An American Ideology

Destutt de Tracy and Jeffersonian Economics

Jibran Khan
King's College, London

 ABSTRACT. Subjectivist economics forms an important part of the American intellectual inheritance. Thomas Jefferson promoted its study through the translation of Destutt de Tracy’s writings for the general public, because he considered economics an essential intellectual bulwark for the people to wield against irresponsible government. This paper aims to locate economics within the Jeffersonian intellectual programme and defend it from myths that have presented Jefferson as an enemy of free exchange. Identifying these early trends helps to explain the popularity of Austrian and other subjectivist methodologies in American economic thought.

Introduction

In 1817, following a seven-year effort on the part of Thomas Jefferson, an English translation (largely redone by Jefferson himself) of A Treatise on Political Economy by his friend Antoine Louis Claude Destutt, comte de Tracy, was finally published in America, fulfilling ‘a duty’ that Jefferson had pursued for some years.¹ There was no shortage of political treatises and philosophical discourses being written at the time, many of which flowed across the Atlantic. Indeed not even Jefferson’s friendship with the author explains by itself why this particular work occupied so much of his effort and attention, for Jefferson’s diplomatic career had put him into contact with statesmen and academics of various disciplines. Why, then, was de Tracy’s Treatise on Political Economy so significant?² More broadly, why was economics such a central concern?

Aims of this Inquiry

Thomas Jefferson, according to many detractors and supporters, was an agrarian conservative –

² Jean-Baptiste Say wrote a treatise on economics of the same title. Where Say’s book is referred to, I will precede it with his name to avoid confusion with that of de Tracy.
marching and fighting to keep an American subsistence-based agricultural economy alive against the tide of historical stages. If this reading is true, it would make his advocacy of de Tracy’s writings all the more puzzling, for like his fellow Idéologues, de Tracy advocated unrestricted trade, a subjectivist value theory, and manufacturing. I will argue that not only was Thomas Jefferson an ardent supporter of a free economy, but also that he considered its maintenance to be essential. He saw the development of political economy as an arena that would provide a logical basis, not bound to a particular faction, for the ideals of the American Revolution. The policies pursued by Alexander Hamilton in his time at the Treasury that Jefferson so detested were contrary, by design, to the principles of political economy. Thus, to Jefferson, the spread of sound economics among the people would be an essential bulwark against ill-founded policy in the future that might subvert the potential that the newly founded United States held due to its youth and rational foundation. I will also argue that the praxeological reasoning used by de Tracy lends the Treatise to application for describing society beyond the more narrowly ‘economic’. It is notable that despite its English title (which was designed to maximize practical appeal and was approved by de Tracy to this end), the original title was Traité de la Volonté et de ses effets (Treatise on the Will and of its effects), forming the first section of de Tracy’s Elemens d’Idéologie (Elements of Ideology) which was to be a distillation of his moral and political philosophy. This broadened scope, coupled with the book’s readability made its appeal irresistible.

**Historiographical Context**

In my research, I found Joseph Dorfman’s The Economic Mind in American Civilization an invaluable aid in charting the broader currents of dissemination of European economic thought in the colonies as well as developments made locally. His The Economic Philosophy of Thomas Jefferson is an

---

3 While the word ‘praxeology’ was not commonly used until later in the 19th century, it describes a deductive study of human action and behavior along the lines of Condillac and Destutt de Tracy. I am employing it here in absence of a description each time it is mentioned.
informative historical overview, though I disagree with the central contention that Jeffersonianism absorbed and fused with Hamiltonianism by the end of Thomas Jefferson’s life. Drew McCoy’s *The Elusive Republic* and Herbert Sloan’s *Principle & Interest* analysed the connection between Jefferson’s ideas and his practical politics that revealed the fault lines of Jefferson’s conflicts on economic matters. Where his theories in and of themselves were concerned, however, while Joyce Appleby’s accounts of Jefferson’s broader liberal philosophy were helpful, I found that I had to turn directly to Jefferson’s correspondence, which, along with *A Treatise on Political Economy* itself, has been the focus of my research. Economic issues ranging from debt to manufacture to money and banking loom large in the correspondence and, despite the adjustments and compromises in Jefferson’s practical politics, his expressed economic views remain remarkably consistent. The problem that emerged, to my initial surprise, was that it is difficult to trace the lasting influence of Jeffersonian economics (as opposed to Jeffersonian rhetoric on economic issues) because unlike Hamilton’s mercantilism, Jefferson’s views on economic matters were in line with the predominant opinions of 19th-century political economy.

To explain the appeal of *A Treatise on Political Economy* to Jefferson, I will first address Jefferson’s views on property and productivity, clarifying popular misconceptions and showing how they had much in common with those of de Tracy. I will proceed to examine the social order that arises from widespread property holding and individual liberties, identifying the parallels between de Tracy and Jefferson. I will demonstrate the considerable similarity between the financial views of John Adams and Thomas Jefferson and those of de Tracy— as well as the drastic difference between that shared position and Hamiltonian finance. Having established the characteristics of de Tracy’s *Treatise* that reflected Jefferson’s own economics, I will then proceed to analyse its role as an educational tool.

**Jefferson the Agrarian**
Notes on the State of Virginia is invariably cited to show the agrarian nature of Jefferson’s economics. It is undeniable that in the Notes as well as other writings, Jefferson praises agriculture and emphasizes its potential to keep the citizenry free of dependency.

