

The Founding Fathers: “Neoliberals” Avant le Mot

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“Who is to blame for the election of Donald Trump?” It’s a question that was asked more than a few times after November. We’re all familiar with the answers that were given: James Comey, the electoral college, the DNC’s *leaked*—not hacked—emails, the characteristically shameful performance of the mainstream media in its focus on personalities rather than substance, the stupefying incompetence of Hillary Clinton’s campaign, the elitist insularity and corruption of the Democratic Party, etc.

Longer-term causes (which are intertwined) include the decline of organized labor, which has always served as a bulwark against fascism or semi-fascism; deindustrialization, which has contributed to the economic insecurity that apparently motivated many of Trump’s supporters; and the almost total capture of the Democratic Party by the corporate sector of the economy. But one group of people has tended to escape blame, even despite widespread disgust with the electoral college: the U.S.’s “Founding Fathers.” While they are distant in time from the political obscenity that was Trump’s election, they are far from innocent.

This is clear from two books that every American should read, published in 2008 and 2009 respectively: Woody Holton’s *Unruly Americans and the Origins of the Constitution* and Terry Bouton’s *Taming Democracy: “The People,” the Founders, and the Troubled Ending of the American Revolution*. These books reveal the extent to which nearly all the Founders loathed and feared democracy, at least between the 1780s and the first decade of the nineteenth century. (Their attitudes were more complex in the 1770s, and in their later years such (former) anti-democrats as James Madison and John Adams were repulsed by the excesses of the capitalist aristocracy.) The popular attitude of reverence for the Founders is a product of deep misunderstanding and ignorance, for it is the viciously antidemocratic structure of the political system the Founders created that has helped make possible our new Gilded Age, and thus the political success of someone like Donald Trump.

In fact, I think it’s important to spread the idea that, far from being “liberators,” the Founders were, in essence, the first in America’s long line of usurpers and oppressors. This idea is a simplification, but it contains a large kernel of truth. The hackneyed narrative that history textbooks still teach about the greatness and nobility of Washington, Madison, Adams, Hamilton, and the others is nothing but nationalist propaganda that serves to obscure the *malignity* of these people’s historical impact and legacy. One might even say that their most potent legacy was the precise opposite of what we’ve been trained to think (and what they thought): rather than having been great figures of

anti-authoritarian revolution, heroic fighters against tyranny, in effect they did much to clear the ground for the most rapacious tyranny in history, the national and eventually global tyranny of capital.

The 1780s: the Founders vs. the People

These judgments might seem excessively harsh, but consider the facts. Across the American colonies, the revolutionary 1770s were a time of relative democracy. In the struggle against the British, the gentry and the lower classes to some extent united around the banner of white male popular empowerment. States adopted strikingly democratic constitutions, none more impressive than Pennsylvania's in 1776, which established a unicameral legislature, annual elections for every representative, a weak governorship that could not veto laws the legislature passed, the *election* rather than *appointment* of most offices in the state and county governments, and the enfranchisement of nearly all adult men, even those who owned no property.

But things changed in the 1780s. The gentry had "tired of an excess of democracy," to quote Alexander Hamilton—others were less restrained, decrying "democratical tyranny," a "republican frenzy," a "prevailing rage of excessive democracy"—and tried to take total control of state governments. Given the shortage of gold and silver, during the war with Britain governments had issued paper money, which soon led to high inflation. This was blamed, simplistically, on the democratic character of the governments, the "imbecility" of popularly elected politicians; and most of the elite "gentlemen" came to view all government-issued paper money as an evil to be done away with. They also disliked the social and cultural manifestations of democracy, the leveling spirit that raised commoners in their own eyes and lowered the gentry. The ultra-rich financier Robert Morris represented his class when he resolved to strip power from all these "vulgar Souls whose narrow Optics can see but the little Circle of selfish Concerns."

The political and economic agenda that Morris and his associates championed bore a remarkable, if hardly surprising, resemblance to neoliberalism. "Morris wanted government to channel money to the wealthy," Terry Bouton writes, "either through direct payouts or by privatizing the most lucrative parts of the state and turning them over to new for-profit corporations owned and run by the gentry." One of the most powerful figures in American history, Morris founded in 1781 the first private bank in the United States—the Bank of North America—in part to remove finance from democratic control: not governments, but banks would issue paper money. Private corporations, unlike governments, would be immune to public pressure for a greater supply of money, and would therefore be able to prevent inflation. Actually, the acute shortage of money during the 1780s showed that Morris was too pessimistic: even in states where legislatures did on occasion print money, they certainly did not do so to the extent that "the people" desired.

