

## Alexander Hamilton, Report on Manufactures (excerpts)

December 5, 1791

*The following are excerpts from Alexander Hamilton's ground-breaking treatise, dated Dec. 5, 1791. Spelling has been modernized; punctuation has been left in the original form, except in a few cases where confusion would result for the modern reader. Subheads are based on Hamilton's own headings.*

It is now proper to proceed a step further, and to enumerate the principal circumstances, from which it may be inferred, that manufacturing establishments not only occasion a positive augmentation of the produce and revenue of the society, but that they contribute essentially to rendering them greater than they could possibly be, without such establishments. These circumstances are--

The division of labor.

An extension of the use of machinery.

Additional employment to classes of the community not ordinarily engaged in the business.

The promoting of emigration from foreign countries.

The furnishing greater scope for the diversity of talents and dispositions which discriminate men from each other.

The affording a more ample and various field for enterprise.

The creating in some instances a new, and securing in all, a more certain and steady demand for the surplus produce of the soil.

Each of these circumstances has a considerable influence upon the total mass of industrious effort in a community. Together, they add to it a degree of energy and effect, which are not easily conceived. Some comments upon each of them, in the order in which they have been stated, may serve to explain their importance.

### **I. As to the division of labor**

It has justly been observed, that there is scarcely any thing of greater moment in the economy of a nation, than the proper division of labor. The separation of occupations causes each to be carried to a much greater perfection, than it could possibly acquire, if they were blended. This arises principally from three circumstances.

First. The greater skill and dexterity naturally resulting from a constant and undivided application to a single object. It is evident, that these properties must increase, in proportion to

the separation and simplification of objects and the steadiness of the attention devoted to each; and must be less, in proportion to the complication of objects, and the number among which the attention is distracted.

Second. The economy of time--by avoiding the loss of it, incident to a frequent transition from one operation to another of a different nature. This depends on various circumstances--the transition itself--the orderly disposition of the implements, machines, and materials employed in the operation to be relinquished--the preparatory steps to the commencement of a new one--the interruption of the impulse, which the mind of the workman acquires, from being engaged in a particular operation--the distractions, hesitations, and reluctances, which attend the passage from one kind of business to another.

Third. An extension of the use of machinery. A man occupied on a single object will have it more in his power, and will be more naturally led to exert his imagination in devising methods to facilitate and abridge labor, than if he were perplexed by a variety of independent and dissimilar operations. Besides this, the fabrication of machines, in numerous instances, becoming itself a distinct trade, the artist who follows it, has all the advantages which have been enumerated, for improvement in his particular art; and in both ways the invention and application of machinery are extended.

And from these causes united, the mere separation of the occupation of the cultivator, from that of the artificer, has the effect of augmenting the productive powers of labor, and with them, the total mass of the produce or revenue of a country. In this single view of the subject, therefore, the utility of artificers or manufacturers, towards promoting an increase of productive industry, is apparent.

## **II. As to an extension of the use of machinery**

As to an extension of the use of machinery a point which, though partly anticipated, requires to be placed in one or two additional lights.

The employment of machinery forms an item of great importance in the general mass of national industry. 'Tis an artificial force brought in aid of the natural force of man; and, to all the purposes of labor, is an increase of hands; an accession of strength, unincumbered too by the expense of maintaining the laborer. May it not therefore be fairly inferred, that those occupations, which give greatest scope to the use of this auxiliary, contribute most to the general stock of industrial effort, and, in consequence, to the general product of industry?

It shall be taken for granted, and the truth of the position referred to observation, that manufacturing pursuits are susceptible in a greater degree of the application of machinery, than those of agriculture. If so all the difference is lost to a community which, instead of manufacturing for itself, procures the fabrics requisite to its supply from other countries. The substitution of foreign for domestic manufactures is a transfer to foreign nations of the advantages accruing from the employment of machinery, in the modes in which it is capable of being employed, with most utility and to the greatest extent.

