessee permitted suffrage for the vast majority of taxpayers. New Jersey, Maryland, and South Carolina all abolished property and tax-paying requirements between and States entering the Union after either had universal white male suffrage or a low taxpaying requirement. From to , Connecticut, Massachusetts and New York abolished all property requirements. In , members of the Electoral College were still selected by six state legislatures. By , presidential electors were chosen by popular vote in every state but Delaware and South Carolina. Nothing dramatized this democratic sentiment more than the election of Andrew Jackson. Trail of Tears In , Congress passed the Indian Removal Act, which authorized the President to negotiate treaties that exchanged Indian tribal lands in the eastern states for lands west of the Mississippi River. In , a special Indian territory was established in what is now the eastern part of Oklahoma.

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Chapter 2 : The Origin, Structure and Development of the American Fiscal Regime, - CORE

Origin, Structure, and Development of the American Fiscal Regime, , in *Taxation, State, and Civil Society in Germany and the United States from the 18 th to the 20 th Century*, ed. Alex-

Whereas the Progressive tradition has concentrated on the latter question, the International interpretation calls for renewed investigation of the former. The International interpretation presents the Constitution as a federal treaty that allowed thirteen newly independent and comparatively weak republics to maintain peace among themselves and to act in unison against competitors in the Atlantic marketplace and in the western borderlands of the continental interior. Whereas the Progressives identify the principal outcome of the founding to be the creation of a bourgeois state that faced inwards to make North America safe for capitalism, the Internationalists identify it as the creation of a stronger federal union that faced outward and allowed the United States to stand up to European powers and to conquer the North American continent. Yet despite the focus on the question of home rule, the Internationalist redefinition of the Constitution as a federal treaty also makes possible a fresh view on the old question of who should rule at home. Their importance is daily reflected in American civic religion, political rhetoric and court rulings. And they of course also feature prominently in the labours of the historical profession. Even more than the Declaration, the framing and ratification of the Constitution is a perennial topic of American historiography. But as a rule, professional historians have been quite critical of how politicians and the public celebrate the document and its origins, finding naked self-interest and fierce conflict where laymen see an exemplary story of patriotism and national unity. Progressive scholars saw material self-interest and above all class conflict as the driving forces of history and their approach had a profound impact on American historical inquiry in general and on the study of the origins of the Constitution in particular. Together with John Pocock and his disciples, Bailyn and Wood questioned the view, long-held among both scholars and laymen, that the American founding was fundamentally a Lockean, or liberal, moment. Their challenge shifted the terrain away from the Progressives, for whom the liberal nature of the founding had never been in doubt – if for the most part lamented. Instead, the ideological interpretation presented the founding as a classical republican rearguard action to contain the inevitable advance of liberalism in the struggle for the soul of America. But with their attention fastened on culture and ideas, historians no longer had time for institutions. It is symptomatic that the most intense debates about the exact point in time when liberalism replaced republicanism revolved not around the framing and ratification of the Constitution, but around the formulation of a Jeffersonian ideology in the s. Polyglotism indicates that to the framers of the Constitution, ideas and concepts were means to persuade and to make the world intelligible. But the estrangement of the Ideological historians from agency, institutions and materiality prevented them from making the intellectual leap required to pursue this lead. By , when the United States celebrated the bicentennial of the Constitution, the republican synthesis was dying from consumption. To Peter Onuf, the founding was a period marked neither by class struggle between the people and the elite, as the Progressives said, nor by the transition from republicanism to liberalism, as suggested by the Ideological interpretation, but by the crisis of the American union in the wake of the War of Independence. A decade later, the redefinition of the field had matured into a complex but cohesive explanation of the form and function of the Constitution. And rather than competition between classes, it points to competition between polities as the main driver of political development. Although the Progressive tradition has never denied the significance of independence, it has always emphasized the struggle over democratization as the more important development. The International interpretation reverses this priority by arguing that neither political independence nor the creation of a stable federal union were foregone conclusions of the American Revolution. The historiographical shift in focus from domestic politics to foreign affairs and federalism represented by the International interpretation of the origins of the Constitution has many sources. One is the trend towards an Atlantic perspective on early American history. As scholars have turned their sights from the