The 1780s were a time of ferocious class conflict, with most of the eventual framers of the U.S. Constitution facing off, alongside Robert Morris and the majority of the gentry, against the middling and lower classes, overwhelmingly agrarian. On one side were the wealthy speculators in government IOUs, who had bought these bonds for pennies on the dollar from the farmers, artisans, and soldiers to whom they had been given during the war as payment for goods and services. Their original holders, expecting the bonds to depreciate and needing money right away, sold them for whatever they could get. Speculators, on the other hand, could afford to wait years for the government to redeem the bonds, and had the political clout to insist that they be paid at or near the certificates' full face value even though at the time of issuance the certificates' *market* value was far below this. The state and federal war debt most of which speculators thus bought up was enormous, about \$27 million.

To pay interest on the war debt, many states tended to impose the same type of fiscal and monetary

regime on the populace that more recently the IMF has favored: oppressive taxes, a tight money supply, and the curtailing of public services (such as government-run “loan offices” that gave cheap credit to farmers and artisans). Since both private creditors and bond speculators were averse to paper money, governments compelled debtors and taxpayers to pay with gold and silver. But the war years had drained the country of gold and silver, making it impossible for people to pay. The nationwide tragedy that resulted has been compared to the Great Depression of the 1930s: tsunamis of property foreclosures swept up hundreds of thousands of families, and economic activity plummeted. “Public Trade and Private transactions of Human Life,” petitioners in Pennsylvania protested, “[are] nearly reduced to a total Stagnation.”

On the other side of the economic divide, then, were masses of ordinary people who found that their troubles were much worse in the 1780s than they had been in the last years of British rule, when their hardships had driven them to rebellion and war. “Have we not expended our blood and our treasure to expel from the land a set of invaders who sought to rule over us as taskmasters,” they exclaimed in the mid-1780s, “and shall we now become bondsmen to people of our own country?” The irony was appalling, and the victims fought back.

In fact, they were able to extract significant concessions and relief measures. In some states, by electing legislators sympathetic to their plight, farmers and artisans benefited from temporary suspensions of tax collection. Violent resistance, such as Shays’ Rebellion in Massachusetts in 1786 and ’87, frightened governments into being more lenient in their fiscal and monetary policies. Local and county officials often were sympathetic to the suffering of their neighbors and refused to enforce the law or carry out orders: for example, county tax officers would delay collection; some sheriffs obstructed or prevented property foreclosures; justices of the peace refused to prosecute people for nonpayment of taxes. Nor were state militias always of use in enforcing tax collection, for it was frequently militiamen who were leading the anti-tax protests. All this protest in the mid-1780s substantially mitigated the hardships of “the 99 percent” (so to speak)—which means that it was a tremendous irritant to the elite. For one thing, it prevented bondholders and creditors from being paid as much and as regularly as they wanted. For another, it fostered economic and political uncertainty, which made for a bad investment climate. European investors, in particular, were leery of sending their capital to a land that was so riven by conflict. How could a country develop if it couldn’t attract investment?

Various solutions were possible to the political and economic instabilities of the 1780s, and spokesmen of the aggrieved masses made reasonable proposals that were relatively fair to both sides of the class struggle. They called for a revaluation of war debt certificates, progressive taxation, limits on land speculation, bans on for-profit corporations, and other measures that would alleviate spiraling wealth inequality and strengthen democracy. Such proposals were consistent with the popular understanding of republicanism, an understanding that differed from that of aristocrats like Madison, Washington, Adams, Hamilton, and Edmund Randolph. As Gordon Wood describes in *The Radicalism of the American Revolution*, these latter men considered it axiomatic that, because only an elite of disinterested, virtuous, propertied gentlemen was capable of pursuing the *public* good over selfish private ends, the success of a republic required that such men hold power. It was necessary to tame the wildness of democracy—i.e., to effectively disenfranchise the majority—in order for enlightened civic virtue to flourish.