The cotton mill invented in England, within the last twenty years, is a signal illustration of the general proposition, which has been just advanced. In consequence of it, all the different processes for spinning cotton are performed by means of machines, which are put in motion by water, and attended chiefly by women and children; (and by a smaller) number of (persons, in the whole, than are) requisite in the ordinary mode of spinning. And it is an advantage of great moment that the operations of this mill continue with convenience, during the night, as well as through the day. The prodigious affect of such a machine is easily conceived. To this invention is to be attributed essentially the immense progress, which has been so suddenly made in Great Britain in the various fabrics of cotton.

### **III. As to the additional employment of classes of the community, not ordinarily engaged in the particular business**

This is not among the least valuable of the means, by which manufacturing institutions contribute to augment the general stock of industry and production. In places where those institutions prevail, besides the persons regularly regularly engaged in them, they afford occasional and extra employment to industrious individuals and families, who are willing to devote the leisure resulting from the intermissions of their ordinary pursuits to collateral labors, as a resource of multiplying their acquisitions or (their) enjoyments. The husbandman himself experiences a new source of profit and support from the increased industry of his wife and daughters; invited and stimulated by the demands of the neighboring manufactories.

Besides this advantage of occasional employment to classes having different occupations, there is another of a nature allied to it (and) of a similar tendency. This is--the employment of persons who would otherwise be idle (and in many cases a burden on the community), either from the bias of temper, habit, infirmity of body, or some other cause, indisposing, or disqualifying them for the toils of the country. It is worthy of particular remark, that, in general, women and children are rendered more useful and the latter more early useful by manufacturing establishments, than they would otherwise be. Of the number of persons employed in the cotton manufactories of Great Britain, it is computed that  $\frac{4}{7}$  nearly are women and children; of whom the greatest proportion are children and many of them of a very tender age.

And thus it appears to be one of the attributes of manufactures, and one of no small consequence, to give occasion to the exertion of a greater quantity of industry, even by the same number of persons, where they happen to prevail, than would exist if there were no such establishments.

### **IV. As to the promoting of emigration from foreign countries**

Men reluctantly quit one course of occupation and livelihood for another, unless invited to it by very apparent and proximate advantages. Many, who would go from one country to another, if they had a prospect of continuing with more benefit the callings, to which they have been educated, will often not be tempted to change their situation, by the hope of doing better, in some other way. Manufacturers, who listening to the powerful invitations of a better price for their fabrics, or their labor, of greater cheapness of provisions and raw materials, of an exemption from the chief part of the taxes burdens and restraints, which they endure in the old world, of greater personal independence and consequence, under the operation of a more equal

government, and of what is far more precious than mere religious toleration--a perfect equality of religious privileges; would probably flock from Europe to the United States to pursue their own trades or professions, if they were once made sensible of the advantages they would enjoy, and were inspired with an assurance of encouragement and employment, will, with difficulty, be induced to transplant themselves, with a view to becoming cultivators of the land.

If it be true then, that it is the interest of the United States to open every possible (avenue to) emigration from abroad, it affords a weighty argument for the encouragement of manufactures; which for the reasons just assigned, will have the strongest tendency to multiply the inducements to it.

Here is perceived an important resource, not only for extending the population, and with it the useful and productive labor of the country, but likewise for the prosecution of manufactures, without deducting from the number of hands, which might otherwise be drawn to tillage; and even for the indemnification of agriculture for such as might happen to be diverted from it. Many, whom manufacturing views would induce to emigrate, would afterwards yield to the temptations, which the particular situation of this country holds out to agricultural pursuits. And while agriculture would in other respects derive many signal and unmingled advantages, from the growth of manufactures, it is a problem whether it would gain or lose, as to the article of the number of persons employed in carrying it on.

#### **V. As to the furnishing greater scope for the diversity of talents and dispositions, which discriminate men from each other**

This is a much more powerful mean of augmenting the fund of national industry than may at first sight appear. It is a just observation, that minds of the strongest and most active powers for their proper objects fall below mediocrity and labor without effect, if confined to uncongenial pursuits. And it is thence to be inferred, that the results of human exertion may be immensely increased by diversifying its objects. When all the different kinds of industry obtain in a community, each individual can find his proper element, and can call into activity the whole vigor of his nature. And the community is benefitted by the services of its respective members, in the manner, in which each can serve it with most effect.

