

Today's Menu

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Giuseppe Mazzini

You are free, and therefore responsible. From this moral liberty is derived your right to political liberty, your duty to conquer it for yourselves and to keep it inviolate, and the duty of others not to limit it. Do not be led astray by hopes of material progress which in your present conditions can only be illusions. Your Country alone can fulfill these hopes. **You cannot obtain your rights except by obeying the commands of Duty. O my Brothers ! love your Country.** Our Country is our home, the home which God has given us, with which **we have a more intimate and quicker communion of feeling and thought than with others;** a family which by its concentration upon a given spot, and by the **homogeneous nature of its elements,** is destined for a special kind of activity. Our Country is our field of labour; the products of our activity must go forth from it for the benefit of the whole earth; **In labouring according to true principles for our Country we are labouring for Humanity;**

Clash between classic Liberalism and Nationalism: Hamilton and Jefferson

Jefferson: Purpose of Govt. is to Secure Liberty

- Strong states, weak federal government. "**government is best when it governs the least.**"
- Wide democracy: "all men are created equal"
- The U.S. should support the French revolution, preferred French republic
- Strict reading of the constitution
- Society should be simple, rural, self-sufficient—know your neighbors

Hamilton: Purpose of Government is to create a **great nation**

- Need for a strong central authority, activist central government
- Limited democracy: Government should be run by educated people who have developed their "reason"—(created the electoral college)
- U.S. should support British monarchy
- Elastic reading of the constitution
- Believed in national social mobilization—society should be interdependent—vicarious communication

Rift Still Exists!

Ethnic Nationalism in Germany

- Language the only identity marker—no tangible frontiers
- Upper classes spoke French
- nationalism was inhibited from the outside:
 - Other nations wanted to keep Germany fragmented
- But Nationalism grew from the inside: Language and Religion.....Luther and the Bible (Printing Press + Translation of the Bible into German
 - Used “German” symbols to fight the Catholic church
 - Protestant religion in Northern Germany
- Backlash against French imperialism
- Along came Herder

Herder

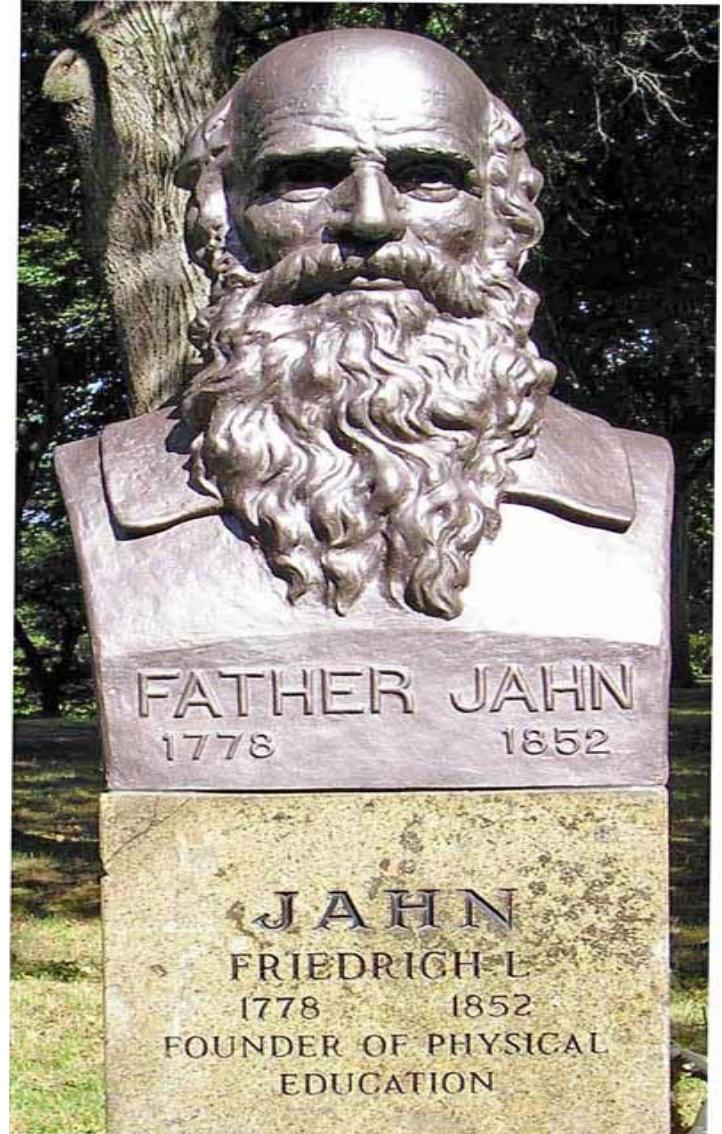
- “frivolous French” Don’t imitate them!
- Each “people” have their own spirit and character (collective vs. individual identity)
 - The “Volk” and rejection of individual identity and upper classes
 - Herder began to fight against the ideology of freedom and individualism:
 - Emphasized collective intuition and genius as opposed to individual reason
 - Emphasized cultural difference rather than human equality
 - He did not see reason as the center of human nature:
 - He believed that every nation should have its own state and the state was a “positive good”
 - Shared community more than equal rights
 - A moral community



