

CHAPTER TWO

The Dinner from "Founding Brothers" Joseph Ellis

THOMAS JEFFERSON'S version of the story follows a plotline that illustrates the natural and almost nonchalant way that history happens in an ideal Jeffersonian world. One day in mid-June of 1790, he encountered Alexander Hamilton by chance as the two members of President Washington's cabinet—Jefferson was secretary of state and Hamilton was secretary of treasury—waited outside the presidential office. Hamilton was not his customarily confident and resplendent self. Jefferson thought he looked "sombre, haggard, and dejected beyond comparison." Even his manner of dress appeared "uncouth and neglected." He was, at least as Jefferson described him, a beaten man.

While they stood in the street outside Washington's residence, Hamilton confided that his entire financial plan for the recovery of public credit, which he had submitted to Congress in January, was trapped within a congressional gridlock. Southern congressmen, led by James Madison, had managed to block approval of one key provision of the Hamilton proposal, the assumption of state debts by the federal government, thereby scuttling the whole Hamiltonian scheme for fiscal reform. Hamilton was simultaneously fatalistic and melodramatic. If his financial plan were rejected, as now seemed certain, then "he could be of no use, and was determined to resign." And without his plan and his leadership—these two items seemed inextricably connected in his own mind—the government and inevitably the national union itself must collapse.

The Dinner

Jefferson suggested that perhaps he could help. "On considering the situation of things," he recalled, "I thought the first step towards some conciliation of views would be to bring Mr. Madison and Colo. Hamilton to a friendly discussion of the subject." Though he was still suffering from the lingering vestiges of a migraine headache that had lasted for over a month, and though he had only recently moved into his new quarters at 57 Maiden Lane in New York City, Jefferson offered to host a private dinner party where the main players could meet alone to see if the intractable political obstacles might melt away under the more benign influences of wine and gentlemanly conversation.

Jefferson's version of what occurred that evening, most probably Sunday, June 20, contains some misleading and self-serving features, but since it is the only account that has survived in the historical record, and since Jefferson's justifiably famous way with words possesses a charming simplicity that embodies nicely the elegant atmosphere of the dinner party itself, it deserves our extended attention:

They came. I opened the subject to them, acknowledged that my situation had not permitted me to understand it sufficiently but encouraged them to consider the thing together. They did so. It ended in Mr. Madison's acquiescence in a proposition that the question [i.e., assumption of the state debts] should be again brought before the house by way of amendment from the Senate, that he would not vote for it, nor entirely withdraw his opposition, yet he would not be strenuous, but leave it to its fate. It was observed, I forget by which of them, that as the pill would be a bitter one to the Southern states, something should be done to soothe them; and the removal of the seat of government to the Patowmac was a just measure, and would probably be a popular one with them, and would be a proper one to follow the assumption.

In other words, Jefferson brokered a political bargain of decidedly far-reaching significance: Madison agreed to permit the core provision of Hamilton's fiscal program to pass; and in return Hamilton agreed to use his influence to assure that the permanent residence of the national capital would be on the Potomac River. If true, this story deserves to rank alongside the Missouri Compromise and the Compromise of 1850 as one of the landmark accommodations in American politics. And,

without much question, what we might call "The Compromise of 1790" would top the list as the most meaningful dinner party in American history.¹

But is it true? The verdict of history, or at least the reigning judgment of most historians, is that the story is *essentially* true. Hamilton and Madison did meet at Jefferson's quarters in late June of 1790. On July 9 the House passed the Residence Bill, locating the permanent national capital on the Potomac after a ten-year residence in Philadelphia, all this decided by a vote of 32 to 29. On July 26 the House passed the Assumption Bill by a nearly identical vote of 34 to 28, Madison voting against but, in keeping with Jefferson's version of the bargain, not leading the opposition in his previously "strenuous" fashion. Moreover, several different political observers and newspaper editors of the day clearly believed that some kind of secret deal had been made to effect the switching of votes necessary to break the long-standing deadlock on both issues. A disgruntled New York editor, for example, was quite explicit: "The true reason of the removal of Congress from this city will be explained to the people in the course of a very few days. To the lasting disgrace of the majority in both houses it will be seen, that the Pennsylvania and Patowmack interests have been purchased with *twenty-one and one-half million dollars*," which just happened to be the size of the assumed state debts.²

What's more, on the very day that the bargain was struck, Jefferson wrote a long letter to James Monroe, his loyal Virginian disciple, preparing him for news of precisely the kind of compromise that eventually occurred. Monroe, like Madison and most Virginians, adamantly opposed assumption. Jefferson assured him that he too found the measure repulsive: "But in the present instance I see the necessity of yielding for this time . . . for the sake of the union, and to save us from the greatest of all Calamities." He even spelled out what he meant by such alarming words. The congressional debate over Hamilton's financial plan and the location of the national capital had produced total legislative paralysis. If this was the first test of the viability of the new federal government under the Constitution, the government was failing miserably. Without some kind of breakthrough, the entire experiment with republican government at the national level would "burst and vanish, and the states separate to take care of every-one of itself." Either the peaceful dissolution of the United States or a

civil war would occur unless some sort of political bargain was struck. "Without descending to talk about bargains," Jefferson wrote—suggesting that making such deals work required not talking about them publicly—a negotiation was in the works that would make assumption more palatable to Virginians of Monroe's persuasion: a trade of assumption for the Potomac location of the permanent capital. "If this plan of compromise does not take place," Jefferson warned, "I fear one infinitely worse." Upon receiving Jefferson's letter, Monroe responded immediately with a warning of his own. The political deal Jefferson described would never go down in Virginia, where assumption was regarded as a "fatal poison" and the Potomac location "of but little importance" in comparison.³

Two years later Jefferson himself concluded that Monroe had been right. In 1792 he told Washington that the bargain made that evening with Hamilton was the greatest political mistake of his life. In fact, Jefferson's version of the dinner-table bargain dates from that later time, probably 1792, when he deeply regretted his complicity. "It was unjust," he had by then decided, "and was acquiesced in merely from a fear of disunion, while our government was still in its infant state." The ever-agile Hamilton had outmaneuvered him to support assumption, which had then become "a principal ground whereon was reared up that Speculating phalanx," which had subsequently conspired so insidiously, as Jefferson put it, "to change the political complexion of the government of the U.S." Perhaps a final reason to accept the credibility of Jefferson's version of the story, then, is that he was not boasting about his political influence, but confessing his profound regret. Why fabricate a tale in which one comes off as a self-confessed dunce?⁴

Any attempt to answer that question would carry us into the labyrinthine corridors of Jefferson's famously elusive mind. Suffice to say that there is a core of truth to Jefferson's account of the dinner-table bargain, though it vastly oversimplifies the history that was happening at that propitious moment. Which is to say that several secret meetings were occurring at the same time; and the political corridors were even more labyrinthine than Jefferson's imperfect memory of events. Most importantly, the conversation at Jefferson's quarters was merely one part of an ongoing and larger conversation in which the very survival and subsequent shape of the American republic seemed at stake. The more one looks at the chief characters in this scene and listens to their

voices, the more the salient question changes. It is not: Was Jefferson telling the truth? It is, instead: Why were such otherwise-sensible statesmen as Jefferson, Madison, and Hamilton all convinced that the newly established government of the United States was so precarious and problematic? Why was the passage of assumption so threatening? Why was the Potomac so symbolic? Jefferson's version of the story to the contrary notwithstanding, what was going on here?

AS MIGHT BE expected, the answer the various participants gave to such an overarching question depended a great deal on the ground on which they were standing. And this, in turn, meant that Hamilton, Jefferson, and Madison arrived at the dinner with different agendas, different experiences, and different stories to tell. Within this formidable trio, it makes most sense to start with Madison.