If there be anything in a remark often to be met with--namely that there is, in the genius of the people of this country, a peculiar aptitude for mechanic improvements, it would operate as a forcible reason for giving opportunities to the exercise of that species of talent, by the propagation of manufactures.

#### **VI. As to the affording a more ample and various field for enterprise**

This also is of greater consequence in the general scale of national exertion, than might perhaps on a superficial view be supposed, and has effects not altogether dissimilar from those of the circumstance last noticed. To cherish and stimulate the activity of the human mind, by multiplying the objects of enterprise, is not among the least considerable of the expedients, by which the wealth of a nation may be promoted. Even things in themselves not positively advantageous, sometimes become so, by their tendency to provoke exertion. Every new scene,

which is opened to the busy nature of man to rouse and exert itself, is the addition of a new energy to the general stock of effort.

The spirit of enterprise, useful and prolific as it is, must necessarily be contracted or expanded in proportion to the simplicity or variety of the occupations and productions, which are to be found in a society. It must be less in a nation of mere cultivators, than in a nation of cultivators and merchants; less in a nation of cultivators and merchants, than in a nation of cultivators, artificers and merchants.

**VII. As to the creating, in some instances, a new, and securing in all a more certain and steady demand, for the surplus produce of the soil**

This is among the most important of the circumstances which have been indicated. It is a principal mean, by which the establishment of manufactures contributes to an augmentation of the produce or revenue of a country, and has an immediate and direct relation to the prosperity of agriculture.

It is evident, that the exertions of the husbandman will be steady or fluctuating, vigorous or feeble, in proportion to the steadiness or fluctuation, adequateness, or inadequateness of the markets on which he must depend, for the vent of the surplus, which may be produced by his labor; and that such surplus in the ordinary course of things will be greater or less in the same proportion.

For the purpose of this vent, a domestic market is greatly to be preferred to a foreign one; because it is in the nature of things, far more to be relied upon.

It is a primary object of the policy of nations, to be able to supply themselves with subsistence from their own soils; and manufacturing nations, as far as circumstances permit, endeavor to procure, from the same source, the raw materials necessary for their own fabrics. This disposition, urged by the spirit of monopoly, is sometimes even carried to an injudicious extreme. It seems not always to be recollected, that nations, who have neither mines nor manufactures, can only obtain the manufactured articles, of which they stand in need, by an exchange of the products of their soils; and that, if those who can best furnish them with such articles are unwilling to give a due course to this exchange, they must of necessity make every possible effort to manufacture for themselves, the effect of which is that the manufacturing nations abridge the natural advantages of their situation, through an unwillingness to permit the agricultural countries to enjoy the advantages of theirs, the interests of a mutually beneficial intercourse to the vain project of selling everything and buying nothing.

But it is also a consequence of the policy, which has been noted, that the foreign demand for the products of agricultural countries, is, in a great degree, rather casual and occasional, than certain or constant. To what extent injurious interruptions of the demand for some of the staple commodities of the United States, may have been experienced, from that cause, must be referred to the judgment of those who are engaged in carrying on the commerce of the country; but it may be safely assumed, that such interruptions are at times very inconveniently felt, and that cases not

unfrequently occur, in which markets are so confined and restricted, as to render the demand very unequal to the supply.

Independently likewise of the artificial impediments, which are created by the policy in question, there are natural causes tending to render the external demand for the surplus of agricultural nations a precarious reliance. The differences of seasons, in the countries, which are consumers make immense differences in the produce of their own soils, in different years; and consequently in the degrees of their necessity for foreign supply. Plentiful harvests with them, especially if similar ones occur at the same time in the countries, which are the furnishers, occasion of course a glut in the markets of the latter.

