

# *An Analysis of Enterprise in the Nationalism Implementation of Modern Nation State*

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**Abstract:** The rapid transformation from an agricultural economy to a capitalism industrial nation-state has revealed the spirit of this new-born nation's nationalism spirit: Enterprise. It is one of the critical ideological transitions of modernization, so the development of the national economic system building also equal to the formulation and acceptance of nationalism spirit. However, when Alexander Hamilton – the first Secretary, a firm nationalist – showing 'Enterprise' at the state policies, his passion of creating a multiple nation-state which supported by prosperous commerce and industry, has triggered querying, opposing and censuring. This passage is committed to explore the formulation of America spirit in the divergence between ruling group and the particularity of North America colonies which lead this nation to a liberalism capitalism leviathan, especially at the very beginning of a new state.

**Keywords:** Alexander Hamilton, enterprise, nationalism, proto-nationalism, revolution

## 1. Introduction

The prosperity of liberalism capitalism in America are such remarkable that we can barely image the destituteness of economy at the beginning, and the imagination about the big picture of economy was the only the footnotes of the popular subjects. For example, how to extended the principles in the Declaration of Independence. 'Finance' was not a separate subject, even though the biggest spiritual achievement –the U.S. Constitution – was held for the tax-caused regime crisis. In fact, America passively got involved in capitalism international picture by England, but at a precapitalist statue, which maintained traditional mercantilism. However, the formulation of nationalism spirit – Enterprise – was determined by its unique colony background which determined this country could be an independent country by violent revolution but not coming to another irreversible riot.

First, North American has inherited two critical modernization invention from England: Electoral system and agricultural capitalism: The former allowed colony settlers imitate England governing organization to set up a representative government in a quiet autonomic way, which benefit those who with property to involve themselves in political life and finally ascend to a new white community network that opposite of the Crown force. The latter brought metropolitan technologies, industrial organization and basic modern states administration to this colony, and years of development as the supply colony enable the mainland are capable of being an autarkic country; Local residents are self-efficiency, the first wave of immigration with settled down at Massachusetts has a bundle of yeomen,

farmers, craftsman and tailors who brought techniques, livestock and commercial awareness. The high ratio of natural resources and labor made them live with a higher average than Europe people.

Second, although the purpose of revolution was fighting the Crown's exploitation, the North American are living in a relative lax political atmosphere and nurtured new kind of modern mercantilism, this mutual aspiration are tended to be homogenized in the progress of expansion of private ownership of property.

The distance blocking the expanding British Empire identification. Far from economic tumultuous motherland, the colony people gradually feel more belonging to the vast, free, full of opportunity and rewarding mainland. There is a malposition between geopolitics loyalty and colonial imperialism which allowed the possibility of an unreligious-oriented political unit slip into the future of North America, which was supposed to hold by the British Empire.

## **2. The Issue of Exclusivity and Debts**

The exclusivity rooted in multiple spheres and however has reached basic consensus about distribution of benefits at the Philadelphia convention, the initial loyalty toward the new regime has formulated among the representatives from each state. "A spirit of amity, and of that mutual deference and concession which the peculiarity of our political situation rendered indispensable" [1]. As we all know America is the fruit of the mutual willingness of compromise, which meaning Constitution has its conservative nature.

Alexander Hamilton delivered his resignation and called a halt to his career of economic creation in 1795. He informed his intension of resign to the president, and at the same day he still wrote a letter to Washington: "A plan for the Redemption of the debt of the United States on more comprehensive principles than have been hitherto adopted, may be expected to be shortly under the consideration of the House of Representatives [2]." Redemption of the debt refer to the plan which asked by George Washington to prevent America from the malignant accumulation of debt, which was made to support the postwar America.

Debt issue is an emergent and realistic problem for founding fathers, according to Hamilton's report in 1789, the sum of principal of foreign debt and domestic debt was about 37,354,224\$, this number is a large number that the America unable to paid off. After Philadelphia convention's long discussion, Madison summoned the agenda about how to solve government deflect at the first day of the new House of Representatives. Representatives rolled out the Impost Act in order to build a well-functional tax collection system, the critical decision is levied heavy duty on foreign vessel. This action aimed to increase government revenue institutionally, and the it did gained America quiet a number of funds.