He was the most centrally situated, having led the debate over both assumption and the residence question in the House. He also enjoyed the reputation as both a preeminent nationalist and favored son of Virginia and had already become famous at the tender age of thirty-nine as the shrewdest and most politically savvy veteran of the tumultuous constitutional battles of the 1780s. Indeed, in 1790 Madison had just completed what turned out to be the most creative phase of his entire career as an American statesman, which several historians would subsequently describe as the most creative contribution to political science in all of American history.⁵

Distressed by the political disarray in the state governments in the 1780s and the congenital weakness of the Articles of Confederation, Madison had helped mobilize the movement for the Constitutional Convention. His arguments for a fortified national government became the centerpiece around which all the compromises and revisions of the eventual document congealed, giving him the honorary title of "Father of the Constitution." He had then joined forces with Hamilton (with a modest assist from John Jay) to write *The Federalist Papers*, which was instantly recognized as an American classic, most especially in its ingenious insistence that republican government would prove more stable when extended over a large landmass and diverse population. In the Virginia ratifying convention he had outmaneuvered the apparently unbeatable opposition led by Patrick Henry,

prompting John Marshall, his fellow Virginian Federalist, to observe that Henry might be the all-time oratorical champion in his capacity to persuade; but that Madison was his superior in his capacity to convince. Then, to top it off, he had drafted and ushered the Bill of Rights through the First Congress. In 1790, in short, Madison was at the peak of his powers and, after George Washington and Benjamin Franklin (who died that year), was generally regarded as the most influential political leader in the new nation.⁶

He did not look the part. At five feet six and less than 140 pounds "little Jemmy Madison" had the frail and discernibly fragile appearance of a career librarian or schoolmaster, forever lingering on the edge of some fatal ailment, overmatched by the daily demands of ordinary life. When he left his father's modest-sized plantation at Montpelier in Virginia to attend Princeton in 1769—Aaron Burr was a classmate—the youthful Madison had confessed to intimations of imminent mortality, somewhat morbidly predicting his early death. (As it turned out, he survived longer than all the leaders of the revolutionary generation, observing near the end, "Having outlived so many of my contemporaries, I ought not to forget that I may be thought to have outlived myself.") Not only did he look like the epitome of insignificance—diminutive, colorless, sickly—he was also paralyzingly shy, the kind of guest at a party who instinctively searched out the corners of the room.⁷

Appearances, in Madison's case, were not just massively deceptive; they actually helped to produce his prowess. Amid the flamboyant orators of the Virginia dynasty, he was practically invisible and wholly unthreatening, but therefore the acknowledged master of the inoffensive argument that just happened, time after time, to prove decisive. He seemed to lack a personal agenda because he seemed to lack a personality, yet when the votes were counted, his side almost always won. His diffidence in debate was disarming in several ways: He was so obviously gentle and so eager to give credit to others, especially his opponents, that it was impossible to unleash one's full fury against him without seeming a belligerent fool; he was so reserved that he conveyed the off-putting impression of someone with an infinite reservoir of additional information, all hidden away, the speaker not wishing to burden you with excessively conspicuous erudition; but, if you gave permission, fully prepared to go on for several more hours; or until

your side voluntarily surrendered. His physical deficiencies meant that a Madisonian argument lacked all the usual emotional affectations and struck with the force of pure, unencumbered thought. Or as one observer put it later, "Never have I seen *so much mind in so little matter*." His style, in effect, was not to have one.⁸

It is customary to think of Madison as Jefferson's loyal lieutenant, the junior member of what has been called "the great collaboration." Certainly in later years, when Madison served as Jefferson's political point man in the party wars of the 1790s, then as his secretary of state, then his successor as president, there is much to be said for his characterization. The later pattern was for Jefferson to provide the sweeping vision while Madison managed the messier particulars. (If God was in the details, so the saying went, Madison was usually there to greet Him upon arrival.) Even then, however, Madison's habitual shyness and his willingness to remain within Jefferson's shadow probably concealed the extent of his independent influence on the partnership. The fairest assessment is that the collaboration worked so well because questions of primacy never occurred to Madison. Or, as John Quincy Adams described the seamless character of the partnership, it was "a phenomenon, like the invisible and mysterious movements of the magnet in the physical world."⁹

However, in 1790, if one wished to talk about "the great collaboration," the presumption would have been that one was referring to Madison and Hamilton. After all, while Jefferson was serving as America's minister in Paris from 1784 to 1789, the team of Madison and Hamilton had led the fight for a vastly expanded national government with sovereign power over the states. Their collaboration as "Publius" in *The Federalist Papers* was every bit as seamless as the subsequent alliance between the two Virginians. When Hamilton began to draft his *Report on the Public Credit* in September of 1789, Madison was one of the first persons he consulted for advice. At that very time, Jefferson was writing Madison from France with expressions of great doubt about the powers granted the federal government over domestic affairs, powers that Madison had championed more effectively than anyone else at the Constitutional Convention.¹⁰

Jefferson had also shared with Madison his intriguingly utopian suggestion that each generation was sovereign, so that the laws made for one generation should expire after about twenty years. Madison

had responded in his gentle, unassuming, but logically devastating fashion to suggest that, yes, this was a fascinating notion, but if taken seriously, it was a recipe for anarchy and ran directly counter to the whole thrust of his own political effort to establish a stable constitutional settlement that compelled the trust and abiding veneration of present and future generations of Americans. Knowing as we do that Madison would soon become one of the most ardent and potent Jeffersonians of all time, it is all the more instructive to note that, prior to 1790, they had drifted to different sides of the constitutional divide.¹¹

During the six months prior to the dinner at Jefferson's quarters, Madison went through a conversion process, or perhaps a reconversion, from the religion of nationalism to the old revolutionary faith of Virginia. It is tempting to explain the switch in exclusively personal terms: Jefferson returned from France, recalled his old colleague to the colors of the true cause, and together they marched forward into history. Except that it was not that simple. Madison possessed the subtlest and most intellectually sophisticated understanding of the choices facing the new American republic of any member of the revolutionary generation. No crude explanation of the decisions he made can do justice to the multiple loyalties he felt, or the almost Jamesian way he thought about and ultimately resolved them.¹²

If we give chronology the decent respect it is due, it is clear that Madison's thinking began to change before Jefferson returned to the scene. The precipitant was Hamilton's *Report on the Public Credit*, forwarded to Congress in January of 1790. (Jefferson did not arrive in New York until March.) The fiscal goals Hamilton proposed were synonymous with the national vision Madison had advocated at the Constitutional Convention and in *The Federalist Papers*. The total debt of the United States, according to Hamilton's calculations, had reached the daunting (at least then) size of \$77.1 million. Of this total, \$11.7 million was owed to foreign governments; \$40.4 million was domestic debt, most of which dated from the American Revolution; and \$25 million was state debt, also largely a legacy of the war. What began to trouble Madison, then terrify him, was not Hamilton's goal—the recovery of public credit—but the way he proposed to reach it.¹³

The first symptom of the trouble appeared when Madison studied Hamilton's proposal for the funding of the domestic debt. On the one hand, Hamilton's recommendation looked straightforward: All citizens

who owned government securities should be reimbursed at par—that is, the full value of the government's original promise. But many original holders of the securities, mainly veterans of the American Revolution who had received them as pay for their service in the war, had then sold them at a fraction of their original value to speculators. What's more, the release of Hamilton's plan produced a purchasing frenzy, as bankers and investors aware of the funding proposal bought up the securities in expectation of a tidy profit. Madison observed the buying frenzy and complained that unscrupulous speculators "are still exploring the interior & distant parts of the Union in order to take advantage of the holders." The picture that began to congeal in his mind was the essence of injustice: battle-worn veterans of the war for independence being cheated out of their just rewards by mere moneymen. Benjamin Rush, the prominent Philadelphia physician and permanently incandescent revolutionary, urged Madison to stop this betrayal of the spirit of '76: "Never have I heard more rage expressed against the Oppressors of our Country during the late War," Rush fumed, "than I daily hear against the men who . . . are to reap all the benefits of the revolution, at the expense of the greatest part of the Virtue & property that purchased it."¹⁴