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nation state and its genesis to the larger multi-ethnic, multilinguistic, multinational, multicentred cluster of entities that constituted the Atlantic world, it has become ever more difficult to ignore the often quite menacing geopolitical context in which the United States was created. Another source is the revitalized field of British imperial history. Historians have come to see the United States as a successor regime to the British Empire in North America and the federal government as the successor to an imperial government whose concerns were predominantly relations within the empire and with other powers. These historiographical impulses have generated a renewed appreciation for the role and function of the American federal union – that is, the terms by which a collection of former colonies joined together to form a single polity. The Internationalist interpretation has important implications for our understanding of the American founding and early United States history and therefore deserves to be more widely known. Its perspective shift raises the question of whether scholars have mischaracterized both the Constitution and the American union and thereby exaggerated the degree to which the founders sought to radically recast early American social and political life. The Progressive approach provides the most pertinent point of comparison for, like the Internationalist perspective, it privileges actions and institutions over ideas. It is both a venerable and diverse tradition. In the ascendancy before the Second World War, it fell into disrepute when the United States mobilized against communism at the outbreak of the Cold War, only to stage a comeback in a different guise in the altered social climate of the s. Lumping together the methodologically more advanced and politically more radical analyses of neo-Progressive and New Left historians with the relatively more coarse handiwork of Progressive progenitors is of course intellectually questionable. What follows is a limited survey of four historians, whose books span a century of scholarship. Merrill Jensen was a second-generation Progressive whose most important works appeared in the middle decades of the previous century. Terry Bouton and Woody Holton are the most sophisticated present-day exponents of an updated Beardian approach. The aim is not an exhaustive account of the Progressive perspective – for that the reader will have to look elsewhere – but the construction of a reference point that will make the central elements of the Internationalist edifice appear in sharper relief. Conflict between distinctive social groups within America is the core of the Progressive interpretation. Progressives apply general assumptions about the nature of social and political relations to the specific social and political dynamic set in motion by the American Revolution. Their social theory understands society to be divided into discrete and relatively stable classes, whose identity is determined by the unequal distribution of property. In principle, the existence of class does not necessarily lead to class conflict. But Progressives see class interests as not only different but inherently antagonistic. The War of Independence and its outcome resulted in economic challenges and opportunities. Attempts to pay interest on the large public debt by means of increased taxation created widespread hardship, but freedom from British restraints created opportunities to trade in new international markets and to expand European American settlement into the continental interior. The political consequences of the Revolution, meanwhile, were threefold. First, the supervisory role of the British government was removed, leaving the new American states free to determine their own political course. Second, the constitutional reforms that took place during the Revolution made the state assemblies the principal locus of power in the state governments, at the expense of the executive and judicial branches. Third, lower property restrictions for voting broadened the franchise and brought new classes of men into the state assemblies. To the Progressives, these three changes amount to a democratization of American politics. For the first time, a majority of the people was now represented in all-powerful state assemblies. They used their power to enact legislation that protected their property interests, such as paper money emissions, tax reductions and stay laws to suspend the collection of private debts. While protecting the people, this legislation had a negative impact on the social and economic elite by diminishing the value of their public securities and salaries. Once independence was secured, the elite mobilized in defence of their property interests, and by extension their social standing, in an attempt to rein in the people. The outcome was the adoption of the Constitution, which reintroduced an unrepresentative central government with the power to overrule legislation enacted by popular majorities in state assemblies. Thus, while class