Those who labour in the earth are the chosen people of God, if ever he had a chosen people, whose breasts he has made his peculiar deposit for substantial and genuine virtue. It is the focus in which he keeps alive that sacred fire, which otherwise might escape from the face of the earth. Corruption of morals in the mass of cultivators is a phaenomenon of which no age nor nation has furnished an example. It is the mark set on those, who not looking up to heaven, to their own soil and industry, as does the husbandman, for their subsistence, depend on the casualties and caprice of customers. Dependence begets subservience and venality, suffocates the germ of virtue, and prepares fit tools for the designs of ambition. This, the natural progress and consequence of the arts, has sometimes perhaps been retarded by accidental circumstances: but, generally speaking, the proportion which the aggregate of the other classes of citizens bears in any state to that of its husbandmen, is the proportion of its unsound to its healthy parts, and is a good-enough barometer whereby to measure its degree of corruption. While we have land to labour then, let us never wish to see our citizens occupied at a work-bench, or twirling a distaff.\(^4\)

Richard Hofstadter, in his The Age of Reform, uses this as a basis to argue that the Jeffersonians created an ‘agrarian myth’ whereby the bounties of agriculture are due to the ‘noncommercial, nonpecuniary, self-sufficient aspects of American farm life.’\(^5\) While Hofstadter concedes that the actual farmers of the time operated for profit and were flattered by the myth—the evidence for such a myth is lacking. The key to the passage is ‘While we have land to labour’, which coupled with the discussion of the superiority of European manufacture and the highlighting of the abundance of land just before it, show that this is an explication of comparative advantage rather than a rejection of commercial motivation. While at this stage Jefferson’s thought does in fact reveal a preference for agriculture, it is crucial to note that this preference is grounded in its commercial possibility and decidedly not in a rejection of modernity. The 1792 manual The Practical Farmer by John Spurrier, which counted among its subscribers George Washington and Thomas Jefferson, was dedicated to


the latter due to his keen interest in science and rationally-grounded work ‘to promote the real strength and wealth of this commonwealth’. Writing about the same section to Benjamin Austin in 1816, Jefferson famously states, ‘in so complicated a science as political economy, no one axiom can be laid down as wide and expedient for all circumstances, and for their contraries.’ He disclaims the earlier preference, stating ‘We must now place the manufacturer by the side of the agriculturalist. The former question is suppressed, or rather assumes a new form.’ This reflects not only the wartime crisis that disrupted the usual trade across the Atlantic, but also Jefferson’s continued study of the political economists and the economic growth that had resulted from the reforms of 1800.

**Economic Idéologie**

Where the Physiocrats had located value and productivity exclusively in the initial harvest of agricultural production, the Idéologues took a more nuanced approach. The Idéologues, or ideologists, were a group of liberal French thinkers strongly influenced by John Locke and Etienne Bonnot de Condillac. To Destutt de Tracy, ‘ideology’ was a political and social philosophy that promoted an organic liberal order, securing individual liberties, limiting the power of the state, defending private property, and promoting a free and open market. The name was made a pejorative by Napoleon when the Idéologues continued to promote liberal republicanism even into the days of the empire. It was for this reason that de Tracy’s chief works, *A Commentary and Review of Montesquieu’s ‘Spirit of Laws’* and *A Treatise on Political Economy* were initially sent to America rather than to a publisher in France and why the former was published anonymously. The *Commentary and Review* was a tremendously influential text, which embraced Montesquieu’s analysis in certain areas, such as the notion of a balance of power, but rejected his conclusions where they showcased a tendency for...
aristocratic rule or, in de Tracy’s view, showed an insufficient understanding of economics. Writing to Joseph C. Cabell, Jefferson acclaims de Tracy’s Review as ‘the best elementary book on the principles of government’ with ‘none in the world equal to it’ and ‘the advantage too of being equally sound and corrective of the principles of Political economy’.9 In fact the economic portion of the Review, which posed as a commentary on Montesquieu’s Book XIII about taxation and public revenue, Books XX and XXI about commerce, and Book XXII about the use of money, far exceeded the scope of Montesquieu’s original as economics was concerned. These sections, taken together, essentially encompassed a book on economics in their own right, drawing heavily on the analysis of Jean-Baptiste Say, by which the latter was very flattered.10 They were in many ways a forerunner to de Tracy’s later Elemens d’Idéologie. As in his Treatise, de Tracy’s Review takes individual economic man as the basic element that collectively forms society, however where the former begins with the individual and traces the analysis to society, the latter locates its discussion in the societal benefits of sound economic policy.

Jefferson’s introduction to the English rendering of the Review, written in the character of the anonymous Frenchman who had composed the text provides considerable insight into the intellectual climate that informed the emphasis on education in correct principle.

