The 18th century saw a relatively dramatic change in the way North American middleclass colonists envisioned their economic future. For most of the 1700s, a progressive and self-sustaining economy would seem unfathomable. However in the aftermath of a revolution, a new economy was now not only fathomable but vital in sustaining the newly liberated United States. While the underpinnings of the economy transformed over the course of the 18th century, the belief that America was a land of opportunity remained relatively consistent.

From their initial founding almost a century prior, the North American colonies would continue to appeal to free and indentured Europeans searching for a better economic future. Prior to the 1700s, approximately only 39% of all 380,000 Europeans settlers, would make their way to either the Chesapeake or the Middle Atlantic colonies; however, patterns would begin to change at the turn of the century. It was increasingly common for people from the middleclass to make their way to the new colonies. For example, the typical colonist from southern England was a young male possessing artisanal skills and optimistic expectations; while the typical colonists from northern Britain were disenchanted families attempting to find workable land away from the bureaucracy of England. Since North American colonies offered economic opportunity, Europeans optimistic of a better future, continued to settle there.

The populations of the North American colonies continued to increase over the 18th century as the economy continued to rapidly improve. By 1700 the colonies had only 265,000 settlers and slaves, by the 1740s that figured topped a million, by the late 1760s it was already two million, and by 1775 it was 2.283 million. This extraordinary growth over 75 years could only be attributed to the economic success and abundance of land the colonies offered to the free Europeans. In 1751 Benjamin Franklin wrote that “Land being thus plenty in America, and so cheap as that a labouring Man, that understands Husbandry, can in a short Time save Money enough to purchase a Piece of new Land sufficient for a Plantation.” The ability to purchase inexpensive land was a major draw for European settlers. In England, 70% of the land was owned by 2% of the population; in the North American colonies 75% of all settlers were property owners. Added to those facts was ordinary free families often achieved a level of economic independence and well-being uncommon anywhere else at the time. Such was the economic

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1 Migration statistics in Murrin, pp. 5-6
2 Murrin pp. 6
3 Migration statistics in Murrin, pp. 21
4 Lecture 7 Notes, September 23, 2013
5 Benjamin Franklin, Observations (1751)
6 Lecture 7 Notes, September 23, 2013
7 Murrin pp. 10
situation in the North American colonies—starvation was essentially non-existent, land was plentiful, and job opportunities were abundant.

The benefits of the North American colonies’ economic success would not be lost on England, who had improved in navigational techniques, shipbuilding, mapmaking, and quickening the pace of European commerce, thanks in large part to the trade established between England and her colonies. As long as the North American colonies continued to grow, both economically and demographically, the free white colonists believed the status quo would continue. By these colonists’ account, the benefits were mutual—in 1720 the value of colonial exports to England, of $468,000, exceeded the value of colonial imports from England, of $320,000. But by 1751 a “vast Demand [was] growing for British Manufactures, a glorious Market wholly in the Power of Britain.” While England and her colonies were benefiting economically from mutual trade, the rise in consumerism and the influx of a middleclass in the North American colonies meant colonial settlers were Anglicizing and becoming increasingly reliant on English goods and culture. The economic and social dependence on English trade would not only make it hard to revolt against England, but to transform the economy into something more autonomous and sustaining.

For most North American middleclass colonial men it was unfathomable to leave the most powerful, prosperous, and wealthiest empire in the world. The mutual reliance between England and her colonies would continue on through strife and colonial boycotts. In 1770, the value of colonial exports to England was up 117% from 1720, to $1.016 million, and the value of colonial imports from England skyrocketed 502%, to $1.926 million. This dramatic increase over 50 years helped to illustrate the growing dependence the North American colonies’ economy had on the English Empire—as a source of income from colonial exports and as a major source of manufactured goods from imports. By boycotting the manufactured goods of England, colonies would be forced into producing it themselves. However, the North American colonies were rooted primarily in agriculture, not manufacturing, since “Labour [cost for manufacturers] is no cheaper now, in Pennsylvania, than it was 30 Years ago.” This meant that in order to transform the colonial economy, from farmers to manufacturers, a full revamp the current economic system would be required. However, this possibility would not be fully realized as long as the colonies were subservient and economically dependent on the English Empire.

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8 Murrin pp. 3-4
9 Lecture 9 Notes, September 30, 2013
10 Benjamin Franklin, Observations (1751)
11 Lecture 8 & 9 Notes, September 25 & 30, 2013
12 Lecture 10 Notes, October 2, 2013
13 Lecture 9 Notes, September 30, 2013
14 Benjamin Franklin, Observations (1751)
Between 1764 and right up to the revolution in 1775, the tax acts imposed on the colonies would lead settlers to reevaluate their role within the Empire and subsequently their economy. As the economic crisis continued to grow in England, pressure was put on the colonies to help support the English Empire’s finances. However, after the Sugar and Stamp Act were enacted, John Adams wrote in 1765 that “The People, even to the lowest Ranks, have become more attentive to their Liberties, more inquisitive about them, and more determined to defend them.” With the start of the first taxes of many, the grumblings among all free settlers were becoming apparent. The dissent was growing and the quiet transformation of an economy was underway.