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remains central to Holton and Bouton their terminology is vague and shifting and their socio-economic groups undefined. To Beard, the Constitution received support from owners of four kinds of personal property: He postulated a long-running conflict between capitalists and agrarians, in which slaveholding planters joined the ranks of the small farmers. Progressives are of course aware of sectional differences such as slavery, but in their analysis this binary class division overrides them and largely clears the political playing field from state and sectional interests. In the s, the New Left historians extended historical inquiry beyond white propertied males to incorporate the experiences, including political ideas and actions, of so-called marginal groups. That such groups are absent from the works of Beard and Jensen is hardly surprising. That they play such a limited role in the interpretations of Bouton and Holton is more so, for theirs are intended as radical interventions. Elsewhere, Holton has convincingly argued that indirectly American Indians, African-American slaves, and propertyless whites were instrumental in pushing the Virginia gentry into opposition against Britain in the s. A similar argument can be made about European powers and their citizens, and about American Indian nations, who were not part of the American polity but very much part of American politics. For regardless of who wrote, supported, and opposed the Constitution, it was intended to touch the lives of people far beyond the social groups that had taken active part in the Constitutional convention and in the struggle for ratification. With such an understanding of politics, the searchlight of the historian will inevitably be trained on the social groups that owned property, or stood a chance of acquiring it. As a result, the actions and beliefs of white propertied males become central, to the exclusion of everyone else. This narrow conception of property of course blunts the radicalism of the Progressive interpretation in an age concerned with equal rights and identity politics. True to character, Jensen presents a longer and more diverse agenda. Merchants demanded navigation acts, artisans and manufacturers protective tariffs, farmers tax relief, creditors tax hikes, frontiersmen protection from Native American attacks, and so on. But more than anything else, Progressives hold that the interlinked issues of paper money and impairments of contracts, which followed from the pressure to deal with the wartime debt, divided the American political nation. Public creditors demanded heavy taxation in gold and silver to make possible interest payments in specie. The taxpaying majority favoured lower taxation and interest payments in paper. Jensen points out that demands for government support for the pursuit of private material interest was nothing new in America. But the political changes brought about by the Revolution meant that the balance of power between social classes had shifted dramatically. Their response was a plan to restrain the power of the state assemblies over economic policy by transferring political authority from the states to a new national government deliberately insulated from popular influence. In the Constitution, states were proscribed from certain actions deemed threatening to the elite, such as issuing paper money or impairing the obligations of contracts. The historians discussed here have been reluctant to systematically investigate the degree to which the elite was successful. Bouton is alone in devoting a substantial part of his book to the decade after ratification. In his survey of US history, Beard argued that the social classes who had clashed over the Constitution continued their struggle as Federalists and Jeffersonians, thereby allowing for another round of fighting between capitalists and agrarians over the control of the national government. Jensen and Holton leave the question suspended. Where the Progressives believe the principal political agents to be classes, the Internationalists concentrate on polities: European monarchies, American states, the federal union, and American Indian nations. Where the Progressives see the principal historical dynamic springing from class struggle, the Internationalists find it in geopolitical competition and sectional tension. Where the Progressives identify the principal outcome of the founding to be the creation of a bourgeois state that faced inwards to make North America safe for capitalism, the Internationalists identify it as the creation of a stronger federal union that faced outwards to stand up to European powers and to conquer the North American continent. It was soon followed by a book on the Northwest Ordinance. He next brought this outlook to bear on the making of the Constitution in a series of essays written for publications marking the bicentennial, which were then reworked into a book co-authored with Cathy Matson, *A Union of Interests: Political and Economic Thought in Revolutionary America*, that appeared in It added to the analysis of

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western expansion and state conflict an account of how the immersion of the American states in the Atlantic marketplace also gave rise to intra-union tensions. It was the first fully-fledged International interpretation of the origins of the Constitution. Greene, who in published *Peripheries and Center: In Peripheries and Center*, Greene acknowledged his own debt to Andrew McLaughlin and Charles McIlwain, constitutional scholars of the British Empire and the United States active in the s, and thus sank historiographical roots for an International interpretation. Greene made the case for the persistence of a fundamental political problem in the English and British imperial project: From the establishment of the first colonies in North America to the outbreak of the American Revolution, Britons on both sides of the Atlantic struggled to maintain a central power strong enough to keep the far-flung Empire together without endangering the liberty and safety of its constituent parts. The American Revolution removed Britain from the equation but otherwise left organizational issues unaddressed when the problem of empire turned into the problem of union. Two important consequences followed from this mode of colonization. First, there was not one but many colonization ventures, which resulted in a number of distinctive colonies largely autonomous from the imperial centre. Second, because the sponsors, too, had limited economic and administrative resources at their command they could only attract settlers by extending the rights and privileges of native-born Englishmen to the American colonies. Chief among these was the right to extensive self-rule in legislative assemblies representing local landowners.

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Chapter 3 : Legal History Blog: Edling's "Hercules in the Cradle"

"Edling's account of how the development of an American fiscal-military state made possible the US government's 'liberal use of aggression and violence' to achieve its policy aims during the nineteenth century will provide scholars with valuable, interlinked case studies to consult for many years to come.