Reading and contemplation have been the occupations of my life, and mostly on those subjects which concern the condition of man. Montesquieu’s immortal work on the Spirit of Laws, could not fail, of course, to furnish matter for profound consideration. I have admired his vivid imagination, his extensive reading, and dextrous use of it. But I have not been blind to his paradoxes, his inconsistencies, and whimsical combinations. And I have thought the errors of his book, the more important to be corrected, as its truths are numerous, and of powerful influence on the opinions of society. These opinions attemper the principles on which governments are administered, on which so much depend the happiness and misery of man. Few nations are in a situation to profit by the

---

detection of political errors, or to shape their practice by newly developed truths. This is the eminent advantage of the country in which I write.¹¹

While this was written to deflect attention from de Tracy himself, as it claims the author to be a French émigré living as a citizen in the United States, by directing aggrieved French authorities to look in the wrong place, there remains interesting principle to be drawn from it.¹² Montesquieu’s *Spirit of Laws* with its emphasis on balance of power and the social conventions that governed political behaviour had exerted a considerable influence on the nation building that followed the Revolutions of America and France. Given Montesquieu’s fondness for the English Constitutional model, he became the political philosopher of choice for the anglophiles, rival faction to the americanistes, which not only preferred the American model but corresponded broadly to the economists. The wealth of his historical reference, persuasive argument for a balanced system of government, and commanding prose had made him influential in America as well, but after initially valuing it highly, Jefferson came to see in it ‘so much of paradox, of false principle, & misapplied fact, as to render it’s value equivocal on the whole.’¹³ The very fact that Montesquieu was so popular made a corrective commentary an ideal method to transmit values of political philosophy, as it would be read by followers and critics of *Spirit of Laws* alike (and it was indeed widely read, not only in the United States and France, but across Europe). Even more crucially, though, the introduction emphasises that the new American Republic is a relatively blank slate, not yet so entrenched in a particular set of political ideas that reform would not be possible, in contrast with the countries of Europe. The full ‘Address’ opens with a cautionary example of revolution subverted, ‘I was an early

---

¹¹ Anonymous (Thomas Jefferson), and Anonymous (Antoine Louis Claude Destutt de Tracy), ‘Address by the Author to His Fellow Citizens of the United States of America’, in *A Commentary and Review of Montesquieu’s “Spirit of Laws”: To Which Are Annexed, Observations on the Thirty First Book by the Late M. Condorcet; and Two Letters of Helvetius, on the Merits of the Same Work* (Philadelphia: William Duane, 1811), 1.


friend to the revolution of France, and continued to support it, until those entrusted with its helm, had evidently changed its direction. Flying then from the tyrannies of the monster Robespierre, I found, and still enjoy, safety, freedom, and hospitality, among you.’

By opening with this warning, Jefferson calls attention to the fact that a revolution can easily devolve into tyranny, but by closing on the note that the United States is in a unique position to correct its political errors before they become entrenched, the situation becomes an opportunity, rather than a tragedy. The possibility excited Jefferson, who in writing the publisher noted ‘our country may have the benefit of the corrections it will administer to public opinion.’

Productivity Redefined

De Tracy’s theory of productivity, as articulated in both A Commentary and Review and A Treatise on Political Economy, builds on that of his colleague (and fellow friend of Thomas Jefferson) Jean-Baptiste Say, considers every stage of economic exchange at which utility is increased to be a case of production.

It seems at first, and many likewise believe it, that there is a more real production in that labour which has for its object the procurement of first materials, than in that which consists in fashioning and transporting them; but it is an illusion. When I put seed in contact with air, water, earth, and different manures, so that from the combinations of these elements results wheat, hemp, or tobacco, there is no more creation operated, than when I take the grain of this wheat to convert it into flour and bread, the filaments of this hemp to make successively thereof thread, cloth, and clothing, and the leaves of this tobacco to prepare them so as to smoke, chew, or sniff them. In both cases there is a production of utility, for all these labours are equally necessary to accomplish the desired end, the satisfaction of some of our wants.

De Tracy does not simply correct the Physiocratic view by noting that value can be added in further stages of production but in fact emphasizes that in its essential character there is nothing particular

---


about agricultural cultivation. This is an expansion of de Tracy’s citation of Say’s *Treatise* in the *Review*, wherein he writes, ‘being incapable of creating even an atom of matter, we can never effect any thing but transmutation and transformation, and that what we call producing, is in every imaginable case, giving a greater utility as it respects us, to the elements we combine and operate on,’ before gently rebuking Say for adopting Adam Smith’s view on land value (this was not the Physiocratic notion, but one about the nature of rent)."^{16}

"A farm is a real manufactory; every thing is operated there in the same way, by the same principles, and for the same causes. A field is a real tool," he continues.\(^\text{17}\) This does not strike us today as remotely controversial, such a view seeming obvious in hindsight. However at the turn of the 19th century when property was, following Locke, considered synonymous with land, this was a radical argument with far-reaching consequences. Widespread ownership of private property remains a source of security and font for democracy, but de Tracy’s argument provides grounds for how this same principle applies to non-landed wealth. To be a propertied contributor to society did not require moving out to settle Western lands. He disavows the Physiocratic argument that ‘proprietors’ referred only to owners of land and that those who did not were ‘non-proprietors’.\(^\text{18}\) Property was the ownership of any productive capital and its importance transcended levels of wealth, for ‘the poor man has as much interest in the preservation of what he has, as the most opulent.’\(^\text{19}\) Following this clarification of what should and should not be rightly considered productive, de Tracy continues the principle to differentiate between the productive and the idle, identifying the former with those who generate utility. By so doing, he not only casts work as a

---


\(^{17}\) Destutt de Tracy, *A Treatise on Political Economy*, 106.

\(^{18}\) Destutt de Tracy, *A Treatise on Political Economy*, 166.