The congress settles down the basement of tax revenue that prevent America from division which caused by unhealthy tax collection system, and the divergence comes up. "Revenue was the soul of government, and if such a soul had not been breathed into ours it would have been a dead body and fit only to be buried [3]." As noted above, founding fathers has fixed the crisis, but they have different understanding about the orientation of 'the soul of government' We must retrospect the well-known divergence between the Federalist and the Publican to the original personal emotion confrontation in the conservative background of Constitution to understand the delicate progress of acceptance to liberalism spirit.

## **3. Nationalism in Implementation**

### **3.1. Financial Policies in Capitalism**

The alliance of Washington's core officers to safeguard nation unity was quickly breakdown at the period of Hamilton's First Report on the Public Credit was under the investigation of congress. The

protagonists were John Madison and newly inaugurated Treasury secretary Hamilton, and soon the ambassador Thomas Jefferson join this story in 1890 as the new Secretary and allied with Madison.

‘In the almost infinite vicissitudes and competitions of mercantile enterprise, there never can be danger of an intermission of demand, or that the money will remain for a moment idle in the vaults of the Bank. This additional employment given to money, and the faculty of a bank to lend and circulate a greater sum than the amount of its stock in coin are to all the purposes of trade and industry an absolute increase of capital’ [4].

These sentences are come from Hamilton’s second report on public credit. Hamilton passionately introduced the advantages of building a national central bank. The two characters of the financial picture in this Treasury secretary’s eyes: Circularly, rutable and the most critical is value-added. Hamilton’s acknowledgement about capital world was basic knowledge for us, but some of his colleagues did not buy it, since Hamilton took his office, his political preference for finance industry, especially the passion of accumulating wealth in the national level was considered as an evil, monarchism and anti-America behavior, and those moral judgement accusation was led by Madison and Jefferson. Madison was the drafter of Constitution and one of writers of the Federalist, he is the undouble spokesman for America spirit with great influence, therefore his speech formulated the major negative impression of Hamilton’s political morality.

This study chooses the central bank as the entry point, because the moral criticism is the capitalist value transition that manifested at the political field. Banking is the pivot of modern world capital circulation, a well-functional bank represents the existence of a systematic capital world, which has more buying power currency, mature financial instruments, energetic business field and reliable invest market, this system has a kind of power or potential with a natural impulse to proceeding unproductive wealth accumulation. Hamilton’s justification for bank was written by the name of clear up public credit, however the power of capitalism is so creative that he couldn’t help to organizing a structure which allowed the magic of ‘money making money’ happened at this liberated continent in a relatively aggressive way, and his explanation is: “As to whatever may depend on enterprise, we need not fear to be outdone by any people on earth. It may almost be said that enterprise is our element [5].”

### 3.2. Jefferson and Madison’s Views on Banking

Since the report was filed, Randolph Edmund, John Madison and Thomas Jefferson has sent their letter to Washington to opposition by unconstitutionality. Jefferson emphasis on Nomological falsification, he admit the convenience that a bank will bought, however he considered that the conveniency is a weak reason for supporting bank, and the reason which Hamilton called “to lay taxes to provide for the general welfare of the U.S.” will lead a malignant direction to indulged Congress become an organization which has autocrat power to distorting Constitution by the name of ‘U.S welfare’ [6]; Madison emphasis the unjust possibility of the Bank motion and the importance of ‘the exact balance or equipoise contemplated by the constitution, to be observed and maintained between the several branches of government’ [7].

There are some historians considered Jefferson and Madison were feared that Bank Bill will influence the issue of capital position. The issue of capital choosing seem like irrelevant with the Bank, but according to Jefferson’s narrative, Hamilton offered an unwritten deal to Southern group in order to earning the pass for his funding plan of federal debt by giving up his old contemplation, which is intending to persuade the Congress choosing New York as federation’s capital. The deal was made at the table of Jefferson private residence, Jefferson and Madison discharge Hamilton’s ‘federal debt’, and Hamilton will promise using his influence to suggesting the success of making Philadelphia as the capital.