Considering how fast and how much the progress of new settlements in the United States must increase the surplus produce of the soil, and weighing seriously the tendency of the system, which prevails among most of the commercial nations of Europe; whatever dependence may be placed on the force of natural circumstances to counteract the effects of an artificial policy; there appear strong reasons to regard the foreign demand for that surplus as too uncertain a reliance, and to desire a substitute for it, in an extensive domestic market.

To secure such a market, there is no other expedient, than to promote manufacturing establishments. Manufacturers who constitute the most numerous class, after the cultivators of land, are for that reason the principal consumers of the surplus of their labor.

This idea of an extensive domestic market for the surplus produce of the soil is of the first consequence. It is of all things, that which most effectually conduces to a flourishing state of agriculture. If the effect of manufactories should be to detach a portion of the hands, which would otherwise be engaged in tillage, it might possibly cause a smaller quantity of lands to be under cultivation but by their tendency to procure a more certain demand for the surplus produce of the soil, they would, at the same time, cause the lands which were in cultivation to be better improved and more productive. And while, by their influence, the condition of each individual farmer would be meliorated, the total mass of agricultural production would probably be increased. For this must evidently depend as much, if not more, upon the degree of improvement; than upon the number of acres under culture.

It merits particular observation, that the multiplication of manufactories not only furnishes a market for those articles, which have been accustomed to be produced in abundance, in a country; but it likewise creates a demand for such as were either unknown or produced in considerable quantities. The bowels as well as the surface of the earth are ransacked for articles which were before neglected. Animals, plants and minerals acquire an utility and value, which were before unexplored.

The foregoing considerations seem sufficient to establish, as general propositions, that it is the interest of nations to diversify the industrious pursuits of the individuals, who compose them. That the establishment of manufactures is calculated not only to increase the general stock of useful and productive labor; but even to improve the state of agriculture in particular; certainly to advance the interests of those who are engaged in it. There are other views, that will be hereafter taken of the subject, which, it is conceived, will serve to confirm these inferences....

A full view having now been taken of the inducements to the promotion of manufactures in the United States, accompanied with an examination of the principal objections which are commonly urged in opposition, it is proper in the next place, to consider the means, by which it may be effected, as introductory to a specification of the objects which in the present state of things appear the most fit to be encouraged, and of the particular measures which it may be advisable to adopt, in respect to each.

In order to a better judgment of the means proper to be resorted to by the United States, it will be of use to advert to those which have been employed with success in other countries. The principal of these are--

### **I. Protecting duties**

Protecting duties--or duties on those foreign articles which are the rivals of the domestic ones, intended to be encouraged.

Duties of this nature evidently amount to a virtual bounty on the domestic fabrics since by enhancing the charges on foreign articles, they enable the national manufacturers to undersell all their foreign competitors. The propriety of this species of encouragement need not be dwelt upon; as it is not only a clear result from the numerous topics which have been suggested, but is sanctioned by the laws of the United States in a variety of instances; it has the additional recommendation of being a resource of revenue. Indeed all the duties imposed on imported articles, though with an exclusive view to revenue, have the effect in contemplation, and except where they fall on raw materials wear a beneficent aspect towards the manufactures of the country.

### **II. Prohibitions of rival articles or duties equivalent to prohibitions**

This is another and an efficacious mean of encouraging national manufactures, but in general it is only fit to be employed when a manufacture, has made such a progress and is in so many hands as to insure a due competition, and an adequate supply on reasonable terms. Of duties equivalent to prohibitions, there are examples in the Laws of the United States, and there are other cases to which the principle may be advantageously extended, but they are not numerous.

Considering a monopoly of the domestic market to its own manufacturers as the reigning policy of manufacturing nations, a similar policy on the part of the United States in every proper instance, is dictated, it might almost be said, by the principles of distributive justice; certainly by the duty of endeavoring to secure to their own citizens a reciprocity of advantages.

### **III. Prohibitions of the exportation of the materials of manufactures**

The desire of securing a cheap and plentiful supply for the national workmen, and, where the article is either peculiar to the country, or of peculiar quality there, the jealousy of enabling foreign workmen to rival those of the nation, with its own materials, are the leading motives to this species of regulation. It ought not to be affirmed, that it is in no instance proper, but it is certainly one which ought to be adopted with great circumspection and only in very plain cases.