\(^{19}\) Destutt de Tracy, *A Treatise on Political Economy*, 166.
positive good along the lines of Locke, but also demonstrates that in his view, taxation is necessarily a transfer payment from the productive to the non-productive sector of the economy. De Tracy does not dispute that public goods exist and that they must be paid for, but argues that this must be seen as a necessary sacrifice, at best, and that an expensive administration that goes beyond the necessities of administration, governance, and the law is ‘ruinous to political society as well as to all others, and that the most economical is the best.’

A Commercial Nation

Freedom from dependence did not mean freedom from commerce. In some fashion or other, every person is necessarily engaged in commerce; individuals were to be freed of dependency through the ownership of private property, in whichever form of capital it took. That this was part of the same revolutionary proposition as the change in political arrangements was widely accepted; after all, Americans were ‘the first born children of extended Commerce in modern times,’ according to Gouverneur Morris in 1782. Along the lines of de Tracy’s distinction between productive and sterile sectors, the notion that society with its commerce and myriad personal connections preceded government was common Republican thought in the early United States. ‘Governments are instituted among Men, deriving their just powers from the consent of the governed’, the Declaration of Independence holds; that men acting cohesively and with purpose occurs naturally, preceding political structure, follows that line of thought. Thomas Paine famously distinguished society from government in Common Sense,

Some writers have so confounded society with government, as to leave little or no distinction between them; whereas they are not only different, but have different origins.

---

Society is produced by our wants and government by our wickedness; the former promotes our happiness positively by uniting our affections, the latter negatively by restraining our vices. The one encourages intercourse, the other creates distinctions. The first is a patron, the last a punisher.  

De Tracy’s explanation of society continues along Paine’s lines but in greater detail. He notes that society is ‘purely and solely a continual series of exchanges. … this is the greatest eulogy we can give to it, for exchange is an admirable transaction, in which the two contracting parties always both gain; consequently society is an uninterrupted succession of advantages, unceasingly renewed for all its members’ expounds upon the notion, emphasizing the voluntary character of civil society. It is this difference between the voluntary and coercive that runs through the economic conflict between the sides in this case. Adam Smith too had located value in the exchange, but had limited this analysis to the more directly financial exchanges of trade and labour, in which he locates the real value before the nominal value of money. De Tracy is very clear about the widespread applicability of this summation of the base component of a society, arguing that:

if we urge the sense of the word exchange, and if we wish, as we ought, to take it in all the extent of its signification, we may say with justice that a benefit is still an exchange, in which one sacrifices a portion of one’s property, or of one’s time to procure a moral pleasure, very lively and very sweet, that of obliging, or to exempt oneself from a pain very afflicting, the sight of suffering; exactly as we employ a sum of money to procure an artificial fire work, which diverts, or to free ourselves from something which incommodes us.

That de Tracy opens with this section before delving into production is significant epistemologically because it locates societal action in the concurrent self-interested actions of every individual who belongs to that society. While it can be argued that the logic of self-interest in Adam Smith’s An

25 Destutt de Tracy, A Treatise on Political Economy, 95.
27 Destutt de Tracy, A Treatise on Political Economy, 96.
Inquiry into the Nature and Causes of the Wealth of Nations could be extended to broader behaviour, de Tracy’s explicit praxeological statement of such provides a theoretical framework for natural order, such as would sustain a limited-government Jeffersonian democracy, undermining the argument that individuals left to their own devices would result in a mob. Indeed it provided an economic basis for actions built on virtue. Analysing the consensus that was emerging at the turn of the 19th century in the social sciences, Joyce Appleby notes,

an important but subtle implication in all this speculation: that is, that the economy rather than the polity serves as the effective organizer of society. And where the polity excluded those who were not citizens, women among them, the economy included all who worked, perversely linking beggars with aristocrats among the unproductive members of society.  

The very nature of economic activity is its dynamism, connecting people through trade who in person might not have wanted anything to do with one another, with wealth often traveling in a way that could not be predicted by even the most enlightened planner equipped with statistics. Moving from theory to historical example, Appleby writes of the explosive internal economic growth, starting in the countryside that was spurred by free movement of people and the growth of local industry following the dismantling of the Hamiltonian program in 1800. The resultant diffusion of wealth across the white American population was the result of an economic liberty that maintained a symbiotic relationship with economic liberty. Impressed by the way a liberal program of government had allowed society to flourish, Jean-Baptist Say wrote to James Madison in 1814, ‘In old Europe there are enlightened men who advocate a liberal government, but they are few and bien timide. In America they govern the nation.’  

Matters of Money

---

It was not only in the matter of manufacture that Thomas Jefferson’s views had converged with those of de Tracy. Across the span of political economy, the *Treatise* reflected opinions that Jefferson had advocated, to the point that John Adams upon receipt of the book remarked that he thought it was Jefferson’s.\(^{31}\) Indeed, as the letters between them show, on matters of economics, such as debt, specie, paper money, and subsidy Adams and Jefferson were in agreement; these were not exclusively Jeffersonian Republican economics, but economics that transcended that faction. Such ideas were in opposition to Alexander Hamilton’s ideas because Hamilton actively disdained the validity of political economy as discourse, writing against the burgeoning popularity of Adam Smith in the *Continentalist*:

There are some, who maintain, that trade will regulate itself, and is not to be benefitted by the encouragements, or restraints of government. Such persons will imagine, that there is no need of a common directing power. This is one of those wild speculative paradoxes, which have grown into credit among us, contrary to the uniform practice and sense of the most enlightened nations. Contradicted by the numerous institutions and laws, that exist every where for the benefit of trade, by the pains taken to cultivate particular branches and to discourage others, by the known advantages derived from those measures, and by the palpable evils that would attend their discontinuance--it must be rejected by every man acquainted with commercial history.\(^{32}\)

The mercantilist argument by Hamilton lends credence to opposition claims that he sought to recreate the British financial institutions that the Revolution had managed to sever the former colonies from. The *Review* notes that the fact that a political or economic practice exists in England does not mean that it is the reason for English wealth and liberty. Indeed such institutions may serve to inhibit potential liberty and overturn that very wealth.\(^{33}\) Where Hamilton critiques even the purely economic, in the sense of finance or trade, aspects of the invisible hand, de Tracy extends it to the

---


whole of society, challenging the critique on first principles.

Though Hamilton had died over a decade earlier and his Bank of the United States had expired in 1811, Hamiltonian ideas continued to be popular in certain quarters, as evidenced by the federal chartering of the Second Bank of the United States in 1816. The initial letter from Adams to Jefferson about the Treatise came before he had even finished reading it, animated by de Tracy’s chapter on money wherein inflated metal coinage is equated to theft.

“… A theft of greater magnitude and still more ruinous is the making of paper. It is greater because in this money there is absolutely no real value. It is more ruinous because by its gradual depreciation during all the time of its existence it produces the effect which would be produced by an infinity of successive deteriorations of the coin.” That is to say, an infinity of successive felonious larcenies. If this is true, as I believe it is, we Americans are the most thievish people that ever existed: we have been stealing from each other for an hundred and fifty years.  

The mention by Adams of a 150-year history of money by fiat takes on a double importance because it is not simply a lament at a general injustice or political disorder but specifically places such a system in continuity with the British administration of the colonies and to the foundation of the Bank of England. By doing so, Adams makes of the continued existence of a paper money system an example of counter-revolutionary practice. These concerns were not new to Adams, who in 1786 wrote, “The Cry for Paper Money is downright Wickedness and Dishonesty. Every Man must see that it is the worst Engine of Knavery that ever was invented. There never will be commerce nor Confidence, while Such Systems of Villany are countenanced.” He added in a subsequent letter upon finishing the book that he had become a hated figure for arguing economic ‘heresy’ along the lines of de Tracy continually for the past 30 years. He describes it as ‘a magazine of gunpowder

34 Adams, ‘John Adams to Thomas Jefferson, 24 February 1819’
placed under the foundation of all our mercantile institutions. The Hamiltonian system was by its very genesis contrary to the dictates of political economy, so the publication of an English language book that directly undermined that system on first principles and in simple language held considerable educational potential in the eyes of his political opponents.

Jefferson, in *Notes on the State of Virginia*, outlines the history of currency devaluation in the colony, citing the debasement of coin by the House of Burgesses through the up until the then-recent present, illustrating the effect by means of a diagram.

Our weights and measures are the same which are fixed by acts of parliament in England. -- How it has happened that in this as well as the other American states the nominal value of coin was made to differ from what it was in the country we had left, and to differ among ourselves too, I am not able to say with certainty. I find that in 1631 our house of burgesses desired of the privy council in England, a coin debased to twenty-five per cent: that in 1645 they forbid dealing by barter for tobacco, and established the Spanish piece of eight at six shillings, as the standard of their currency: that in 1655 they changed it to five shillings sterling. In 1680 they sent an address to the king, in consequence of which, by proclamation in 1683, he fixed the value of French crowns, rixdollars and pieces of eight at six shillings, and the coin of New-England at one shilling.

The most crucial detail to this is the prohibition by law against barter, which left no option for individuals to ignore the nominal measure and trade in real goods. It is this coercive power on behalf of the state that made financial policy particularly dangerous in its unintended consequences. Later in the book Jefferson laments that the numbers he lists are likely to be meaningless by the time that they were read because of the instability of the medium.

It was not that academic critiques of fiat currency had not appeared before or that popular pamphlets had not attacked the practice, but de Tracy’s *Treatise on Political Economy* combined the brevity of a pamphlet with scientific precision in a way that gave both ex-presidents hope that it would be successful in establishing an opposition to financial overreach where previous writing had

37 Adams, ‘John Adams to Thomas Jefferson, 2 March 1819’
not. Destutt de Tracy locates the root of the corruption of money not in the moment where specie is replaced by paper, but earlier in the process where instead of using coins by their weight, names were introduced arbitrarily; by so doing, fixed exchange rates or tender laws could be set that required the coins to have a different worth to their intrinsic value.41 Jefferson’s examples of colonial Virginian coinage illustrate the point that de Tracy warns about. Echoing Jefferson’s concerns about the corrupting power of deficits to not only thwart the economy but to bring ruin in general, de Tracy explains how the artificial character of paper money allows ‘authority’ to embark ‘in enterprizes, either of war, politics or administration, of which it would not have dared to think, knowing well that without this facility they would surpass its abilities.’42 Through an illusory money, society is necessarily subjugated to government. The state, by granting it the status of legal tender, can pay its debts in paper to creditors who were owed gold and silver. This practice increases the money supply, allowing the initial payment by the state to be carried out at the old nominal rate, but causing prices to go up for everyone else due to the fall in the value of money.43 After explaining the process by which bad money can ruin an economy, de Tracy returns to the familiar point of the importance of the real and honest over nominal escapes, arguing that a government in debt would be best served to honestly declare ‘its insolvency, and come to terms faithfully with its creditors’.44 The paper money disaster of liabilities in late colonial Massachusetts, the breakdown of the Continentals, as well as the crises of the War of 1812 had made the dangers of debt that was not properly acknowledged clear to both Adams and Jefferson. It is true that Jefferson had suggested a method of currency financing during the War of 1812 by treasury notes as an alternative that would be better than further expanding the public debt, expressing the view in a letter to John Wayles Eppes (who was his son-in-law and the chairman of the House Ways and Means committee) on