Hamilton was both surprised and mystified when Madison came out against his funding scheme. On February 11, Madison delivered a long speech in the House, denouncing the Hamilton proposal as a repudiation of the American Revolution and recommending his own plan for payment, which he called "discrimination." It was a vintage Madisonian performance: utterly reasonable, flawlessly logical, disarmingly temperate. The original holders of the securities had justice on their side, he noted, and justice must be honored. The current holders had the obligations of contracts on their side, and such obligations must be observed. The options then revealed themselves with lawyerlike precision: "one of three things must be done; either pay both, reject wholly one or the other, or make a composition between them on some principle of equity." (In the twentieth century students of this mode of reasoning within policy-making circles called it "the Goldilocks principle" and later "triangulation.") Madison, of course, favored the third option. But the House voted 36 to 13 against his motion. It was his first major legislative defeat after a long string of triumphs.¹⁵

It was not just that Madison hated to lose. (Unlike Jefferson, he could be genuinely gracious in defeat.) It was instead that an ominous picture was congealing in his mind of patriot soldiers being fleeced by an army of speculators whose only loyalty was to their own profit margins. Or perhaps it was a slightly different picture, this one of the nascent national government, which he had visualized as an exalted arena where only the ablest and most intellectually talented officials would congregate, the finest fruits plucked from the more motley state governments, now replaced by an obnoxious collection of financiers and money changers, the kind of social parasites whom Jesus had symbolically driven from the temple. The promise of the American Revolution, at least as Madison understood it, was falling into enemy hands.

The debate over assumption, which followed on the heels of the vote on funding, only intensified the sense of betrayal and made matters worse. Again, on the face of it, Hamilton's proposal looked seductively simple. The federal government would take on—which is to say, assume—all the accumulated debts of the states, most of which had their origins during the war. Instead of thirteen separate ledgers, there would be but one, thereby permitting the fiscal policy of the new nation to proceed with a coherent sense of its financial obligations and the revenues required to discharge them. On February 24 Madison rose from his seat in the House to suggest that the matter was a good deal more complicated than it might appear at first glance, and that this apparently sensible proposal called "assumption" struck him as an alarmingly sinister idea.

If you read Madison's speeches against assumption in the House during the spring of 1790, you get the impression that his core objections were economic. Most of the southern states, Virginia among them, had paid off the bulk of their wartime debts. The assumption proposal therefore did them an injustice, by "compelling them, after having done their duty, to contribute to those states who have not equally done their duty." A subsidiary theme, also economic in character but implying grander suspicions, called for what he termed "settlement" to precede assumption. As Madison expressed it, "I really think it right and proper that we should be possessed of the ways and means by which we should be most likely to encounter the debt before we undertake to assume it." In other words, there needed to be an official estimate of the specific amount each state would have "assumed" and

then be obliged to pay in federal taxes *before* the vote on assumption occurred. According to his own rough calculations, Virginia would transfer about \$3 million of debt to the federal government, then be charged about \$5 million in new taxes. Like the failure to compensate the original holders of government securities, this was unfair.¹⁶

If you read Madison's correspondence during this same time, you get the strong impression that the problem went much deeper than any shuffling of account books could ever satisfy. The economic injustice toward Virginia and most of the southern states—South Carolina was the exception, since it had not retired much of its debt—was bad enough. But assumption was symptomatic of malevolent tendencies that transcended mere dollars and cents. It was about power. Under the guise of doing the states a favor by assuming their debts, the federal government was implicitly, even covertly, assuming sovereign authority over the economies of all the states. As Madison put it to Jefferson in his most typically elliptical style, assumption "would be peculiarly hard on Virginia," but was "further objectionable as augmenting a trust already sufficiently great for the virtue and number of the federal Legislature." Virginia, in short, was being asked to trust its fate to the collective wisdom and virtue of the central government. Assumption, as Madison came to regard it, was not primarily about money. It was about control, about trust, about independence.¹⁷

These were all major chords in a revolutionary melody that most Virginians knew by heart. Henry Lee, for example, apprised Madison that the assumption debate reminded him of those glorious days of yesteryear, when the Virginia Assembly refused to recognize Parliament's right to tax colonies. "It seems to me," Lee wrote, "that we southern people must be slaves in effect, or cut the Gordian knot at once." The radical rhetoric of the 1760s and 1770s, now hallowed by its association with the successful war for independence, came pouring out of Madison's correspondents in Virginia, equating assumption with the Stamp Act, the federal Congress with Parliament, the so-called "fixed insolent northern majority" with Great Britain. "How do you feel?" Lee asked Madison rhetorically: "Is your love for the constitution so ardent . . . that it should produce ruin to your native country?" By "native country," Lee meant Virginia.¹⁸

The entire atmosphere surrounding the assumption debate had become electromagnetic. And Madison, who had a justifiable reputa-

tion for making himself the calm center in the midst of all political storms, was being buffeted by shrill accusations from both sides. Northern congressmen, led by Fisher Ames of Massachusetts, accused him of threatening the survival of the republic by blocking the centerpiece of Hamilton's fiscal program, without which, they believed, the union would dissolve. Southerners, chiefly Virginians, were telling him that assumption demonstrated how prophetic the Antifederalist enemies to the Constitution now looked, and how his previous assurances in the Virginia ratifying convention and *The Federalist Papers*, assurances that the Constitution would prove a culmination rather than a betrayal of the American Revolution, now seemed like false promises.

The word that captured the essence of the Virginians' political mentality was *consolidation*, as in "the dreaded consolidation that was denied by the friends of the new government, when it was under consideration." The term conveyed the political fear, so potent among the Antifederalist critics of the constitutional settlement of 1788, that the states would be absorbed by the new federal government. It echoed the ideological fear, so effective as a weapon against the taxes imposed by Parliament and decrees of George III, that once arbitrary power was acknowledged to reside elsewhere, all liberty was lost. And at a primal level it suggested the unconscious fear of being swallowed up by a larger creature, the terror of being completely consumed, eaten alive. If Madison had ever managed to convince himself that these historically sanctioned fears had been banished with the creation of the new national government, the debate over assumption demonstrated that they were still very much alive. Indeed, because of their historical and rhetorical association with the successful war against British imperialism, they were the most potent forces in the entire political culture.¹⁹

What Madison actually thought about the most frantic expressions of Virginian mistrust is difficult to know. Along with John Adams, Madison was America's most astute student of the role of the passions as a political force. But, unlike Adams, Madison's mastery of his own passions took the form of total suppression. His letters back home to Virginia tended to endorse the legitimacy of the threat posed by assumption, but also to counsel patience, to urge, as much by their tone as the content, a less apocalyptic attitude. Hamilton's fiscal program was certainly a menacing shadow over the new federal edifice. But talk of secession was premature and counterproductive. After all,

with Washington as president, Jefferson as secretary of state, Edmund Randolph as attorney general—he might have added Madison as dominant presence in the Congress—Virginia's interests were hardly unrepresented in the capital. As for the threatening insults from their northern brethren in the government, pay them little attention. "We shall risk their prophetic menaces," he noted confidently, "if we should continue to have a majority." For on assumption, unlike the earlier debate over funding, Madison had the votes. Assumption would never pass.²⁰

IT GOES WITHOUT saying that Alexander Hamilton's understanding of the issues raised by his fiscal program, and the Virginia-writ-large squadrons that were mobilizing south of the Potomac to oppose it, was blissfully free of all the Madisonian ambiguities. Once Hamilton encountered a major obstacle to the advancement of any cause in which he believed, he instinctively hurled himself onto the offensive, never looked back, and waited for no stragglers. Whether the objective was a British parapet at Yorktown, the admiration of the legal and merchant elite in New York, or the ratification of the Constitution, Hamilton's pattern was the same: to unleash his formidable energies in great bursts of conspicuous productivity; imposing his own personality on events in an ostentatious, out-of-my-way style that was precisely the opposite of Madison's preference for stealth; irritating more modest and cautious colleagues with his casual presumption that both his overall vision and his mastery of the details were self-evidently superior; irritating them even more when events generally proved him right.