- "The savage who loves himself, his wife, and his child with quiet joy and glows with limited activity for his tribe as for his own life is...a more genuine being than that cultured shade who is enchanted by the shadow of his whole species.... In his poor hut, the former finds room for every stranger, receives him as a brother with impartial good humor and never asks whence he came. The inundated heart of the idle cosmopolitan is a home for no one...."
- **NO SENSE OF NATIONAL SUPERIORITY! Just difference...**

The Seeds of Ethnic Nationalism

- **Father Jahn:** organized a German youth movement
 - Nationalism through exercise: “political gymnastics” —calisthenics for the Fatherland
 - Taught kids that they should be suspicious of Jews and foreigners (Jews were “internationalists”)



Fichte

- Slipped from cultural uniqueness to **German superiority**
- He wanted a state that could isolate itself from the world to develop its own volksgeist
- The Volksgeist could not be tainted by other cultures.
- He moves from cultural nationalism to political nationalism
- “closed commercialism” = economic nationalism



Nationalism and Imperialism

- Is all Nationalism imperialistic?
- Civic and Ethnic nationalism breed different kinds of imperialism
- Civic Nationalism
 - Inclusive and superior ideology
- Ethnic Nationalism
 - Tries to conquer territory
 - At its most radical, “ethnic cleansing”

Liberals Clash over the National Bird!: should it be a peaceful nationalist or an imperialist?

John Adams: The eagle.

Thomas Jefferson: The Dove

Dr. Benjamin Franklin: The Eagle looks classy but swoops down to feed on the helpless. The Eagle is an imperialist....

John Adams: I vote The eagle. "The eagle is a majestic bird! "

Thomas Jefferson: The dove.

John Adams: The eagle!

Thomas Jefferson: [*considers*] OK, The eagle.

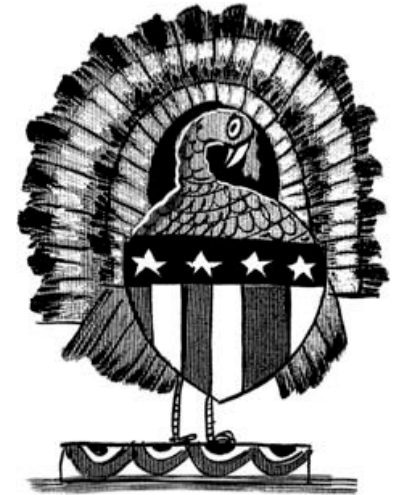
Dr. Benjamin Franklin: The turkey. I say the eagle is an imperialist: "a bird of bad moral character. He does not get his living honestly. . . . He watches the labor of the fishing hawk; and when that diligent bird has at length taken a fish, and is bearing it to his nest for the support of his mate and young ones, the bald eagle pursues him, and takes it from him."

John Adams: [*confused*] The turkey?

Dr. Benjamin Franklin: The Turkey represents our humble nationalism He shares the feed with the other birds in the yard and is ready to give hell to anyone who tries to make trouble. "A truly noble bird. Native American, a source of sustenance to our original settlers, and a brave fellow who wouldn't flinch from attacking a whole regiment of Englishmen single-handedly! Therefore, the national bird of America is going to be...

John Adams: [*insistently*] The eagle!

Dr. Benjamin Franklin: The eagle.



Economic Nationalism Continental

Style: Fred List

- Mercantilism (Review)
 - Smith and Ricardo argued strongly against this
 - List argued strongly against Smith and Ricardo. Three main ideas:
 1. Free Trade and National Power
 2. The division between Politics and Economics—the role of the state
 3. Economics and Identity



Summary of Economic Nationalism

- Competition among states for wealth and power (not Smith and Ricardo's harmony of interests)
- Perspective is national (not global, not a class perspective)
- The State should direct the economy for the good of the nation
- Relationship between wealth and power: state must amass national wealth in order to enhance national power.
- Beliefs about the international economy: It is competitive. States will always struggle for power and wealth, will necessarily be imperialist. Relative wealth and power are what matter most
- Relative gain is more important than mutual gain or aggregate gain.