41 Destutt de Tracy, *A Treatise on Political Economy*, 143.
44 Destutt de Tracy, *A Treatise on Political Economy*, 152.
June 23, 1813. However, the use of this letter to argue that Jefferson believed in currency finance is disingenuous. In a later letter to Eppes that very year Jefferson expresses the opinion that ‘excepting England, and her copyist the US. there is not a nation existing, I believe, which tolerates a paper circulation’. He turns from it even in a state of emergency, explaining that specie is the most perfect medium because it will preserve its own level, because having intrinsic and universal value it can never die in our hands, and it is the surest resource of reliance in time of war: that the trifling economy of paper as a cheaper medium, or its convenience for transmission weigh nothing in opposition to the advantages of the precious metals; that it is liable to be abused, has been, is, and for ever will be abused in every country in which it is permitted: that it is already at a term of abuse in these states which has never been reached by any other nation, France excepted, whose dreadful catastrophe should be a warning against the instrument which produced it.

It is evident that, despite Jefferson’s treasury note suggestion earlier in the year, the principle behind it was at best to secure the lesser of two evils. I would argue that this suggestion was not one that he entertained for long– except where the only alternative was a direct expansion of the national debt, given his advocacy of specie in wartime to the same correspondent only months later. Despite Swanson’s claim to the contrary, the letters of Jefferson that he cites do not suggest a belief in currency finance as an advisable course of action under normal circumstances. There are few more damning descriptions in Jefferson’s political language, after all, than an accusation of copying the English model! De Tracy’s conclusion, that “This is one of the numerous points at which economy and morality are joined; and which render them but different parts of the same subject, the case of that one of our intellectual faculties that we call the will” is in perfect accordance with the expressed sentiments of both Thomas Jefferson and John Adams.

The Requirements for a Textbook

47 Jefferson, ‘Thomas Jefferson to John Wayles Eppes, 6 November 1813’
48 Destutt de Tracy, A Treatise on Political Economy, 152.
The established accordance between the economic views of Thomas Jefferson and Destutt de Tracy does not by itself explain why his writings were so strongly advocated and recommended. The answer is to be found in Jefferson’s prospectus to the English *Treatise on Political Economy*, wherein a brief outline of the history of economic thought is sketched. 49 Beginning with the Physiocrats, whom Jefferson credits for ‘sound and valuable principles’, while excusing their errors due to the ‘infancy’ of the science of economics at the time, Jefferson praises Adam Smith for his ‘rational and systematic work’ which took the ground established by the Physiocrats but developed it further. 50 He notes, however, that the novelty of political economy as a subject required considerable detail and long arguments, which had served to render the work ‘prolix and tedious’ to modern readers. 51 Jefferson acclaims Jean-Baptiste Say, a correspondent of his and fellow Idéologue to Destutt de Tracy, for not only correcting and developing the economics of Adam Smith in his *Treatise on Political Economy*, but especially for doing so in half the length of Adam Smith’s *The Wealth of Nations*. 52 Finally introducing de Tracy, Jefferson continues in the same vein, crediting him for developing further the economics of Adam Smith and Jean-Baptiste Say and for doing so even more concisely than the latter had managed. This emphasis on conciseness might seem odd coming from 18th century men who read the sprawling, descriptive works of Edward Gibbon and whose contemporary novelists similarly wrote with lengthy flourish. The answer is to be found in Jefferson’s letter to the publisher Joseph Milligan, after the first English edition of de Tracy’s *Treatise* had been published.

severity of logic results in that brevity, to which we wish all science reduced. The merit of this work will, I hope, place it in the hands of every reader in our country. By diffusing sound principles of Political Economy, it will protect the public industry from the parasite institutions now consuming it, and lead us to that just and regular distribution of the public

---

An American Ideology: Destutt de Tracy and Jeffersonian Economics

burthens from which we have sometimes strayed.\textsuperscript{53}

The intended audience for the book was not simply current and future statesmen, but the public at large. This was the ideal of Jeffersonian democracy in action, with the public made watchers over the government and its excesses by way of widespread education. (The ‘tree of liberty’, it would seem, could be watered in much more diplomatic ways.) Jefferson considered economics to be the branch of science of which Americans were most ignorant.\textsuperscript{54} He sought to ameliorate this broadly, sending the publisher John Adams’s letter of praise for the book with a request to append it to future copies and to send it to existing subscribers.\textsuperscript{55} An endorsement by both Thomas Jefferson and John Adams made it clear that the ideas were neither exclusively Republican nor Federalist, instead reflecting the self-evident truths claimed by the Revolution. Furthermore, this would increase the appeal of the book to potential subscribers. The urgency of Jefferson’s educational mission is made clear in the letter,