Critics of his take-charge temperament and his dashing Hamilton-to-the-rescue demeanor would make a plausible case that they were excessive compensations for his lowly (indeed bastardly) origins. Some biographers, pursuing the same interpretive line, have suggested that his deep-rooted insecurities drove him onto the plains of Weehawken and then into the fatal gaze of Aaron Burr. But if insecurity was the primal source of Hamilton's incredible energy, one would have to conclude that providence had conspired to produce at the most opportune moment perhaps the most creative liability in American history.²¹

Like Madison in 1790, Hamilton was at the peak of his powers. He wrote the forty thousand words of his *Report on the Public Credit* in a

three-month surge and with the same kind of desperate speed he had turned out his fifty-one contributions to *The Federalist Papers*. Scholars on the lookout for the theoretical sources that may have shaped his thinking have invariably discovered multiple influences: Adam Smith, Jacques Necker, Malachai Postlethwayt, and David Hume top the list, with Hume a particularly forceful influence on the contours of his thinking about the dynamics of economic growth (much as Hume influenced Madison's thinking about the dynamics of political stability). It is also well established that Hamilton's intense dedication to a centralized solution to the fiscal problems facing the new government emerged, again like Madison's, out of his frustrating experience with the inadequate and hopelessly divided authority of the Confederation government in the 1780s. Finally, the historic significance of Hamilton's *Report* has attracted the attention of specialists in sufficient number to inject a technical dimension into the appraisal—familiarity with sinking funds, tontines, floating rates of interest, and liquidity has become essential for a full appreciation of his economic proficiency.²²

All well and good, but for our purposes these otherwise-valuable insights are mere subplots almost designed to carry us down side trails while blithely humming a tune about the rough equivalence of forests and trees. What Hamilton thought he was doing was essentially simple: The economy of the United States was a tangled mess of foreign and domestic debt that he was determined to unravel, then place on firm fiscal footing by restoring public credit. All this was to be achieved with a keen and shrewd appreciation for the dynamic potential of America's latent commercial energies, but unencumbered by even the slightest concern with how the resultant system might appear to those not sharing his nationalist vision.

On the question of funding the domestic debt, for example, Hamilton regarded Madison's proposal to distinguish between original and present holders of government securities as naïve and mischievous. To be sure, some injustice might be done the wartime veterans. But who was Madison to lecture him about the venerable sacrifice made by American soldiers, Madison having never fired a shot in anger, now wrapping himself in some rhetorical rendition of the bloodstained uniform he had never worn? More to the point, the original holders had not been coerced to sell. They had done so freely and for an infinite variety of reasons. Sorting out the multiple transactions, prices, and

motives would be an administrative nightmare. Indeed, anyone proposing such a course must come under suspicion as a devotee of paralysis. The whole point of the funding scheme was to move past such ambiguous entanglements, to establish the kind of clear and discernible reimbursement policy that inspired trust, and to concentrate the debt in those hands most likely to use it in the interests of the community's productivity and growth.²³

On the question of assuming the state debts, Madison's opposition struck Hamilton as even more illogical and blatantly sinister. Had not Madison himself advocated the assumption of state debts on several occasions in the 1780s? Had not they locked arms together as "Publius" to justify the need for a national government with sovereign power over the states? Indeed, had not Madison been the most ardent advocate at the Constitutional Convention for a clear assertion of federal sovereignty? Of course there were massive accounting problems in calculating the different state debts, not the least of the difficulties being sloppy records kept by several southern states, with Virginia topping the list for administrative disarray. But the final numbers were hardly set in stone. If Virginia wanted to negotiate these calculations, well, it was the kind of thing that could always be worked out among friends.

But friends did not make ominous charges that the whole assumption proposal was a plot to lure the states into some Faustian bargain in which they lost the political semblance of childlike innocence, an innocence in fact already abandoned, wisely so, when the Constitution was ratified. Assumption was not a plot to destroy the political integrity of the states; it was a plan to consolidate their debts and nationalize the economy for the benefit of all. Hamilton simply took it for granted that the new government created by the Constitution was, as he phrased it in his *Report*, "cloathed with powers competent to calling for the resources of the community"; and he, as the officer responsible for fiscal policy, was simply the chosen instrument to implement this collective effort.²⁴

Therein lay the problem, and not just because Madison and his Virginia constituents heard such words as *consolidate* and *nationalize* like alarm bells in the night; or, as one of Hamilton's fondest biographers put it, because the secretary of the treasury was "more adept at meeting financial crises than mending political fences." The real difficulty was that Hamilton's plan was very much a projection of his own audacious

personality. In fact, once one steps back from the specific provisions for calculating and funding the various state and federal debts, perhaps the best way to understand the grand design of Hamilton's *Report*, and the implicit presumptions that animated its visionary sense of where the new American republic was heading, is to see it as Hamilton's distinctive temperament and cast of mind superimposed on the fluid conditions of an emergent nation.²⁵

First, there is the implication, floating between the lines of the entire *Report*, that an authoritative new presence has appeared on the scene and taken charge. The command ethos went beyond matters of personality (though Hamilton was certainly auditioning for the part), and it even went beyond questions of constitutionality (though the *Report* certainly announced the unequivocal sovereignty of the federal government). More sweepingly, it suggested that the enormous but latent potential of the American economy required more than mere release to achieve its full potential. Hamilton was hardly unique in his recognition that the vast resources of the North American continent constituted a repository of riches that, once unlocked, offered prospects of unparalleled prosperity and national destiny. He was, however, distinctive for his sense that the mobilization of these resources required abiding management and strategic orchestration at the national level. Madison, and to an even greater extent Jefferson, seemed to think that economic policy consisted of getting out of the way to allow the natural laws of economic recovery and growth to proceed. But Hamilton thought the conditions for economic development needed to be created, then enduringly overseen. His model was England, with its national bank, regulated commerce, and powerful finance ministers. From the perspective south of the Potomac, of course, these were the institutions and symbols the American Revolution had supposedly repudiated forever.

Second, there is the Hamiltonian confidence that the concentration of political and economic power was a dynamic force; it was not a threatening cluster of invasive corruption, but a synergistic fusion of developmental energies. Hamilton was tone-deaf to the familiar refrains in the republican song about the inherent evil of aggregated power, a tune that the emerging chorus of dissenters in Virginia was replaying under the new label of "consolidation." For Hamilton, consolidation was a wonderful idea. While Madison's frame of reference

was instinctively political, and idealized the dispersal of power naturally checked by the inherent diversity of diffused interest groups, Hamilton's cast of mind was instinctively economic. He visualized the concentration of capital in the hands of a select few as the essential precondition for commercial investment and economic growth. One of the reasons he did not mind if original holders of government securities sold out to speculators was that he preferred to see the money in fewer hands. When money was spread out, it was only money. When concentrated, it was capital. And the main reason he welcomed the enlargement of the federal debt produced by assuming the state debts was that, once properly funded, it enlarged the pool of government credit for investment purposes by the wealthy few who held the notes. In this limited sense at least, Hamilton regarded the national debt as "a national blessing," for it permitted the clustering of resources in the hands of a small group of enterprising men who would invest and not just spend it. For Madison, on the other hand, "a Public Debt is a Public curse," and "in a Representative Government greater than in any other."²⁶