“The people,” on the other hand, tended to have a less naïve view of the world. As yeomen from Pennsylvania said in one of their many petitions to the state government, “No observation is better supported, than this that, a country cannot long preserve its liberty, where a great inequality of property takes place.” Some of their legislators agreed: they declared that for-profit corporations were “totally destructive of that equality which ought to prevail in a republic.” Farmers wrote that “We observe, with great anxiety, wealthy incorporated companies taking possession of public and

private property,” and condemned processes that made “a few men...sufficiently powerful by privileges and wealth, to purchase, or to destroy, the property and rights of their fellow citizens.” Evidently these farmers had a more sophisticated political understanding than James Madison and his idealistic colleagues did, at least insofar as they understood that the real danger to republicanism was not democracy but rather a sharp inequality of property.

The Constitution: Triumph of Reaction

Needless to say, it was not the farmers’ democratic vision that ultimately prevailed. Robert Morris and other anti-democrats across the states organized a new Constitutional Convention in 1787 to remedy the defects of the Articles of Confederation, which is to say to write a new Constitution that would more adequately insulate government from democratic control. The convention was not sold this way to the people, of course; its purpose, instead, was supposed to be to find ways to give government more power to protect shipping and to negotiate trade deals with foreign nations. Secretly, though, nearly all the delegates had one goal mainly in mind: to make America more attractive to investment, as Woody Holton argues. “And the linchpin to that endeavor,” he says, “was taking power away from the states and away from the people.”

In other words, the U.S. was founded from the motive, and on the principle, of *serving capital*. The very structure of its political system was chosen so as, chiefly, to attract investors, i.e., to be a tool of capital accumulation. It is probably the only country in history of which this is the case. But to those who are familiar with U.S. history, so full of subservience to capitalism, such a revelation should not be surprising.

Many of the devices that the Constitution’s framers proposed to limit democracy were not adopted at the convention in Philadelphia. The delegates had to navigate between two contradictory imperatives: on one hand, they wanted to make it forever impossible for states to adopt the kinds of debtor-relief and taxpayer-relief legislation that the 1780s had seen; on the other hand, they could not make the Constitution so antidemocratic that the states and the people would not ratify it. Because of this second consideration, for example, Madison’s proposal that the U.S. Senate be able to veto state legislation “*in all cases whatsoever*” was rejected. The same fate befell Hamilton’s extreme proposal that the Senate and President be elected *for life*, as a way to provide the government with maximum protection against democracy. Nearly all the delegates strongly favored Hamilton’s plan, but they knew it would prevent the Constitution from being ratified.

Nevertheless, in its finished form the Constitution was hardly a model of democracy. While senators’ terms were not nine years long, as Madison wanted, six years was long enough to considerably insulate the Senate from the popular will. The Senate’s very existence, of course—as a body explicitly reminiscent of Britain’s House of Lords—was a significant “check and balance” against the people. As was the indirect election of its members, and of the president (by means of the electoral college). The Constitution’s framers even managed to limit democracy in the House of Representatives, by making election districts so large that ordinary people would have a hard time getting elected. Men of wealth would be much more successful than others in making their names and views known in a large district. To say it differently, large districts would “divide the community,” as Madison said, and make it difficult for the non-wealthy to “unite in the pursuit [of a] common interest.”

Furthermore, members of the House and the Senate could not be recalled, and constituents were not given the right to instruct their representatives on how to vote on particular issues (a right that even as British colonists many of them had had).

As for the presidency, it would be a very powerful position that could veto any dangerously

democratic law that somehow made it through the gauntlet of the deliberately cumbersome and convoluted machinery for passing legislation in Congress. The president would also be responsible for making most major appointments in the national government, a power that under the Articles of Confederation had resided in the legislative branch.

The Supreme Court—appointed, not directly elected—had its part to play in “check[ing] the imprudence of democracy” (to quote Hamilton): through judicial review it could overturn both federal and state legislation. In this way, Madison’s proposal that the national government have some means of vetoing inconveniently democratic state laws was salvaged.