\ldots the nation, and especially the wealthier portion of it which is in possession of the function of legislation, is unfortunately in willing bondage to the snares \& seductions of the painted harlot of banking bubbles and there can be no remedy but by setting their minds to rights on this subject nothing else can rescue them from the delusion which leads them to encourage the application of our monied capital to usury rather than to the useful arts, manufactures agriculture and that sort of industry which creates and adds something to the wealth of our country.\textsuperscript{56}

Political economy became a means by which those very self-evident truths of the Revolution could be kept alive for perpetuity, or so it seemed to Jefferson. The new science was a comprehensive basis for political and economic analysis founded on the same Lockean foundation

\begin{footnotes}
\item[56] Thomas Jefferson, ‘From Thomas Jefferson to Joseph Milligan, 13 April 1819’.
\end{footnotes}
from which Jefferson’s own political philosophy had sprung. In the decades between the publication of *A Treatise on Political Economy* and the signing of Declaration of Independence, policies had come into effect that resembled what Jefferson perceived to be outmoded relics of English governance. The commercial policy undertaken by Hamilton’s Treasury department had brought mercantilism back (and openly so, arguing that the system had seemed to work well in Britain where a tradition of liberty persisted). His advocacy in the *Report on the Subject of Manufactures* of tariffs and subsidies flew in the face of the arguments of the political economists who (even the physiocrats) argued for unrestricted trade. Not only did the policy advocate a tax (which in the view of both Jefferson and de Tracy took from the productive sector of the economy and gave to the idle sector), but also through the use of government (and thus tax or debt derived) funds to subsidise industry, sanctioned favouritism. This open flouting of equality under the law, conducted along English lines, seemed to opponents a rejection of the Revolutionary principles themselves. That Hamilton rejected the developments in political economy (while being aware of their arguments) is known, but that did not change the fact that the science provided a critical apparatus by which to critique Hamiltonian institutions that was easily comprehended.⁵⁷

Jefferson hoped to spread de Tracy’s *A Treatise on Political Economy* among the reading public due to its brevity and logical foundation, but this was not the limit of his objectives to the end of developing an enlightened, critical public. In 1814, responding to a request by John Minor, Jefferson sent a study guide, ‘written near 50 years ago’ of which he had updated the reading list to account for developments in the sciences.⁵⁸ That such a request was made suggests that Jefferson’s composition

---

⁵⁷ Hamiltonian is employed in this case to refer to neo-Mercantilist institutions in general, much as Jeffersonian is used to refer to Jeffersonian Republicanism even where propagated by another.

of reading lists was well known and held in esteem. De Tracy’s anonymous *Review of Montesquieu’s Spirit of Laws* and his Political Economy both make the list (though of course publishing troubles meant that it would not be released for another three years). In addition to Tracy, the expanded list features Jean-Baptiste Say’s *Economie Politique* (which would not be published in English until 1821) and Malthus. De Tracy still formed the core of his recommended political and economic reading, but to those engaged as full-time students, lengthier treatises were recommended as well. In a letter to the economist Pierre Samuel Du Pont de Nemours, Jefferson informs him that, in the apparent wake of the war, the Americans are in the midst of

establishing a sound system of finance. you will see by the want of system in this last department, and even the want of principles, how much we are in arrears in that science. with sufficient means in the hands of our citizens, and sufficient will to bestow them on the government, we are floundering in expedients equally unproductive and ruinous; and proving how little are understood here those sound principles of political economy first developed by the Economists, since commented & dilated by Smith, Say, yourself, and the luminous Reviewer of Montesquieu. I have been endeavoring to get the able paper on this subject, which you addressed to me in July 1810, and enlarged in a copy received the last year, translated & printed here, in order to draw the attention of our citizens to this subject

As the letter demonstrates, Jefferson saw economics as a single body of science, considering the differences of opinion between economists to be smaller than the broader gulf between those with and without knowledge of the subject. This remained a priority as Jefferson founded the University of Virginia, not least to address a potential ‘corruption’ of Virginian youth at the hands of northern universities, where he feared Toryism and other hostile ideas were taught. He sought academics from the Scottish universities as well as Oxford and Cambridge and wrote the philosopher Dugald Stewart to that effect, concerned that without the proper instruction, Virginian youth might abandon sense for ‘heterodox’ ideas. It is possible that in this Jefferson was influenced

---

by his own lucky experience at the College of William & Mary where, due to a bureaucratic dispute, his education ended up being administered almost entirely by the Scottish William Small, who though not a philosopher himself had introduced Jefferson and his classmates to the writers of the Scottish Enlightenment as well as to natural philosophy and mathematics. These, combined with his pre-existing knowledge of logic and rhetoric, provided a strong basis for the study of the social sciences. He considered these basic subjects to be essential even with the development of learning in the decades between his own education and the present day, as evidenced by the list of works of logic, mathematics, rhetoric, and history that preceded the law and social sciences in his form-letter for education.

Concluding Thoughts – Did Jeffersonian Economics survive?