This supper opens the gate for an important America tax system. For Hamilton, it is a strategic or fatal turning point for his political life, the reason why the funding plan are so important for him has written in his first report on public debt: “It is a well-known fact, that, in countries in which the national debt is properly funded, and an object of established confidence, it answers most of the purposes of money [8].” Stock is a powerful financing instrument, but a sensitive word for afterwar American because of the weakness of the national paying ability, speculations hazards people’s confidence, just like a hurricane wiped out citizens’ pocket. However, Hamilton intends to systematized this ‘evil process’ as a legislative part of national machine – same evil like in the eyes of white elite administrative group members like Jefferson and Madison.

### 3.3. Hamilton’s Central Bank Proposal

Eric J. Hobsbawm offering two perspectives to observing nationalism in his book, public view and government view, and take two chapters to explain it separately [9]. He was inspired by the new phenomenon which ‘in many ways anticipated by the evolving European principalities of the sixteenth and seventeenth centuries’ [9], those new phenomena are refer to the characters of modern nation-state, and the natural cause was exhibit at the separation of public emotion and national spirit, which with great possibility. Hobsbawm believed there is ‘certain variants of feelings of collective belonging’ could be mobilized by states and national movements [9]. He named it as ‘proto-nationalism’, and only the one which ‘were not created but only borrowed and fostered by governments’ could has the possibility to get evolved in official nationalism [9]. Therefore, the resistance of capitalism in the ruling group at the beginning should not be drew a parallel with the national character, but the spirit will be the best catalyst to foster nation cohesion and development after the ruling group has determined to it.

The new government does not have the experience of ideology engineering. Truth is the complete American nationalism is a dynamic existence, its completion at least the matter before civil war, and are entwined with the growing of capitalism. However, as Ellen Wood’s opinion about the expansion of capitalism: ‘Every extension of laws of motion changed the conditions of development thereafter, and every local context shaped the processes of change [10].’

In her book *The Origin of Capitalism*, Wood believes the British empire is the first nation that emerged Capitalism, and expressing this pattern to transform other ‘nation’ [10], including North America colony, by pre-capitalism unit system, exactly the system which U.S used to belong to. This past gave North America a possibility to be parallel with European expanding imperialism.

Hamilton’s sensitivity is far more than common mercantilism which are simply the legacy of British’s rule. He passed at 1804, did not have the chance to witnessed the booming that the industrial revolution brought off, but he precisely captured the nationality that enable capitalism released its’ natural urgency of competing, accumulating and maximizing the benefits to the greatest extend, in the meantime the profane laws and authorities stabilize the property order to offer stable and dependable ‘politically organized social provision’ [10].

However, he had to face the problem that the localization had brought: Anti-tax emotion, ultra-democracy populism, Chauvinism and so on. The success of Constitution is the prove that anarchism has been soothed, states are determined that following federal government is the best choice to achieved their original wish which made them united to against British empire, like Thomas Paine claimed, America will flourish by her own way [11].

The conflict between Hamilton and his enemies seemed massive and virulent, but the reality was intriguing: ‘In contrast to the familiar narrative of American political history, there was no great break in the nation’s development when Federalists were replaced by Republicans [3].’ This development continuity contained massive messages, the most critical three points is: First, Hamilton or the Federalists’ ‘evil’ politicians were not harmful like enemies’ accusation; Second, radical or not,

temporary national emotion was under the control of federal government out of institutionally reason; Third, capitalism has successfully adapted in new nation form and deriving unique local value---the national spirit.

Back to Hamilton's central bank proposal. As an institution which challenge Anglophobe and Egalitarianism in moral value field, on the other hand irritating androcracy, its' success at Congress is more meaningful than recreating fiscal revenue if we take a wide view: It revealing a nationalism universal profit-maximizing rationality, which able to overwhelming government regime willing.