By 1776, after failed boycotts and negotiations by the Continental Congress to convince the king to review his policy towards the colonies, the Continental Congress finally declared colonial independence from England. Economic suffering, by local colonists, during the war was seen as virtuous. It was essential to rely internally on the colony since, by declaring independence from England, the colonies were cutting off a large portion of their imports. American women would “wear a cloathing more simple; hair dressed less elegant” and would spin “the flax, [and] prepared the linen intended for the use of our soldiers” in order to avoid the trade with England and the trend of Anglicization that was predominant in the early 18th century. All throughout the revolution, and the boycotting prior, settlers “have manufactured within our families the most necessary articles of cloathing.” This change in the colonial economy from farmers to manufacturers, though subtle at the time, would lay the foundation for a future economy.

By the time the war had reached an end in 1783, the economic revolution had just begun. A new economy was needed in the absence of a strong trade with the English Empire “since exterior commerce has suffered very much from the beginning of the present contest.” By 1786 the United States was facing an economic crisis, struggling to pay off its interest on the national debt, of $2.5 million, to the foreign countries that supported them during the revolution; the United States government was only collecting revenues of $0.4 million. To compound the issue, since the war, the United States had been facing an increasingly disproportionate trade deficit with England. State solutions to the economic problem were to allow state banks to issue paper currency and to have softer bankruptcy laws; the federal solution to the economic problem was to re-centralize the government and increase taxes and tariffs.
However, both state and federal solutions would not offer long-term financial stability. A new economy was increasingly necessary to increase federal revenue and offer an enduring, stable economic solution. In order to financially sustain the newly liberated United States, economic change had to come from among the people, not the government—a future economy based on either agriculture or industry. Like Franklin, who believed farming was the cornerstone of the colonial economy in 1751, Jefferson believed farming would also be the future. In 1787, Jefferson was convinced that “our people will certainly return as soon as they can, to the raising raw materials, and exchanging them for finer manufactures than they are able to execute themselves.”

It was only natural for settlers to work the land because of its abundance and the significance farming played in the previous economy. To Jefferson “Cultivators of the earth are the most valuable citizens. They are the most vigorous, the most independant, the most virtuous, and they are tied to their country.” While national identity was still being defined for the new nations, farmers were seen as the quintessential American—owners of property, contributing to society, self-sustaining, and improving the land. Only once the total number of agricultural production exceeded internal and foreign demand did Jefferson wish the economy to evolve “in preference to manufacture.”

Conversely, Alexander Hamilton believed that “a view to eventual and permanent oeconomy, [was] to encourage the growth of manufactures.” In 1971, Hamilton believed that in order for the young United States to continue to grow economically it was necessary to entice industries and manufacturers to develop within the United States. Under this idea, a manufacturing economy “enables the farmer, to procure with a smaller quantity of his labour, the manufactured produce of which he stan<ds> in need, and consequently increases the value of his income and property.”

Essentially, not only will manufacturers benefit the whole economy by raising revenue and reducing the trade deficit, it allows for local agricultural production to increase, as well. Jefferson was only concerned with pushing the agricultural agenda, and only after oversaturating the world market with agriculture would American manufacturing be the next logical step; whereas, Hamilton was a proponent of introducing manufacturing into the early economy and offering them a subsidy, while protecting them with trade regulations. On a whole, “manufacturing establishments not only occasion a possitive augmentation of the Produce and Revenue of the Society, but that they contribute essentially to rendering them greater than they could possibly be.” Toward the very end of the 18th century manufactories would establish themselves as the

24 Thomas Jefferson, Notes (1787)
25 Thomas Jefferson to John Jay, August 23, 1785; American Founding Era Collection
26 Thomas Jefferson to John Jay, August 23, 1785; American Founding Era Collection
27 Alexander Hamilton’s Report on the Subject of Manufactures, December 5, 1791; American Founding Era Collection
28 Alexander Hamilton’s Report on the Subject of Manufactures, December 5, 1791; American Founding Era Collection
29 Alexander Hamilton’s Report on the Subject of Manufactures, December 5, 1791; American Founding Era Collection
framework for the developing United States’ economy, and would work in a symbiotic relationship with the agricultural roots of the past economy.

The 18th century saw a dramatic development in America’s economy. Throughout this century Europeans would continue to migrate for a better economic future. At the time, the English’s North American colonies were some of the most prosperous and economically stable for middleclass families. However, the early agricultural economy, reliant on the English Empire for imports and exports, would not sustain a country born out of a revolution. In order to sustain the newly liberated America, economic policy changed to incorporate manufacturers as the cornerstone of the economy. This did not destroy the old economy of colonial past that was reliant on agriculture; instead, both manufactories and farms worked together to build a foundation for a strong American economic future. So while the economic idea transformed from farms to manufactories over the course of the 18th century, the idea that America was a land of opportunity remained relatively consistent.