Finally, there is Hamilton's enshrinement of the urban elite—the merchants, bankers, and business leaders—as the central figures in the emergent American society. These were the kind of men who had rescued him from obscurity in the tropics as a youth and then, once he had displayed his brilliance, welcomed him into the inner circles of New York society. Hamilton himself was a kind of Horatio Alger hero who aspired to fame more than fortune, but he understood the world of banking, investing, and speculating from within. He wrote no idyllic testimonials to merchants and moneymen comparable to Jefferson's hymns to the bucolic splendor of America's yeomen farmers, but his entire financial plan was an implicit endorsement of commerce as America's economic lifeblood and of men of trade and commerce as its chief beneficiaries and silent heroes. Hamilton did not design his system, as his critics frequently claimed, primarily to enrich the commercial elite. He designed it to channel their talent and resources into productive activities that served the public interest. Nor did his insider knowledge of interest rates ever tempt him to take personal advantage: "But you remember the saying with regard to Caesar's Wife," he wrote to Henry Lee. "I think the spirit of it applicable to every man concerned in the administration of the finances of a Country." Neverthe-

less, he was excessively trusting of some of his speculator friends; and he only fired his assistant in the Treasury Department, William Duer, after Duer's mixing of personal and public funds reached criminal proportions. Duer was the epitome of the enterprising speculator whom he trusted and who ultimately proved untrustworthy.²⁷

To Virginians like Madison and Jefferson, on the other hand, Duer was not the exception, but the rule. The Virginia gentry were psychologically incapable of sharing Hamilton's affinity with men who made their living manipulating interest rates. Land, not fluid forms of capital, was their ultimate measure of wealth. Investment bankers and speculators, as they saw it, made no productive contribution to society. All they did was move paper around and adjust numbers. At the nub, the issue was not rich versus poor or the few versus the many, since the planter class of Virginia was just as much an elite minority as the wealthy merchants of New York or Boston. The issue was agrarian versus commercial sources of wealth.

Nor did it help that a significant percentage of Virginia's landed class, Jefferson among them, were heavily in debt to British and Scottish creditors, who were compounding their interest rates faster than the profit margins in tobacco and wheat could match. One cannot help but suspect that the beleaguered aristocracy of Virginia saw in Hamilton and his beloved commercial elite of the northern cities the American replicas of British bankers who were bleeding them to death. The more one contemplates the mentality of the Virginia planters—the refusal to bring their habits of consumption and expenditure into line with the realities of their economic predicament, the widespread pattern of denial right up to the declaration of bankruptcy—the more likely it seems that an entrenched and even willful ignorance of the economic principles governing the relationship between credit and debt had become a badge of honor in their world. These were simply not the kind of concerns that a gentleman of property should take seriously. In a sense, they took considerable pride in not having the dimmest understanding of what Hamilton was talking about.²⁸

THE THIRD participant in the dinner-table bargain, and the host for the occasion, was Thomas Jefferson. He was not being characteristically diplomatic when he claimed that Madison and Hamilton both

understood the issues at stake more fully than he did. After all, he had only returned from his five-year tour of duty in France six months earlier and had just taken up his post as secretary of state in March. His mind was also on other things: the recent marriage of his eldest daughter, Martha; finding suitable quarters in New York; drafting a lengthy report on weights and measures; reading dispatches from Paris on the ongoing French Revolution. The onset of his chronic migraine headache had also incapacitated him for much of May. In fact, Jefferson's headache coincided with a veritable plague that seemed to descend on the leadership of the Virginia dynasty. Madison was laid up with dysentery, Edmund Randolph remained in Virginia to care for his wife, who had nearly died delivering a stillborn baby, and, most ominously of all, George Washington came down with the flu and developed pulmonary complications that the physicians considered life-threatening. "You cannot conceive the public alarm on this occasion," Jefferson reported to William Short, his former secretary in Paris, adding that Washington's demise would in all probability have meant the abrupt end of the whole national experiment.²⁹

Slightly above six feet two, Jefferson towered over both Madison and Hamilton, and at forty-seven he was sufficiently their senior to enjoy the kind of respect accorded an older brother. Neither his physical stature nor his age, however, could compensate for his lengthy absence abroad throughout the great constitutional reforms of the late 1780s. Madison had kept him apprised of the debates at the Constitutional Convention (no better source existed on the planet), and Madison had also beaten down the rumors circulating in the Virginia ratifying convention that Jefferson was at best lukewarm on the constitutional settlement itself. The rumors were in fact true, though on all constitutional questions Jefferson deferred to Madison's superior judgment, so he could accept the offer to become America's first secretary of state without political reservations. It also helped that foreign policy was the one area where he believed the nation should speak with one voice. Beyond that elemental level, his views on federal power were unknown, in part because he had not been involved in the great debates of 1787–1788, and in part because his own mind did not operate at Madisonian levels of specificity and legalistic clarity. "I am not a Federalist," he declared in 1789, "because I never submitted the whole system of my opinions to the creed of any party of men whatever. . . . If

I could not go to heaven but with a party, I would not go there at all." The temporary capital in New York was hardly heaven, but he had agreed to go there in the spring of 1790 with his allegiances undeclared and his own lofty political principles uncontaminated by the kind of infighting that Madison and Hamilton had perfected to an art.³⁰

He had come reluctantly. This was part of a lifelong pattern of reticence, dating back to the prerevolutionary years in Virginia, when he had first emerged from the mists of the Blue Ridge Mountains to attend William and Mary, study law with George Wythe, and win marginal acceptance by the Tidewater elite. He gained his reputation as an effective writer against British encroachments but was a reclusive non-presence in debates. In the Continental Congress, John Adams had described him as a staunch advocate of independence who never uttered more than two or three sentences, even in committees. His lasting fame, indeed immortality, derived from his authorship of the Declaration of Independence in June of 1776, but few Americans knew about that role in 1790. The Declaration was still regarded as a product of the whole Continental Congress, not the work of one man, and had yet to achieve the symbolic significance it would in the nineteenth century.³¹

His service as wartime governor of Virginia had ended disastrously when British troops burned the capital as Jefferson galloped off and into official disgrace. Though later cleared of any wrongdoing, he vowed never to accept public office again. The hurly-burly of politics did not suit his temperament, which was only comfortable when ensconced on his mountaintop and redesigning his mansion at Monticello. Always poised for retirement, he had accepted the diplomatic post in Paris to escape the painful memories of his wife's premature death in childbirth, had performed his duties ably, and had even gained a semblance of fame in France as Franklin's successor as the Gallic embodiment of the archetypal American in Paris. His protestations when offered a position in the new government in 1789 were utterly sincere, but Madison had been his usually persuasive self and, more to the point, America's only indispensable figure had suggested that Jefferson was also indispensable. One did not turn down George Washington.

The dinner invitation he had extended to the embattled Madison and Hamilton was perfectly in keeping with his character. Put simply,

Jefferson could not abide personal conflict. One of the reasons he was so notoriously ineffective in debate was that argument itself offended him. The voices he heard inside himself were all harmonious and agreeable, reliable expressions of the providentially aligned universal laws that governed the world as he knew it, so that argument struck him as dissonant noise that defied the natural order of things. Madison, who knew him better than any man alive, fully realized that there was an invisible line somewhere in Jefferson's mind above which lay his most cherished personal and political ideals. Cross that line and you set off explosions and torrents of unbridled anger of the sort that got spewed at George III in the Declaration of Independence. (Jefferson did not regard such occasions as arguments, but rather as holy wars to the death.) But short of that line, he was endlessly polite and accommodating, genuinely pained at the presence of partisan politics. This was clearly his posture in June of 1790.