‘It’s a very curious thing: everyone in America talks the language of Jefferson while living in Hamilton’s country,’ says George Will in a documentary about the third president, citing the commercial strength of the modern United States. This rests on a misconception. Alexander Hamilton did indeed advocate industry after a fashion, but did not understand the nature of wealth production, believing that a system of tariffs and subsidies, with a central bank currency, would lead to a flourishing commercial enterprise. It was in fact the reversal of Hamiltonian economic policies that led to a growth in American industries, one that began not in the cities, but in the countryside for the greatest American resource at the time was a vastness of land. It was because of this that Jefferson, writing to Jean-Baptiste Say, notes that the freedom to choose differentiates the workman

of Europe with that of the United States, for the latter could choose agriculture, manufacture, or both whereas the former was necessarily engaged with one or the other. The fact that citizens had travelled so far meant that industry emerged in small clusters across the continent, as Appleby outlines, not independent of agriculture but connected with it. Jefferson understood that the cause of such policies was not only Hamilton himself, but trends in politics that could resurface under any actor. On this note, he understood that the way to similarly overturn them in the future was to keep the science of political economy flourishing, such that future generations might themselves come to the same conclusions that the Jeffersonians did. While education at the level of higher education was important, at the College of William & Mary, Thomas Jefferson’s own University of Virginia, and elsewhere, the fundamental lessons of economic science could not be limited to those who pursued such an education. While some subjects could be left to the scholars and the maximum depth was not required for a basic understanding, political economy was essential for the maintenance of vigilant citizenry, possessing private property and equipped with revolutionary ideals that would maintain the Republican temperament. While the influence of Destutt de Tracy’s *A Treatise on Political Economy* itself is hard to directly determine, there is certainly evidence for a Jeffersonian understanding of economics resurfacing, such as in the popular book *A Short History of Paper Money and Banking in the United States*, published by a journalist and self-trained economist in 1833, which re-articulated the Jeffersonian position on these issues. The hard money policy of Andrew Jackson, who not only vetoed the rechartering of the Second Bank of the United States, but who became immensely popular for doing so can be seen as a reflection of this old Republicanism. Whether or not Jackson was sincere in his professed ideals, the fact that taking such a platform resulted in immense popularity and re-election for Jackson speaks to the endurance of such ideas among the

---

voting public. On a complementary note, the unpopularity of Henry Clay, advocate of Hamiltonian mercantilism under the banner of his ‘American System’ might furnish further the argument that Jefferson’s economic ideas still retained a base of popularity.

Within the century that followed the Jackson administration, however, two major instruments of Hamiltonian policy were established, suggesting that the wide popular embrace of Jeffersonian economics had faded, though conversely this might be explained by the Henry Clay influenced economic policies that recurred in the post-Civil War years. In 1913, Congress passed the Federal Reserve Act, creating the first central bank since the Second Bank of the United States (though in effect, the National Currency Acts had effectively resumed central banking decades earlier). By executive order in 1934, the Export-Import Bank was instituted in Washington, bringing into effect industrial subsidies along mercantilist lines. The hope of Thomas Jefferson and John Adams for a populace so widely read in political economy that they would resist in perpetuity future incursions upon their liberties by such policies did not come to pass. However, perhaps it is an un-Jeffersonian lens that draws its conclusions from the actions of government rather than those of civil society. Further into the 20th century, the economists James M. Buchanan, incidentally based at the University of Virginia, and Gordon Tullock wrote the highly influential *The Calculus of Consent*, which sought to explore the foundation of constitutional arrangements by means of ‘Methodological individualism’, representing ‘an attempt to reduce all issues of political organization to the individual’s confrontation with alternatives and his choice among them.’ This methodology is practically identical to that pursued in both *A Commentary and Review of Montesquieu’s ‘Spirit of Laws’* and *A Treatise on Political Economy*. That there was something unconsciously continental about the

---

subjectivist trend (not to say that the trend was or is universal) in American economic thought is hard to argue against.\textsuperscript{67}

The recognition of subjectivist economics as part of the national, even Revolutionary, tradition opens up avenues for the education of such thought. Friedrich von Hayek communicated his political philosophy to British readers with frequent citation of English and Scottish thinkers (though he was of course well aware of those on the Continent), to make it clear that liberty is part of their national inheritance. Subjectivist economists, be they from the Austrian School or others, can lay a parallel claim to lineage, in this case to Thomas Jefferson, whose \textit{Declaration} remains the most resonant of American founding documents.

\textsuperscript{67} The revival of the Austrian school in the United States represents a continuation of the trend, but with the continental influence more apparent and traceable.
Bibliography

Primary Sources


Anonymous (Antoine Louis Claude Destutt de Tracy), A Commentary and Review of Montesquieu’s ‘Spirit of Laws’: To Which Are Annexed, Observations on the Thirty First Book by the Late M. Condorcet; and Two Letters of Helvetius, on the Merits of the Same Work, trans. by Anonymous (Thomas Jefferson) (Philadelphia: William Duane, 1811)

Anonymous (Thomas Jefferson), and Anonymous (Antoine Louis Claude Destutt de Tracy), ‘Address by the Author to His Fellow Citizens of the United States of America’, in A Commentary and Review of Montesquieu’s ‘Spirit of Laws’: To Which Are Annexed, Observations on the Thirty First Book by the Late M. Condorcet; and Two Letters of Helvetius, on the Merits of the Same Work (Philadelphia: William Duane, 1811)


Secondary Sources