It is seen at once, that its immediate operation, is to abridge the demand and keep down the price of the produce of some other branch of industry, generally speaking, of agriculture, to the prejudice of those, who carry it on; and though if it be really essential to the prosperity of any very important national manufacture, it may happen that those who are injured in the first instance, may be eventually indemnified, by the superior steadiness of an extensive domestic market, depending on that prosperity: yet in a matter, in which there is so much room for nice and difficult combinations, in which such opposite considerations combat each other, prudence seems to dictate, that the expedient in question, ought to be indulged with a sparing hand.

#### **IV. Pecuniary bounties**

This has been found one of the most efficacious means of encouraging manufactures, and it is in some views, the best. Though it has not yet been practiced upon by the government of the United States (unless the allowances on the exportation of dried and pickled fish and salted meat could be considered as a bounty) and though it is less favored by public opinion than some other modes.

Its advantages, are these--

It is a species of encouragement more positive and direct than any other, and for that very reason, has a more immediate tendency to stimulate and uphold new enterprises, increasing the chances of profit, and diminishing the risks of loss, in the first attempts.

It avoids the inconvenience of a temporary augmentation of price, which is incident to some other modes, or it produces it to a less degree; either by making no addition to the charges on the rival foreign article, as in the case of protecting duties, or by making a smaller addition. The first happens when the fund for the bounty is derived from a different object (which may or may not increase the price of some other article, according to the nature of that object) the second, when the fund is derived from the same or a similar object of foreign manufacture. One percent duty on the foreign article converted into a bounty on the domestic, will have an equal effect with a duty of two percent, exclusive of such bounty; and the price of the foreign commodity is liable to be raised, in the one case, in the proportion of one percent; in the other, in that of two percent. Indeed the bounty when drawn from another source is calculated to promote a reduction of price, because without laying any new charge on the foreign article, it serves to introduce a competition with it, and to increase the total quantity of the article in the market.

Bounties have not like high protecting duties, a tendency to produce scarcity. An increase of price is not always the immediate, though, where the progress of a domestic manufacture does not counteract a rise, it is commonly the ultimate effect of an additional duty. In the interval, between the laying of the duty and a proportional increase of price, it may discourage importation, by interfering with the profits to be expected from the sale of the article.

Bounties are sometimes not only the best, but the only proper expedient, for uniting the encouragement of a new object of agriculture, with that of a new object of manufacture.

It is the interest of the farmer to have the production of the raw material promoted, by counteracting the interference of the foreign material of the same kind. It is the interest of the manufacturer to have the material abundant and cheap. If prior to the domestic production of the material, in sufficient quantity, to supply the manufacturer on good terms; a duty to be laid upon the importation of it from abroad, with a view to promote the raising of it at home, the interests both of the farmer and manufacturer will be disserved. By either destroying the requisite supply, or raising the price of the article, beyond what can be afforded to be given for it, by the conductor of an infant manufacture, it is abandoned or fails; and there being no domestic manufactories to create a demand for the raw material, which is raised by the farmer, it is in vain, that the competition of the like foreign article may have been destroyed.

It cannot escape notice, that a duty upon the importation of an article can no otherwise aid the domestic production of it, than giving the latter greater advantages in the home market. It can have no influence upon the advantageous sale of the article produced, in foreign markets; no tendency, therefore to promote its exportation.

The true way to conciliate these two interests, is to lay a duty on foreign manufactures of the material, the growth of which is desired to be encouraged, and to apply the produce of that duty by way of bounty, either upon the production of the material itself or upon its manufacture at home or upon both. In this disposition of the thing, the manufacturer commences his enterprise under every advantage, which is attainable, as to quantity or price, of the raw material: And the farmer if the bounty be immediate to him, is enabled by it to enter into a successful competition with the foreign material; if the bounty be to the manufacturer on so much of the domestic material as he consumes, the operation is nearly the same; he has a motive of interest to prefer the domestic commodity, if of equal quality, even at a higher price than the foreign, so long as the difference of price is any thing short of the bounty which is allowed upon the article.