History of the United States public debt Save Federal debt held by the public as a percentage of gross domestic product , from to , projected to The history of the United States public debt started with federal government debt incurred during the American Revolutionary War by the first U. S treasurer, Michael Hillegas , after its formation in The United States has continuously had a fluctuating public debt since then, except for about a year during " To allow comparisons over the years, public debt is often expressed as a ratio to gross domestic product GDP. Historically, the United States public debt as a share of GDP has increased during wars and recessions, and subsequently declined. Public debt rose during the s, as President Reagan cut tax rates and increased military spending. It fell during the s, due to decreased military spending, increased taxes and the s boom. Public debt rose sharply in the wake of the "08 financial crisis and the resulting significant tax revenue declines and spending increases. During the American Revolution , the Continental Congress , under the Articles of Confederation , amassed huge war debts, but lacked the power to repay these obligations through taxation or duties on imports. The Southern states, which had lower or no debts, whose citizens would effectively pay a portion of this debt if the federal government assumed it, were disinclined to accept the proposal. Some states, including Virginia, had already paid off almost half of their debts, and felt that their taxpayers should not be assessed again to bail out the less provident, and further argued that the plan was beyond the constitutional power of the new government. James Madison , then a representative from Virginia, led a group of legislators from the South in blocking the provision and prevent the plan from gaining approval. Jefferson supported Madison[6] The plan was finally adopted as part of the Compromise of , as the Funding Act of The compromise meant that the state debts were all picked up by the federal Treasury, and the permanent national capital would be located in the South, along the Virginia-Maryland border in what became the District of Columbia. The assumption issue Historian Max M. Edling has explained how assumption worked. It was the critical issue; the location of the capital was a bargaining ploy. Hamilton proposed that the federal Treasury take over and pay off all the debt that states had incurred to pay for the American Revolution. The Treasury would issue bonds that rich people would buy, thereby giving the rich a tangible stake in the success of the national government. Hamilton proposed to pay off the new bonds with revenue from a new tariff on imports. Jefferson originally approved the scheme, but Madison had turned him around by arguing that federal control of debt would consolidate too much power in the national government. Edling points out that after its passage in , the assumption was accepted. When Jefferson became president he continued the system. The credit of the U. The federal government was able to avoid competing in interest with the States. There was a sharp increase in the debt as a result of the War of In the 20 years following that war, there were 18 surpluses. During the following 47 years, there were 36 surpluses and 11 deficits. Harding was elected president in and believed the federal government should be fiscally managed in a way similar to private sector businesses. He had campaigned in on the slogan, "Less government in business and more business in government. Over the course of the s, under the leadership of Calvin Coolidge, the national debt was reduced by one third. Roosevelt and Harry S. Truman led to the largest increase in public debt. Truman , as the U. Unlike previous wars, the Korean War "53 was largely financed by taxation and did not lead to an increase in the public debt. Beginning in the mids and afterwards, U. Bush , reaching Debt held by the public reached a high of However, it fell to During the presidency of George W. It was the first time the U. The upper graph shows the U. Data are from the U. The President proposes a national budget to Congress, which has final say over the document but rarely appropriates more than what the President requests. Johnson , John F. Kennedy , and Harry S. Bush , George H. Bradford DeLong , observed a

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contrast not so much between Republicans and Democrats but between Democrats and "old-style Republicans Eisenhower and Nixon " on one hand decreasing debt and "new-style Republicans" on the other increasing debt. Bush for creating budget deficits by reducing tax rates and increasing spending in the early s. From fiscal years to , spending increased by 6. Spending increases expressed as percentage of GDP were in the following areas: Medicare and Medicaid 1. The spending level was the highest relative to GDP in 40 years, while the tax receipts were the lowest relative to GDP in 40 years. The next highest spending year was Several other articles and experts explained the causes of change in the debt position. The major changes included: This was the highest budget deficit relative to GDP 9. The four changes were: The gross federal debt in the table includes intra-government debt " that is, money owed by one branch of the federal government to another. When this latter amount is subtracted, the remaining quantity is known as the public debt.