The 'supper deal' is the first evidence. Hamilton chose New York out of his usual urbanization stance, but he gave it up in exchange of the debt will be shared; Madison and Jefferson detested vast capital aggregation; however, they permit it through to make sure the location will benefit South state. Before the Bank bill, this deal is considered as a double win for Southern government group, which can ease credit crisis and benefiting the weight of south in government at the same time with a relatively smaller morality sacrifice. However, this 'victory' turns into a stepping-stone for Hamilton's ultra-victory, and made its' completion being more invincible.

Central Bank and the locating capital at Potomac – both of them influencing federation deeply, there is no constant victory or failure for country. The completion of debt policies proving the national character of business, and synchronous upper hand of southern groups, which they earned both moral reputation and political power, and at the same time, Hamilton's secret deal has made the federalist full of fury, Washington used to concern the frequent opposition will show citizens an inefficient government, or the volatility of policies will place the new government's authority at the position of citizens' enemy. But the several critical issued has done in his presidency, and the liberal constitutional republic country has last long for 200 years without radical interruption.

This special status is just like Wood defined: "the historic separation between the 'economic' and the 'political' in capitalism" [10]. There is an automatic profit-seeking nature, which hiding in 'proto-nationalism' [9], only experiencing enormous development of productivity and transformation of society can change to a capitalism country. The virtuous feedback of federalist policies, confusion and hostility between founding fathers, are revealing this nature.

### 3.4. Proto-Nationalism

The success of rebellion has proved the existence of 'proto-nationalism' in North-America [9], and this relationship both has the characters of two types 'proto-nationalism' that Hobsbawm defined: 'The political bonds and vocabularies of select groups' are more specific and visualized in rebellion [9]: Bottom petty bourgeois and western settlement small holder farms guarantees the failure of royalists as much as possible, loyalists and progressive intellectuals promoting 'no taxation without representation' to fight against British government's tightening rope on their necks – the Sugar Acts, the Stamps Acts, the Townshend duties and the Tea Act. North America resident figured out the series of policy exploitation were totally dominated by the Crown's willing, so they turned those political vocabularies into the weapon to fight against monarchy: Democracy, contract spirit, property rights and so on.

Those vocabularies do not cooperate well: In Hamilton's opinion, the safely guaranteed property rights are the core of active national capital, however, Madison and Jefferson are more dedicated to maintain the moral legitimacy. In the letter to George Washington, Madison mentioned the inequality about creditor's right: "The different classes of the public creditors, he observed, were not all put on an equal footing by this bill..." [7].

This proposal is the actual divergence between the ally relationship of Hamilton and Madison. Back to 1790, Hamilton directly denied the discrimination between original of the public securities and present possessors by purchase, even though the government should scarify those original holders who used to suffer from sharply depreciation and transfer in a compelled way. He was anxious to

activate a capital circulation which citizens are willing to invest to stock, the discrimination will damage the security of transfer about money and lead to the worse depreciation [8]. It is the trigger of those negative emotional comments, like ‘Mephistopheles’. In an objective view, Hamilton does not mean to hurt those veterans or disrespect virtue, he proceeding some kind of Platonic justice, which is a general principle of order, regularity, unity, and lawfulness as Ernst Cassirer described [12].

Madison objected his ally in public: “...for the sufferings of the military part of the creditors can never be forgotten, while sympathy is an American virtue” [13]. Hamilton’s definition about ‘virtue’ is widely divergent with Madison’s: “...that good faith, which is the basis of public credit, is recommended by the strongest inducements of political expediency, it is enforced by considerations of still greater authority. In proportion as the mind is disposed to contemplate, in the order of Providence, an intimate connection between public virtue and public happiness, will be its repugnancy to a violation of those principles [8].”

Madison believed in the justice which based in traditional agricultural society ethic, but Hamilton is more interested in a stronger power that performed as a nation form, both of them was the supporters of the central government, has the same care of North American public welfare, this divergence was attributed to the special social transformation in the rebellion.