Except the stable and ordinary kinds of household manufactures, or those for which there are very commanding local advantages, pecuniary bounties are in most cases indispensable to the introduction of a new branch. A stimulus and a support not less powerful and direct is generally speaking essential to the overcoming of the obstacles which arise from the competitions of superior skill and maturity elsewhere. Bounties are especially essential, in regard to articles, upon which those foreigners, who have been accustomed to supply a country, are in the practice of granting them.

The continuance of bounties on manufactures long established must almost always be of questionable policy: because a presumption would arise in every such case, that there were natural and inherent impediments to success. But in new undertakings, they are as justifiable, as they are oftentimes necessary.

There is a degree of prejudice against bounties from an appearance of giving away the public money, without an immediate consideration, and from a supposition, that they serve to enrich particular classes, at the expense of the community.

But neither of these sources of dislike will bear a serious examination. There is no purpose, to which public money can be more beneficially applied, than to the acquisition of a new and useful branch of industry; no consideration more valuable than a permanent addition to the general stock of productive labor.

As to the second source of objection, it equally lies against other modes of encouragement, which are admitted to be eligible. As often as a duty upon a foreign article makes an addition to its price, it causes an extra expense to the community, for the benefit of the domestic manufacturer. A bounty does no more: But it is in the interest of the society in each case, to submit to a temporary expense, which is more than compensated, by an increase in industry and wealth, by an augmentation of resources and independence; and by the circumstance of eventual cheapness, which has been noticed in another place.

It would deserve attention, however, in the employment of this species of encouragement in the United States, as a reason for moderating the degree of it in the instances, in which it might be deemed eligible, that the great distance of this country from Europe imposes very heavy charges on all the fabrics which are brought from thence, amounting from 15 to 30 percent on their value, according to their bulk.

A question has been made concerning the constitutional right of the government of the United States to apply this species of encouragement, but there is certainly no good foundation for such a question. The national legislature has express authority "To lay and Collect taxes, duties, imposts and excises, to pay the debts and provide for the common defense and general welfare" with no other qualifications than that "all duties, imposts and excises, shall be uniform throughout the United States, that no capitation or other direct tax shall be laid unless in proportion to numbers ascertained by a census or enumeration taken on the principles prescribed in the Constitution," and that "no tax or duty shall be laid on articles exported from any state." These three qualifications excepted, the power to raise money is plenary, and indefinite; and the objects to which it may be appropriated are no less comprehensive, than the payment of the public debts and the providing for the common defense and "general welfare." The terms "general welfare" were doubtless intended to signify more than was expressed or imported in those which preceded; otherwise numerous exigencies incident to the affairs of a nation would have been left without a provision. The phrase is as comprehensive as any that could have been used; because it was not fit that the constitutional authority of the Union, to appropriate its revenues should have been restricted within narrower limits than the "general welfare" and because this necessarily embraces a vast variety of particulars, which are susceptible neither of specification nor of definition.

It is therefore of necessity left to the discretion of the national legislature, to pronounce, upon the objects, which concern the general welfare, and for which under that description, an appropriation of money is requisite and proper. And there seems to be no room for a doubt that whatever concerns the general interests of learning of agriculture, of manufactures, and of commerce are within the sphere of the national councils as far as regards an application of money.

The only qualification of the generality of the phrase in question, which seems to be admissible, is this--That the object to which an appropriation of money is to be made be general and not local; its operation extending in fact, or by possibility, throughout the Union, and not being confined to a particular spot.

No objection ought to arise to this construction from a supposition that it would imply a power to do whatever else should appear to Congress conducive to the general welfare. A power to appropriate money with this latitude which is granted too in express terms would not carry a power to do any other thing, not authorized in the Constitution, either expressly or by fair implication.

## **V. Premiums**

These are of a nature allied to bounties, though distinguishable from them, in some important features.