In case such protections were not enough, language was written into the Constitution that expressly forbade most of the pro-debtor, pro-taxpayer laws states had passed in the 1780s. Article I deprived states of control over the war debt, thus preventing them from paying war debt speculators the market worth rather than the much higher face value of the certificates they held. (As Secretary of the Treasury, Hamilton, who had been mentored by the ultra-conservative Robert Morris, gave these speculators a tremendous windfall, to the outrage of farmers.) Congress was granted the power to directly tax citizens instead of relying on states to do so, and it could break mass resistance to tax policies by bringing in militias from surrounding states. Section 10 of Article I was especially momentous: it reads, in part, “No State shall...emit Bills of Credit; make any Thing but gold and silver Coin a Tender in Payment of Debts [nor] pass any...Law impairing the Obligation of Contracts.” In one swoop, this established a political-economic regime that overwhelmingly favored creditors. It prohibited states from issuing their own paper currency—“effectively destroying state-run land banks [i.e., loan offices],” as Bouton notes, “and the system of public, long-term, low-cost credit” that had been very effective and enormously popular with farmers. Debt arbitration was outlawed. In general, states were prohibited from rescuing debtors.

(It is worth noting, parenthetically, that the recent fashions of “originalism,” “original intent,” “strict constructionism,” and such tendencies in legal interpretation of the Constitution are predictable in a neoliberal context, given that the framers and their contemporaries thought of the now-revered document as thoroughly antidemocratic. Originalism can be a useful tool of hyper-capitalism.)

The majority of ordinary citizens were none too fond of this radically elitist Constitution. But they were so scattered and had so few resources compared to the “Federalists” who supported it that it was difficult for them to mount an effective opposition. Federalists, moreover, did not play nice. They were prepared to go to almost any length to get the Constitution ratified. In some states, such as Pennsylvania, they organized a ratification convention before the opposition had a chance to mobilize, and they gave districts that favored ratification a disproportionately large number of delegates. Their ownership of most newspapers allowed them to conduct a major propaganda campaign that suppressed the voices of Anti-Federalists. Violent threats were made against Anti-Federalist printers; offending pamphlets and newspapers were “stopped & destroyed”; Federalist postmasters intercepted and suppressed Anti-Federalist mail; writers resorted to lies about the provisions that the Constitution contained and the process that had brought it into being.

On the other hand, many people were reconciled to it on the basis of legitimate considerations. For one thing, since the national government would have the power to impose tariffs on imports, most people’s taxes would likely be reduced. The government could rely primarily on tariffs for its revenue, not direct taxation of citizens (as had been the case in the 1780s). Even more importantly, Federalists committed to adding a Bill of Rights to the Constitution after it was ratified. This was something that middling citizens from across the country insisted on. Woody Holton makes an apt observation on this point: “It is a remarkable but rarely noted irony,” he says, “that Americans owe their most cherished rights—among them freedom of speech and religion, the right to trial by jury, and protection against self-incrimination and illegal search and seizure—not to the authors of the

Constitution but to its inveterate enemies.” The Bill of Rights was a concession to the rabble.

If the farmers of the 1780s were alive today, however, they might feel vindicated. This isn't the place to review the entire history of the U.S.'s capitalism-on-steroids, but it should hardly be controversial to say that the antidemocratic, anti-“working class” political framework the Founders put in place has been perfectly adapted to the ambitions of a predatory economic system. It is almost as if capitalism had reached back from the future to move its pawns like chess pieces against capital's early opponents, who were finally checkmated when the Constitution was, through fair means and foul, ratified. After that, it could be smoother sailing for a developing American capitalism—although even then its development had to continually confront mass resistance. Eventually, and always with the decisive aid of the peculiar structure of the American polity, a point was reached where wealth could be so concentrated, the political system could be so captured by the corporate oligarchy, and ordinary people could be so desperate for change that they would elect a monstrosity like Donald Trump.

So here we are in 2017 still burdened with political leaders who, like the Constitution's framers, are concerned above all to protect creditors, financiers, and investors; who have the same “wisdom” as most of the Founders in their desire to undermine democracy, whether through gerrymandering, major propaganda campaigns, arcane Congressional tricks of obstructing popular legislation, or simply the appointment of wealthy friends to important government posts. The growing democratic resistance is in the tradition not of the “great men” who wrote the Constitution but of their enemies.

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