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Chapter 4 : Search Results U.S. economy

Origin, Structure, and Development of the American Fiscal Regime, , in *Taxation, State, and Civil Society in Germany and the United States from the 18 th to the 20 th Century*, ed. Alex-

Harrison, Mark Published by EH. Gregory, *The Political Economy of Stalinism: Evidence from the Soviet Secret Archives*. Cambridge University Press, Hoover Institution Press, Sponsored by the U. The results of their work included path-breaking studies of the political economy of the Third Reich. The Soviet state collapsed in Its economic administration was more complex than that of Nazi Germany by an order of magnitude, and it lasted for many decades. It presented a far greater puzzle to western social, political, and economic thought. The records that it left are much more comprehensive. But economists are barely involved in their exploitation, most of which is being left to social and political historians. Paul Gregory is one of a small band who have promoted economic research in the Russian archives; the other major figure, on my side of the Atlantic, is Robert W. For much of the last decade Gregory has been carrying on this work in collaboration with Russians and other westerners. Both the books under review use this research to investigate the Soviet economy and its institutions under Stalin. The volume that he has co-edited with Valery Lazarev, *The Economics of Forced Labor*, brings together a series of new archive-based investigations on a specific theme, the role of labor coercion in the Soviet economy. From a methodological point of view the most important shared aspiration of the two books is to extend the domain of economic analysis. Traditionally, western Sovietological economists thought of the Soviet economy as comprised of two spheres. The other was the sphere of economic activities that aimed to maximize an economic benefit, e. It seemed obvious that economic analysis could throw more light on the latter than the former. One of the main contributions of new research has been to extend economic analysis to Soviet centralized decision making with regard to the adoption and pursuit of major technological and institutional missions including collectivization, forced industrialization, the foundations of centralized planning, and the development of the Gulag archipelago. First, *The Political Economy of Stalinism*. The argument of the book runs as follows. He concludes that this is a largely false distinction: No one could have beaten Stalin to the leadership who was not even more controlled, crafty, and brutal than Stalin himself. In chapter 2 Gregory goes on to argue that the emergence of a command system with Stalin in charge was a largely inevitable consequence of the Bolshevik revolution. The defining event was the decision to collectivize peasant agriculture in , which was intended to fix a growing crisis of grain marketings. Gregory argues that this crisis was largely a result of government policy, but the policy did not result from any misunderstanding of economics. The result was to place an astonishing workload on Stalin personally; since he had the right to arbitrate on all important decisions, and to select what was important, the result was that agents at lower levels passed a vast array of unselected trivia up to him. Given a dictatorship, what kind of dictator was Stalin? In chapter 1 Gregory outlines various types of dictator: The Stalin that emerges from the chapters that follow is not benevolent, mainly proprietary, sometimes selfish and sometimes ring-holding when it suited him. The stationary bandit emerges most clearly in Chapter 4, which deals with the core of Stalinist economic policy. He substantiates this model with reference to two things: The secret police monitored worker morale and kept Stalin well informed. Stalin controlled this dissatisfaction in two ways: Although Stalin could maximize the volume of investment in this way, however, he could not make it efficient and the history of the period abounds in what look like disastrous decisions when it came to detailed allocation. Chapters 5 to 9 deal, respectively, with long term planning at the center, the tensions between central planners and industrial ministries, opportunistic behavior within the ministries, the process of planning within the ministries, and the implementation of financial controls. Gregory suggests that long term plans were primarily political and motivational instruments that aimed to shift the focus and balance of power in Soviet institutions by flushing out opponents and enabling others to signal loyalty. When long term plans were broken down into operational targets for each sector responsibility for implementation had to be delegated,