Bounties are applicable to the whole quantity of an article produced, or manufactured, or exported, and involve a correspondent expense. Premiums serve to reward some particular excellence or superiority, some extraordinary exertion or skill, and are dispensed only in a small number of cases. But their effect is to stimulate general effort. Contrived so as to be both honorary and lucrative, they address themselves to different passions; touching the chords as well of emulation as of interest. They are accordingly a very economical mean of exciting the enterprise of a whole community.

There are various societies in different countries, whose object is the dispensation of premium for the encouragement of agriculture, arts, manufactures and commerce; and though they are for the most part voluntary associations, with comparatively slender funds, their utility has been immense. Much has been done by this mean in Great Britain; Scotland in particular owes materially to it a prodigious amelioration of condition. From a similar establishment in the United States, supplied and supported by the government of the Union, vast benefits might reasonably be expected. Some further ideas on this head, shall accordingly be submitted, in the conclusion of this report.

## **VI. The exemption of the materials of manufactures from duty**

The policy of that exemption as a general rule, particularly in reference to new establishments, is obvious. It can hardly ever be advisable to add the obstructions of fiscal burdens to the difficulties which naturally embarrass a new manufacture; and where it is matured and in condition to become an object of revenue, it is generally speaking better that the fabric, than the material should be the subject of taxation. Ideas of proportion between the quantum of the tax and the value of the article, can be more easily adjusted, in the former, than in the latter case. An argument for exemptions of this kind in the United States, is to be derived from the practice, as far as their necessities have permitted, of those nations whom we are to meet as competitors in our own and in foreign markets.

There are however exceptions to it; of which some examples will be given under the next head.

The laws of the Union afford instances of the observance of the policy here recommended, but it will probably be found advisable to extend it to some other cases. Of a nature, bearing some affinity to that policy is the regulation which exempts from duty the tools and implements, as well as the books, cloths and household furniture of foreign artists, who come to reside in the United States; an advantage already secured to them by the laws of the Union, and which, it is in every view, proper to continue....

### **VIII. The encouragement of new inventions and discoveries**

The encouragement of new inventions and discoveries at home, and of the introduction into the United States of such as may have been made in other countries; particularly those, which relate to machinery.

This is among the most useful and unexceptionable of the aids, which can be given to manufactures. The usual means of that encouragement are pecuniary rewards, and, for a time, exclusive privileges. The first must be employed, according to the occasion, and the utility of the invention, or discovery: For the last, so far as respects "authors and inventors" provision has been made by law. But it is desirable in regard to improvements and secrets of extraordinary value, to be able to extend the same benefit to introducers, as well as authors and inventors; a policy which has been practiced with advantage in other countries. Here, however, as in some other cases, there is cause to regret, that the competency of the authority of the national government to the good, which might be done, is not without a question. Many aids might be given to industry; many internal improvements of primary magnitude might be promoted, by an authority operating throughout the Union, which cannot be effected, as well, if at all, by an authority confined within the limits of a single state.

But if the legislature of the Union cannot do all the good, that might be wished, it is at least desirable, that all may be done, which is practicable. Means for promoting the introduction of foreign improvements, though less efficaciously than might be accomplished with more adequate authority, will form a part of the plan intended to be submitted in the close of this report.

It is customary with manufacturing nations to prohibit, under severe penalties, the exportation of implements and machines, which they have either invented or improved. There are already objects for a similar regulation in the United States; and others may be expected to occur from time to time. The adoption of it seems to be dictated by the principle of reciprocity. Greater liberality, in such respects, might better comport with the general spirit of the country; but a selfish and exclusive policy in other quarters will not always permit the free indulgence of a spirit, which would place us upon an unequal footing. As far as prohibitions tend to prevent foreign competitors from deriving the benefit of the improvements made at home, they tend to increase the advantages of those by whom they may have been introduced; and operate as an encouragement to exertion.