There were also practical reasons why he wanted to broker a compromise. As a former foreign minister now serving as secretary of state, Jefferson required no instruction on the international implications of America's debtor status. Until her foreign debts were paid and her credit with the Dutch bankers in Amsterdam restored, the United States would simply not be taken seriously in Europe's capitals. Jefferson had learned this the hard way during his Paris phase. He therefore felt even more sharply than Madison that the fiscal goals of Hamilton's plan were absolutely essential. Without credit, the new nation would remain a laughingstock in foreign eyes. And therefore when those same frenzied Virginians who were writing Madison about the fatal curse of assumption also wrote him, he was even less supportive, though characteristically elusive. "It appears to me one of those questions which present great inconveniences whichever way it is decided," he wrote his new son-in-law. Or when Henry Lee flooded him with apocalyptic premonitions if assumption somehow were to pass, he counseled patience and greater trust in the wisdom of Congress. "In the meanwhile," he observed rather elliptically, "the voice of the nation will perhaps be heard." While vague, the intended effect of the Jeffersonian message was to calm his fellow Virginians. "My duties prevent me from mingling in these questions," he explained to George Mason just a week before the dinner: "I do not pretend to be very competent to their deci-

sion. In general I think it necessary to give as well as take in a government like ours."³²

THE GIVING and the taking on the location of the permanent national capital had been positively fierce ever since the question had come before Congress in September of 1789. The Constitution had provided for Congress to identify a "seat of government" not to exceed one hundred square miles in size to be purchased from the proximate states. The question was where. From the start, the prospect of congressional representatives reaching an easy consensus on the location was problematic at best. One newspaper editor had sagely, if cynically, observed that "the usual custom is for the capital of new empires to be selected by the whim or caprice of a despot." While this was obviously not the republican way, perhaps an exception was justified. Since George Washington, as the editor observed, "has never given bad advice to his country," did it not make practical sense to "let him point to a map and say 'here'?"³³

What became known as the "residency question" was a logistic nightmare. All the regional voting blocs—New England, the Middle Atlantic, and the South—could cite plausible reasons for claiming primacy. And each of the twelve states—Rhode Island did not show up in the Congress until June of 1790—could imagine schemes whereby the capital fell within its borders or the support for another location promised collateral benefits to be negotiated at a price. The crisscrossing patterns of regional and state bargaining were further complicated by two political considerations almost guaranteed to preclude consensus: First, legislation had to pass both the Senate and the House, so as soon as an apparently victorious option made its way through one branch of the Congress, the opposition mobilized against it in the other; second, early on a decision was made to choose a temporary location, which would serve as the capital for ten to twenty years, then a permanent location, which would presumably require the extra time to ready itself for the federal occupation. This distinction played havoc with congressional debate by creating doubt that the temporary location, once chosen, would ever be abandoned. As a result, by the time Jefferson had arrived in New York in March, sixteen possible sites had been proposed

but had failed to muster a majority. The leading candidates (in alphabetical order) were: Annapolis, Baltimore, Carlisle, Frederick, Germantown, New York, Philadelphia, the Potomac, the Susquehanna, and Trenton. Given its geographic centrality, some location in Pennsylvania appeared to have the edge.³⁴

"The business of the seat of Government is become a labyrinth," Madison reported back to a fellow Virginian, "for which the votes printed furnish no clue, and which it is impossible in a letter to explain to you." The political wheeling and dealing inside the Congress and out had reached such epidemic proportions that Madison was given the unofficial title "Big Knife" for cutting deals: "If the Big Knife would give up Potowmack the Matter would be easily settled," one Pennsylvania man reported to Jefferson. "But that you will say is as unreasonable as it would be to expect a Pennsylvanian to surrender at Discretion to New York. It therefore amuses me to see the Arguments our grave politicians bring forward when I know it will be determined by local Interests." While the Virginians were not accustomed to thinking of their interests as merely local, by the eve of the dinner at Jefferson's the prospects for a Potomac site had faded and Madison's formidable skills as a political negotiator had assumed a wholly defensive posture—coordinating opposition to a Pennsylvania victory.³⁵

The case Madison had tried to make for the Potomac was simultaneously crafty and driven by romantic illusions about its prowess that were shared by Jefferson, Washington, and most members of the Virginia dynasty. In the crafty vein, Madison was ingenious at contesting the strongest argument for a Pennsylvania location, which was its geographic centrality. (The Pennsylvanians were not devoid of craft either, arguing that the Susquehanna River was destined to become the center of the United States because the trans-Mississippi West would never enter the union and eastern Canada almost surely would.) Madison countered that centrality could be measured demographically as well as geographically, so they should await the results of the census of 1790 before deciding. Then he argued that a purely geographic measure on a north-south axis revealed that the exact midpoint between northern Maine and southern Georgia was not just the Potomac; it was Washington's estate at Mount Vernon, a revelation calculated to carry providential overtones.³⁶

The more romantic case for the Potomac entered the debate during

Madison's initial speech against the Susquehanna site. He seemed to argue, contrary to common sense and the visual evidence provided by all maps, that the Potomac was actually farther west than the Susquehanna. What he seemed to mean was that the upper reaches of the Potomac near the Maryland-Pennsylvania border, where the Conococheague Creek emptied into the Potomac, was nearly as far west as the Susquehanna and—here was the grand Virginian illusion—afforded the only direct water route to the Ohio Valley and through its river system to the Mississippi itself. The mention of Conococheague Creek provoked waves of sarcasm from incredulous congressmen: "Enquiries will be made," observed one Massachusetts member, "where in the name of common sense is Connogochque?" (And, he might have added, how does one spell it?) The consensus outside Virginia seemed to be that "not one person in a thousand in the United States knows that there is such a place on earth," and those few who did were all Indians. Madison's preferred location for the national capital was a "wigwam place" suitable for hunting parties and hermits.³⁷

While Madison was probably stretching the truth for his Potomac-driven political purposes, it was nevertheless a truth that he and many Virginians sincerely believed. For nearly a decade, Jefferson and Washington had corresponded about making navigation improvements in the Potomac on the presumption that it afforded a direct link between the vast American interior and the Chesapeake Bay. The misconception drew its inspiration from the same combination of soaring hope and geographic ignorance that subsequently led Jefferson to believe that the Lewis and Clark expedition would discover a water route across the North American continent where none existed. One could trace the illusory properties of the Potomac's waters all the way back to John Smith, who first explored the mouth of what the Algonquin Indians had named "Petomek," meaning "trading place," in 1608. For Virginians of the revolutionary generation, the myth of the Potomac probably derived its credibility from the colonial era, when the lack of any border to Virginia's western provinces—theoretically and legally, Virginia extended to either the Mississippi or the Pacific Ocean—caused a habit of mind to develop within the Old Dominion that it was America's gateway to the West. Once established, the myth developed a rather hilarious life of its own, to include publications like *Potomac Magazine*, in which the Potomac was described as the Thames, the

Seine, and the Rhine rolled into one and the confluence of the Potomac and the Anacostia was thought the world's most perfect harbor, where "10,000 ships the size of Noah's ark" could comfortably dock.³⁸

Unfortunately for Madison, the Potomac mythology was largely confined to Virginians. Fisher Ames of Massachusetts spoke for those congressmen denied the vision when he said that the customarily sensible Madison had obviously come under some biblical spell and had confused the Potomac with "a Euphrates flowing through paradise." The Virginians were certainly free to dream their provincial Potomac dreams, but meanwhile the Congress should proceed to the serious business of selecting a national capital located in this world rather than in Madison's imagination. By June of 1790, Madison himself had just about given up hope. "If any arrangement should be made that will answer our wishes," he confessed, "it will be the effect of a coincidence of causes as fortuitous as it will be propitious." And this, of course, is where the fortuitous prospect of a bargain entered the picture.³⁹