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and this created scope for the pursuit of departmental and personal self-interest. This formed the basis of perennial plan bargaining. Stalin kept Gosplan loyal and relatively truthful only by keeping it small and disinterested in the fulfillment of plans. Even so, Gosplan had to compromise with industry, for example, by leaving central plans highly aggregated; this gave industry control over fulfillment in detail. Detailed allocation was then governed largely by intra-ministerial decisions. This was the point at which centralized guidance and the requirements of efficiency lost most of their impact. Ministerial planning was largely retrospective and plans usually remained preliminary; they were rarely taken to the final stage of official confirmation, which made them easier to revise. A detailed study of decision making in the chief administration for metallurgy shows that, while orders and information shuttled up and down the ministerial hierarchy, everyone engaged in characteristic forms of opportunism. To their inferiors, each official demanded rigorous implementation of orders, while bargaining with and concealing resources from those above them. Real allocation took place at a level far below that of the plans; more effort went into ensuring supplies than organizing production. Loyalty and personal promotion went hand in hand; the promotion of individuals required a growing number of high level positions, met by continually promoting sub-ministerial organizations to ministerial status. Regardless of their personal profile, all ministerial officials behaved in much the same way in relation to their own fiefs. Finally, in forming the motives for opportunism money was more important than has been thought, not necessarily for personal enrichment but for easing the path to plan fulfillment, and financial controls were chaotic. Gregory concludes with a retrospective on the whole Soviet era, including the collapse of the inner logic of the system boiled down to coercion. This would make it seem as if the fault for the Soviet collapse lay with Gorbachev. Gregory also argues, however, that the coercive system did not only concentrate power; it also deprived the dictator of criteria with which to make efficient decisions, and it deprived those below him of any motivation towards efficiency. Poor information and bad motivation was combined with complexity that increased through time and returns that diminished to the point of no return. More detailed light is shed on coercion in the Soviet economy by the second book under review, *The Economics of Forced Labor*. This book results from collaboration between the editors, Gregory and Valery Lazarev, and several Russian scholars; there are also contributions by another American, a Britisher, and a German, so the cast of characters is genuinely multinational. This information, mostly already known, provides the context for the subsequent chapters. In the 1930s there was just one Soviet forced labor complex on the northern Solovetskii islands. The first big expansion came with the collectivization of peasant agriculture which threw hundreds of thousands of well-to-do peasant families into captivity; the Gulag was created in to handle the sudden inflow. After that, recruitment became big business and by the early 1950s there were about 2. The introduction is followed by three overview chapters, five case studies, and concluding remarks by Valery Lazarev. The important thing here is that the growth of the Gulag was part of a wider process that had largely substituted coercion for other incentives by the end of the 1930s. Wartime decrees imposed still harsher penalties on violations by workers in defense industry and transport. These laws were widely flouted yet still netted fifteen million convictions in twelve years, including a million Gulag terms of between three and ten years. They were thus a major recruiting sergeant for the labor camps. This also illustrates a fact that is not widely appreciated: In chapter 3, Oleg Khlevniuk gives a short account of the political turning points in the history of the Gulag, and goes on to tackle two questions about the efficacy of forced labor. He shows that the Gulag authorities gradually lost faith in the utility of marshalling human masses into unskilled employment at gunpoint; forced labor became increasingly mechanized and skilled and even began to attract wage payments. Khlevniuk also questions the developmental role of forced labor in the sense that the projects on which it was employed were valued at cost, but the cost was much greater than their true worth to society. Tikhonov points out that this could not have been prepared overnight. In fact, elements within the MVD wanted to put an end to the growing financial losses of the Gulag, and were also alarmed by its high rates of recidivism. Ironically the original reformers were themselves victimized after Stalin died. The Karelian camps show the experimental process by which the authorities learned the scope and limits of the exploitation of forced labor.

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As time went on the authorities lost faith in unbridled coercion and heavy punishments, and turned more and more to positive inducements including higher wages and early release in return for extra effort. Both the volumes that I have reviewed here adopt the methodology of social science. Narrative provides background but is not the central focus. Alternative hypotheses are formulated and tested informally. The standards of evidence and proof are not those that are usually available in conventional applied economics. There are figures and tables but no large quantitative datasets and hardly any regressions. The great bulk of the evidence is qualitative: The argument proceeds mainly by illustration. This is characteristic of the new institutional economic history associated with the writing of figures such as Douglass C. North and Avner Greif. At the present it is not clear that anyone can do better. One possible criticism of both books is that while it is obvious that the source materials are new it is not so clear that the conclusions are always novel. To give an example from each book: Gregory finds that the main purpose of long term plans was motivational, but Eug? Indeed, in the early chapters of his *Gulag Archipelago* Alexander Solzhenitsyn provided an extended analysis of the labor economics of the camps, based on anecdote and memoir; the incentives that he described are quite different from those emphasized by the work presently under review, and it would be of interest to see discussion of the possible reasons for this divergence. Having said this, there can be no doubt that the general level of evidential detail and economic analysis in the present works is greatly superior to anything that has been available hitherto.

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Publications on financial history The Origin, Structure, and Development of the American Fiscal Regime, Chapter. Jan ;

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Law and History Review, February Like other aspects of war mobilization, the fiscal revolution required an enormous infusion of national administrative resources.