The union of thirteen states is a spectacle in sociological perspective, so the generation of second character of ‘proto-nationalism’ is important: ‘Supra-local forms of popular identification’ [9], it refer to the mutual awareness to the moral legitimacy of chasing guaranteed interest for North American, the result is moral-matter rather than emotional, subtle but not blurry. Michael Mann defined the afterwar America as ‘the most capitalist of countries, with one of the least national, most confederal of states’, this description indicating the business factor in the transformation [14].

There are four batches immigration voyage through Atlantic, they coming from different regions of motherland, having very different custom, beliefs or political identification. However, the direct reasons compel those immigrants to leave themselves native place was the persecution from motherland. The yearn for affluent life used to entwined with exquisitely fabricated superstition, this mixture was function well in motherland, but deconstructed by geographical isolation and widespread Weber’s spirit of capitalism.

However, the attitude of the parliament and the Crown was intriguing, the Anglo-American relationship is the dissonance of relatively still royalism feelings and new bureaucratic autonomy in short. The real reason that cut up the beneficial link between colonies and British is the vacancy in overseas bureaucracy system: The governors who was assigned to supervise the colonies, they hold massive theoretic power but give place to realistic colony parliament, which was the community of craftsmen, small manufacturer, small holder frames and businessmen – the actual managers who are able to made the practical judgements and policies, in some cases, the assignment of a governor even later than the establishment of a colony.

“But, in general, charters were not given to the colonies of New England till they had acquired a certain existence. Plymouth, Providence, New Heaven, the State of Connecticut, and that of Rhode Island were founded without the co-operation and almost without the acknowledge of the mother-country [15].”

Benedict Anderson described the way that made people imaged a geographical unit as ‘homeland’ as ‘secular pilgrimage’ [16]. Geopolitical isolation and the easing governance blocking the two-way path of ‘profane pilgrimage’ [16]: British government does not meaning to make room for North America representative; And out of conservative-leaning political consideration, the assignment of officer which represent of the extension of kingship are tend to prefer those who has rooted in the island country, the internal interchangeability was cut off, the traditional royalism is in a weak position in the battle with local bourgeoisie community.

In that case, a unique identification which not only ‘supra-local’ but also ‘supra-class’ had formulated, worthier who manipulated the colony parliament leading the wars and ultimately composing the first administration. Their relationship network that linked the separated states, allow the different interest requirement mixed into a heterogeneous ruling group: Some members represented southern states or northern states, some represented squirearchy or middle-class urbanites. But all of them has a tendency to pursuit profits in a national independent citizenship way, whatever consciously or subconsciously.

This could explain Hamilton’s expectation of public: “Those who are most commonly creditors of a nation are, generally speaking, enlightened men; and there are signal examples to warrant a conclusion that, when a candid and fair appeal is made to them, they will understand their true interest too well to refuse their concurrence in such modifications of their claims as any real necessity may demand [8].” Rather than the enlightenment of people, then, there is the formulated collective values, which what Hamilton defined: Enterprise.

#### 4. Conclusion

The continuing and prosperity of this new nation always a controversial thesis, it not simply driven by the motion of capitalism or the willing of freedom. Hannah Arendt has given a proper diagnosis: “Wealth and economic well-being...this kind of ‘happiness’ was the blessing of America prior to the Revolution, and that its cause was natural abundance under ‘mild government’, and neither political freedom nor the unchained, unbridled ‘private initiative’ of capitalism” [17].

There is the reason for the name of U.S: A great experiment unable to recreated. The power of capitalism only continuing by the combination with colony’s blessing, turning into some unique chaotic but automatic administrative entity, it is the fruit of the accident, a momentous encounter between geopolitical contingency and growing anti-absolutism, nurturing a new spirit, a ‘common sense’ that the moral rightness of the economy’s priority, which over politics.

Hamilton played the role as a spokesman of this spirit, he born in a small commercial colony island which located in the West Indies, he naturally got attracted by the magic amount of commercial trade benefits. The individual contingency had met the overwhelming change of time, left us an incomparable political legacy with his generations, showing the latter a practical achievement of a modern nation-state spirit.

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