WE CANNOT know how many secret meetings and political dinners occurred in New York during the late spring and early summer of 1790. We do know that Jefferson's famous dinner was not, as he implied, the only such occasion. First, Hamilton's chief assistant in the Treasury Department, Tench Coxe, met with Jefferson and Madison on June 6, presumably to discuss Virginia's debt and the impact of assumption on the state's balance of payments to the federal government; second, around the same time Hamilton met with members of the Pennsylvania delegation to negotiate a trade of their support for assumption—Hamilton's overwhelming priority—in return for the location of both the temporary and permanent capital in their state, a trade that never materialized because Hamilton could not deliver the votes to assure Pennsylvania's victory in the residency sweepstakes; third, and most significantly, delegates from Virginia and Pennsylvania met on June 15 and agreed on a political alliance whereby Philadelphia would become the temporary capital and—a major triumph for the Virginians—the Potomac site was resurrected as the permanent residence, a compromise the Pennsylvania delegates probably accepted out of the conviction

that, once the capital moved from New York to Philadelphia, it would never move again. Doubtless there were several additional dinners, clandestine meetings, and secret sessions that have escaped the historical record. But the ones we do know about demonstrate conclusively that the compromise reached over Jefferson's dinner table was really the final chapter in an ongoing negotiation that came together because the ground had already been prepared.⁴⁰

More specifically, Jefferson's account of the dinner-table conversation distorts the truth by conveniently eliminating the preliminary negotiations, thereby giving the story a more romantic gloss by implying that three prominent leaders could solve an apparently intractable national problem by establishing the proper atmospherics. The Potomac location for the permanent capital had, in fact, already been secured. Hamilton did not need to deliver any votes on that score, though there is some evidence he agreed to help seal the Potomac deal by urging his friends in New York and Massachusetts not to spoil it. Madison did need to come up with at least three votes on assumption—here Jefferson's account is accurate—and eventually four members switched their votes, all of them congressmen from districts bordering on the Potomac. The major business of the evening, in all likelihood, was an agreement to recalculate Virginia's debt and corresponding share of the enlarged federal debt. In effect, Madison got what he had always demanded: settlement before assumption. And Hamilton did what he had unofficially implied he would do all along: manipulate the numbers to make the Virginians more comfortable with assumption.⁴¹

This last dimension of the deal was not terribly attractive, so Jefferson left it out of his account altogether. But he immediately sent out letters to his Virginia friends, confiding that the new version of the Assumption Bill would reduce the state's total obligation so that the debt assumed and the federal taxes owed would turn out, rather miraculously, exactly equal (\$3.5 million). "Being therefore to receive exactly what she is to pay," he observed triumphantly, "she will neither win nor lose by the measure." Assumption, in effect, would be a wash. The total financial package, moreover, once the Potomac location was factored into the equations, should make most Virginians smile. For the proximity of the new capital, Jefferson predicted, "will vivify our

agriculture and commerce by circulating thro' our state an additional sum every year of half a million dollars." Jefferson was only guessing, of course, and the larger significance of the Potomac site transcended any merely economic forecast, but his initial gloss on the bargain had substantive merit: It was a three-sided deal—residence, revised assumption, and settlement—and Virginia won on each score.⁴²

But would the bargain actually hold? Jefferson and Madison made their greatest contribution, not during the dinner itself, but in the months afterward, when they assured that the answer to that question remained resolutely positive. The sudden victory of the Potomac location had surprised almost everybody, since it had fallen to the bottom of the list in the spring of 1790, then somehow bobbed to the top again without any congressional debate. As a result, despite the passage of the Residency Bill in July, there was a widespread skepticism about a capital, as one New York wag put it, "Where the houses and kitchens are yet to be framed / The trees to be felled, and the streets to be named." The Philadelphia press was particularly incredulous, declaring that it was "abhorrent to common sense to suppose they are to have a place dug out of the rocky wilderness, for the use of Congress only four months in the year and all the rest of the time to be inhabited by wild beasts." The consensus in Congress was clear that, once ensconced in Philadelphia, the capital would never move to some deserted and wholly hypothetical place: "It will be generally viewed . . . as a mere political maneuver," observed one congressman. "You might as well induce a belief that you are in earnest by inserting Mississippi, Detroit, or Winnipirocket Pond as Connogocheque."⁴³

The strategy that Jefferson and Madison adopted was elegantly effective and thoroughly imperialistic. One senses Madison's matchless political savvy at work throughout the process, but also a preview of Jefferson's defiantly bold behavior thirteen years later in pushing through the Louisiana Purchase. The key strategic insight was that the residency question must never again be allowed to come before Congress, where it was certain to fall victim to the political version of death by a thousand cuts. Jefferson was particularly clear on this point: "if the present occasion of securing the Federal seat on the Patowmack should be lost, it could never more be regained [and therefore] it would be dangerous to rely on any aids from Congress or the assemblies of Vir-

ginia or Maryland, and that therefore measures should be adopted to carry the residence bill into execution without recourse to those bodies." But how could one do that, since the funds to purchase the land, the selection of the specific site, the appointment of an architect, and a host of unforeseeable but inevitable practicalities would seem to require legislative approval? The answer recalled the earliest advice half-jokingly offered by a newspaper editor when the residency question had first appeared on the national agenda: Give the decision to George Washington. Jefferson proposed in August of 1790 that the entire series of subsequent decisions about the location, size, and shape of the capital be made a matter of executive discretion, that is "subject to the President's direction in every point."⁴⁴

While congressmen continued to make sarcastic jokes about the uncertain location of the theoretical Potomac site—why not put the new capital on wheels and roll it from place to place?—Jefferson and Madison were tramping up and down the Maryland and Virginia countryside assessing the terrain. Washington listened to their report, then made the decision in January of 1791—the hundred-square-mile area stretching east from Georgetown to the mouth of the Potomac. Jefferson noticed that Washington seemed "unusually reticent" about his choice, probably because Mount Vernon adjoined the site and Washington also owned considerable acreage within its borders. He might also have felt somewhat uncomfortable knowing that this easternmost option contradicted the impression that Madison had created in the earlier debates—namely, that a more western location near the Pennsylvania border was preferred. (The Pennsylvanians, who had conceded the Potomac choice on the presumption of its proximity, were surely disappointed. Perhaps naming the central street in the new capital Pennsylvania Avenue was Washington's gesture of accommodation.) At any rate, the decision was made. And it was final. And no one in America was prepared to question a decision made by Washington, at least publicly, when rendered so summarily.⁴⁵

Every step in the decade-long process of designing and building the city predestined to carry his name was supervised by Washington. Like a military operation, it had many troops but only one commander. In late fall of 1790, Jefferson wrote Washington about the political urgency of starting construction as soon as possible: "Mr. Madison and

myself have endeavored to press . . . the expediency of their undertaking to build ten good private dwellings a year, for ten years, in the new city. . . . Should they do this . . . it will be one means of ensuring the removal of government thither." Once the buildings were up, in other words, Philadelphia's hopes would collapse. In a speech delivered as the Residency Bill was being passed in the House, Madison had noted that many observers fully expected the Potomac choice to be repealed and the capital to remain at Philadelphia: "But what more can we do than pass a law for this purpose?" he asked rhetorically, since "A repeal is a thing against which no provision can be made." Then he concluded, "But I flatter myself that some respect will be paid to the public interest, and to the plighted faith of the government." By making the implementation an executive action headed by Washington, Jefferson and Madison demonstrated that, "plighted faith" notwithstanding, they were taking no chances.⁴⁶