Econ Nationalism: Specialization and Trade

England trades Portugal 4 units of cloth for 4 units of wine

Exchange rate is 1 to 1.

	Wine	Cloth
England	5	6 (available goods =11)
Portugal	12	4 (available goods =16)

Total goods produced is still 27 but each country is better off than before trade and both are better off than before “efficiency”

What matters is that Portugal is richer, and therefore more powerful than England

Objective of Econ. Nationalism: Industrial Power

- Powerful industry has spillover effects throughout the economy
- Industry makes a country self-sufficient
- Industry is the basis of military power

Economic Nationalism: American Style



The Problem: How to Structure the Political Economy of the United States—Market Freedom or National Power

The Issues

How to use Human capital

How to use capital (machinery, land, i.e. “dead labor”)

How to deal with Foreign Economic Policy

How to deal with the problem of debt

Jefferson, the economic liberal vs. Hamilton, the economic nationalist

- How to use human capital: America as an agrarian society vs. America as an industrial power
- How to use Capital : Govt. should leave well enough alone vs. promote manufacturing



- How to deal with foreign economic policy: Restriction of imports vs. Free trade

How to deal with money and debt

History

- States in US with many different currencies—
high transaction costs
- No regulation—wildcat banks
- willy nilly printing of money—inflation
- War debt—all the above created the inability to
pay
- What should the U.S. do? Put debt to use or Pay
the debt off?

Hamilton and Jefferson on this question

- **Alexander Hamilton:** “A national debt, if it is not excessive, will be to us a national blessing.” --
 - A federal debt is secure because there is confidence that the government will pay—people will buy bonds and trade them
 - Debt doubles as a secure paper currency: Don’t redeem bonds, trade with them, increasing the quantity of money circulating without inflation (scarcity of gold and silver)
- **Thomas Jefferson:** “I am for a government rigorously frugal and simple...[and not] for increasing, by every device, the public debt, on the principle of its being a public blessing.”
 - Dangerous!
 - Promotes manufacture of unnecessary luxuries!

Hamilton's Proposal for making debt a blessing: Create a National Bank

Bank would assume state war debts and issue bonds

Bank would facilitate payment of taxes (lots of money in circulation)

Would enable govt. to deposit tax revenues and pay debts.

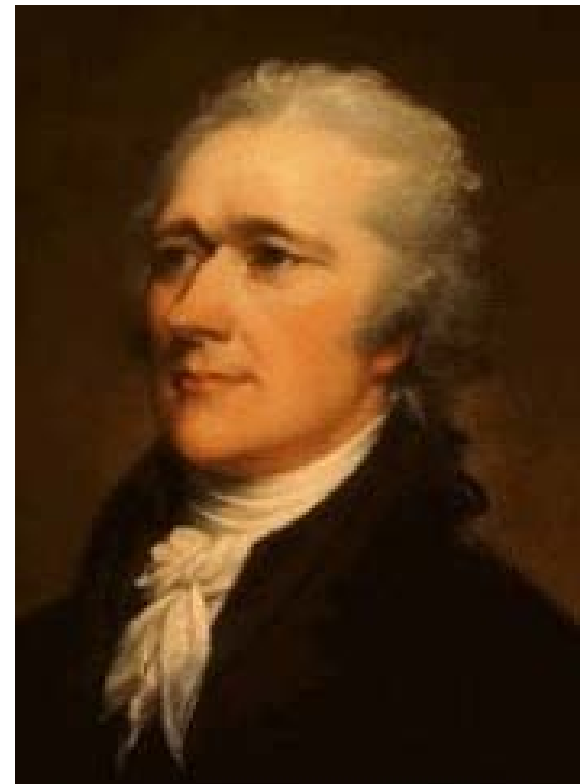
Would offer loans to the government in emergencies

Would create a stable financial system and currency

Would promote commerce and manufacturing

Would create business incentive to support the new federal government

A National Bank was the policy of the economic Nationalist! Why



A Government Bond (from the first Bank of the United States)



Debt doubles as a **secure paper currency**... Instead of redeeming it, **trade with it** And thus increase quantity of circulating medium (money)

Jefferson's objections

- Unconstitutional!
- Undemocratic Competes with state banks
- UnAmerican: most of its stock is foreign-owned
- Immoral: Violates principles of virtue,
- Unsustainable: reduces American self-sufficiency
- Unsound: an elaborate paper scheme
 - Unsound in origins
 - Unsound in effects

Jefferson's Alternatives

- Our farmland is our main industry!
 - “Cultivators of the earth are the most valuable citizens.”
- Self-sufficiency is our motto: No debt!
“Let us pay these debts off and be done with them”



First Bank of the United States