### **IX. Judicious regulations for the inspection of manufactured commodities**

This is not among the least important of the means, by which the prosperity of manufactures may be promoted. It is indeed in many cases one of the most essential. Contributing to prevent frauds

upon consumers at home and exporters to foreign countries--to improvement quality and preserve the character of the national manufactures, it cannot fail to aid the expeditious and advantageous sale of them, and to serve as a guard against successful competition from other quarters. The reputation of the flour and lumber of some states, and of the potash of others has been established by an attention to this point. And the like good name might be procured for those articles, wheresoever produced, by a judicious and uniform system of inspection; throughout the ports of the United States. A like system might also be extended with advantage to other commodities.

#### **X. The facilitating of pecuniary remittances from place to place**

The facilitating of pecuniary remittances from place to place is a point of considerable moment to trade in general, and to manufactures in particular; by rendering more easy the purchase of raw materials and provisions and the payment for manufactured supplies. A general circulation of bank paper, which is to be expected from the institution lately established will be a most valuable mean to this end. But much good would also accrue from some additional provisions respecting inland bills of exchange. If those drawn in one state payable in another were made negotiable, everywhere, and interest and damages allowed in case of protest, it would greatly promote negotiations between the citizens of different states, by rendering them more secure; and, with it the convenience and advantage of the merchants and manufacturers of each.

#### **XI. The facilitating of the transportation of commodities**

Improvements favoring this object intimately concern all the domestic interests of a community; but they may without impropriety be mentioned as having an important relation to manufactures. There is perhaps scarcely any thing, which has been better calculated to assist the manufactures of Great Britain, than the ameliorations of the public roads of that kingdom, and the great progress which has been of late made in opening canals. Of the former, the United States stand much in need; and for the latter they present uncommon facilities.

The symptoms of attention to the improvement of inland navigation, which have lately appeared in some quarters, must fill with pleasure every breast armed with a true zeal for the prosperity of the country. These examples, it is to be hoped, will stimulate the exertions of the government and the citizens of every state. There can certainly be no object, more worthy of the cares of the local administrations; and it were to be wished, that there was no doubt of the power of the national government to lend its direct aid, on a comprehensive plan. This is one of those improvements, which could be prosecuted with more efficacy by the whole, than by any part or parts of the Union. There are cases in which the general interest will be in danger to be sacrificed to the collision of some supposed local interests. Jealousies, in matters of this kind, are as apt to exist, as they are apt to be erroneous.

The following remarks are sufficiently judicious and pertinent to deserve a literal quotation.

``Good roads, canals, and navigable rivers, by diminishing the expense of carriage, put the remote parts of a country more nearly upon a level with those in the neighborhood of the town. They are upon that account the greatest of all improvements. They encourage the cultivation of the remote, which must always be the most extensive circle of the country. They are advantageous to the

town by breaking down the monopoly of the country in its neighborhood. they are advantageous even to that part of the country. Though they introduce some rival commodities into the old market, they open many new markets to its produce. Monopoly besides is a great enemy to good management, which can never be universally established, but in consequence of that free and universal competition, which forces everybody to have recourse to it for the sake of self-defense. It is not more than fifty years ago that some of the countries in the neighborhood of London petitioned the Parliament, against the extension of the turnpike roads, into the remoter counties. Those remoter counties, they pretended, from the cheapness of labor, would be able to sell their grass and corn cheaper in the London market, than themselves, and they would thereby reduce their rents and ruin their cultivation. Their rents however have risen and their cultivation has been improved, since that time."

Specimens of a spirit, similar to that which governed the counties here spoken of present themselves too frequently to the eye of an impartial observer, and render it a wish of patriotism, that the body in this country, in whose councils a local or partial spirit is least likely to predominate, were at liberty to pursue and promote the general interest, in those instances, in which there might be danger of the interference of such a spirit.

The foregoing are the principal of the means, by which the growth of manufactures in ordinarily promoted. It is, however, not merely necessary, that the measures of government, which have a direct view to manufactures, should be calculated to assist and protect them, but that those which only collaterally affect them, in the general course of the administration, should be guarded from any peculiar tendency to injure them....

*Source: Library of Congress, 1791 Papers*