On the other side of the dinner-table bargain, however, they had already taken a calculated risk by betting that more favorable financial terms, plus the capture of the permanent capital, would undermine Virginia's powerful aversion to assumption. Several friends south of the Potomac had warned them that the widespread hostility toward Hamilton's financial plan defied compromise of any sort. "The Assumption under any Modification will I fear be Considered as a Bitter pill in this State," ran one typical account, and "Arguments of Accommodation will have but little Avail." The old Antifederalist coalition that Madison had opposed so effectively at the Virginia ratifying convention in 1788 believed with some justification that their cause had never really been defeated, merely outmaneuvered. Under the renewed leadership of Patrick Henry, with an able assist from Henry Lee, this powerful group mobilized against assumption in the fall of 1790 and pushed a resolution through both branches of the Virginia legislature in December. It brought together the old revolutionary rhetoric, even deploying some familiar Jeffersonian language, with all the oppositional energy of the Whig tradition, then hurled it at assumption as the new incarnation of foreign domination. Like the previous attempts by Parliament, assumption was described as a threat to Virginia's independence and "a measure which . . . must in the course of human events, produce one or other of two evils, the prostration of agriculture at the

feet of commerce, or a change in the present form of federal government, fatal to the existence of American liberty."⁴⁷

As Jefferson and Madison arrived in Philadelphia for the first session of Congress in the new but merely temporary capital, the newspapers were filled with caustic commentary on the defiant tone of the Virginia resolution:

The resolution of the Virginia Assembly respecting the Assumption of the State Debts . . . exhibits a very curious phenomenon in the history of the United States. The majority who voted in favor of the resolution, it seems, fell asleep in September 1787, (just before the rising of the Federal Convention) and did not awake till a few weeks ago; during which time the Federal Government was adopted and established throughout all the States. Their vote therefore must be ascribed to *ignorance* of what passed during their long sleep. The *Resolution* is calculated only for those years of anarchy, which preceded the general ratification of the present HAPPY NATIONAL GOVERNMENT. It is now nugatory and ridiculous.⁴⁸

Hamilton also took note of the implicit secessionist threat contained in Virginia's statement. It was, he warned, "the first symptom of a spirit which must either be killed or will kill the constitution of the United States." Back in September of 1787, just as the Constitutional Convention was completing its business, Hamilton had made a prediction: The newly created federal government would either "triumph altogether over the state governments and reduce them to an entire subordination," he surmised, or "in the course of a few years . . . the contests about the boundaries of power between the particular governments and the general government . . . will produce a dissolution of the Union." Virginia's posture toward assumption was now making his prophecy look prescient. Hamilton shared his ominous sense of the situation with John Jay, his part-time collaborator as "Publius" in *The Federalist Papers*. But he said nothing to Madison, his full-time collaborator, since it was no longer clear where Madison stood. Was he a Virginian or an American? Did he think the truly founding moment for the new nation was 1776 or 1787? These dramatic questions, as much

as the location of the capital on the Potomac, were the residual legacies of the dinner at Jefferson's.⁴⁹

FOR THE NEXT seventy years, until the outbreak of the Civil War in 1861, the essence of political wisdom in the emergent American republic was to insist that such choices did not have to be made. But the recognition that these were the competing options, the contested versions, if you will, of what the core legacy of the American Revolution truly meant, first became visible in the summer of 1790. The Constitution did not resolve these questions; it only provided an orderly framework within which the arguments could continue. Nor would it be historically correct to regard the issues at stake as exclusively or even primarily constitutional. Legalistic debates over federal versus state sovereignty were just the most accessible handles to grab, the safest and most politically suitable ways to talk about alternative national visions.

The Compromise of 1790 is most famous for averting a political crisis that many statesmen of the time considered a threat to the survival of the infant republic. But it also exposed the incompatible expectations concerning America's future that animated these same statesmen. In a sense, it is a very old story, which has been rendered even more familiar by the violent dissolution of revolutionary regimes in modern-day emergent nations: Bound together in solidarity against the imperialistic enemy, the leadership fragments when the common enemy disappears and the different agenda for the new nation must confront its differences. Securing a revolution has proven to be a much more daunting assignment than winning one. The accommodation that culminated in the agreement reached over Jefferson's dinner table provides a momentary exposure of the sharp differences dividing the leadership of the revolutionary generation: sectional versus national allegiance; agrarian versus commercial economic priorities; diffusion versus consolidation as social ideals; an impotent versus a potent federal government. The compromise reached did not resolve these conflicts so much as prevent them from exploding when the newly created government was so vulnerable; it bought time during which the debate could continue.⁵⁰

Thanks to the efforts of Jefferson and Madison, the ongoing debate would have a decidedly southern accent. In some vaguely general fash-

ion, they understood this, regarding the construction of the District of Columbia on the Potomac as a statement of Virginia's enduring influence over the federal government. Although the Virginia-writ-large view of the United States they harbored had an arrogant and provincial odor about it, their presumptions did reflect certain demographic and economic realities: Virginia contained one-fifth of the nation's total population and generated one-third of its commerce. What's more, as John Adams so nicely put it, "in Virginia all Geese are Swans," meaning that Virginia's elite genuinely believed that it had almost single-handedly launched and led the war for independence. The Old Dominion was accustomed to thinking of itself as *primus inter pares* in any confederation of states. The geographic location of the new capital played to these pretensions by making it the physical projection of Virginia. It did not matter so much that the Virginia-writ-large vision was mostly an illusion; it was a deeply felt illusion that the location of the new capital somewhat appeased.⁵¹

Although it never seemed to be part of the conscious intention of either Jefferson or Madison at the time, the isolated location and *de novo* character of the national capital had even deeper political implications. For at the start and for several decades thereafter, it remained a vast and nearly vacant plot of ground. Visitors in those early years who stopped to ask directions to the American capital were often astonished when told they were standing squarely in its center. Anyone apprehensive about the encroaching powers of the federal government must have felt a palpable sense of reassurance that the seat of power was virtually invisible. Or if, like Jefferson, one believed that cities were sores on the body politic, and agrarian values were the mainstay of American virtue, then Washington, D.C., must have seemed the perfect capital for the new republic, since it was really not a city at all. If the clustering together or consolidation of political power touched some primal nerve, conjuring up horrific scenes of courtiers in London or Paris plotting against the rights of ordinary citizens, again the American capital performed visual therapy by lacking courts, corridors, or many public buildings whatsoever. It symbolized the victory of diffusion over consolidation.⁵²

Nor were Hamilton's dreaded moneymen likely to find it a particularly hospitable environment. The pervasive emptiness and stultifying summer heat were only minor deterrents when compared with the

more elemental consideration that all the banking and commercial institutions were based elsewhere, chiefly in Philadelphia and New York. By selecting the Potomac location, the Congress had implicitly decided to separate the political and financial capitals of the United States. All the major European capitals—Berlin, London, Paris, Rome, Vienna—were metropolitan centers that gathered together the political, economic, and cultural energies of their respective populations in one place. The United States was almost inadvertently deciding to segregate them. The exciting synergy of institutional life in an all-purpose national metropolis was deemed less important than the dangerous corruptions likely to afflict a nexus of politicians and financiers.⁵³

And so while Hamilton and his followers could claim that the compromise permitted the core features of his financial plan to win approval, which in turn meant the institutionalization of fiscal reforms with centralizing implications that would prove very difficult to dislodge, the permanent residence of the capital on the Potomac institutionalized political values designed to carry the nation in a fundamentally different direction. It was also symbolic in a personal sense for Jefferson and Madison. For the Compromise of 1790 signaled the resumption of their political partnership after five years of separation. Now “the great collaboration” was truly an alliance worthy of its name.

Many of their closest friends and colleagues in Virginia had urged them to regard Hamilton’s program as clinching evidence of a foreign takeover of the national government that fully justified a withdrawal from the union. Jefferson and Madison claimed to share their apprehensions and their political principles, but not their secessionist impulses. Their strategy was different. They would not abandon the government, but capture it. Like the new capital, it would become an extension of Virginia, or at least the Virginia vision of what the American Revolution meant and the American republic was therefore meant to be. Jefferson would oversee and orchestrate this campaign and provide its rhetorical foundation, which enjoyed a privileged association with the spirit of ’76. Madison would actually lead the troops and do the necessary political infighting. Though it would not be easy, and would take the remainder of the decade to accomplish, that is pretty much what happened.

