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TITAN *and* THE HOUSE OF MORGAN

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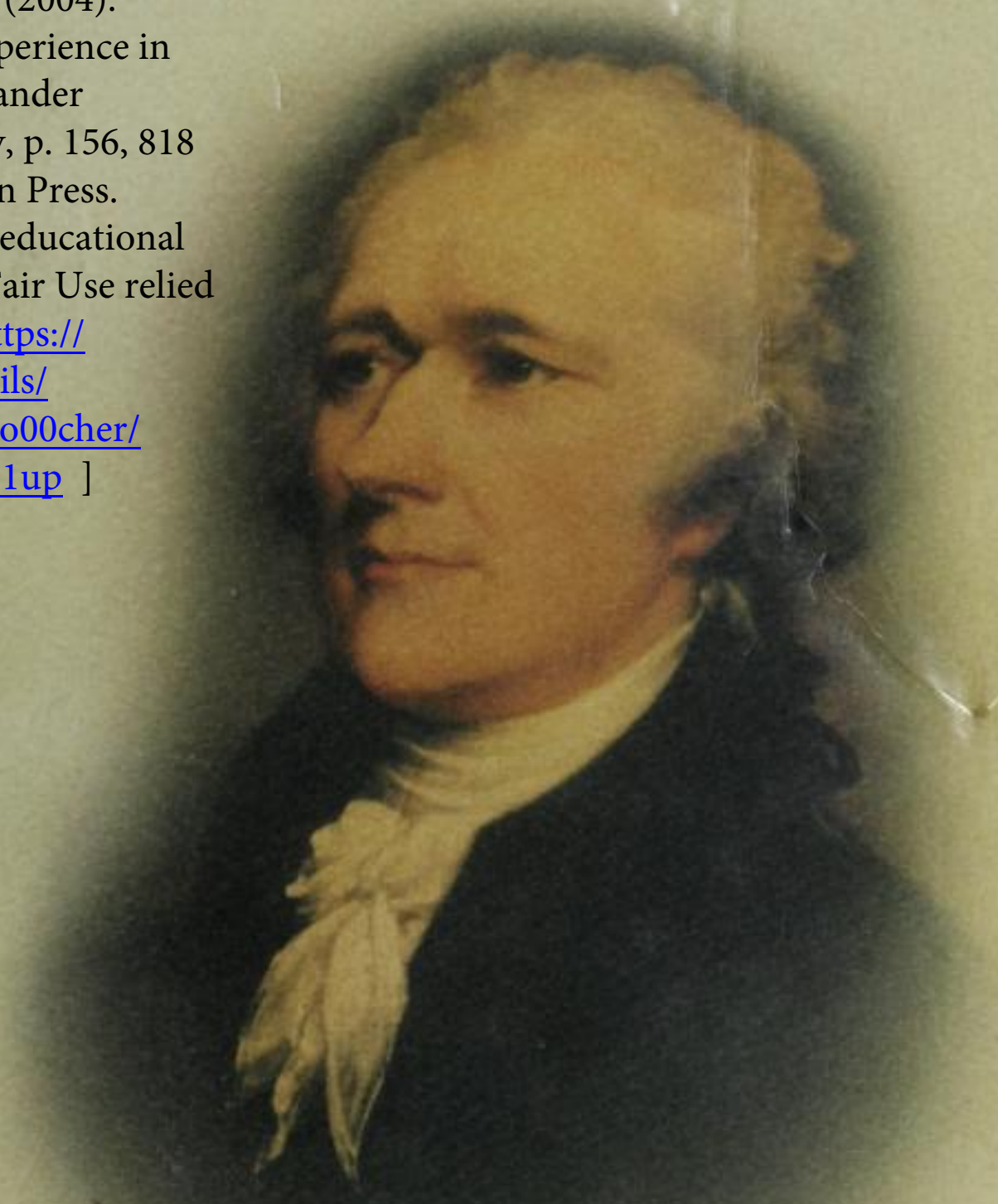

ALEXANDER HAMILTON

the other hand, critics had accused him of exploiting his government connections for personal gain.

A lowly figure beside the august Morris, Hamilton wanted to establish his intellectual bona fides with the new superintendent of finance. Before writing to him, Hamilton brushed up on money matters and had Colonel Timothy Pickering send him some primers: David Hume's *Political Discourses*, tracts written by the English clergyman and polemicist Richard Price, and his all-purpose crib, Postlethwayt's *Universal Dictionary of Trade and Commerce.* On April 30, 1781, Hamilton sent a marathon letter to Morris—it runs to thirty-one printed pages—that set forth a full-fledged system for shoring up American credit and creating a national bank. Portions of this interminable letter exist in Eliza's handwriting (complete with her faulty spelling), as if Hamilton's hand ached and he had to pass the pen to his bride at intervals. Hamilton started out sheepishly enough: "I pretend not to be an able financier. . . . Neither have I had leisure or materials to make accurate calculations."[8] Then he delivered a virtuoso performance as he asserted the need for financial reforms to complete the Revolution. "'Tis by introducing order into our finances—by restoring public credit—not by gaining battles that we are finally to gain our object."[9]

Hamilton forecast a budget deficit of four to five million dollars and doubted that foreign credit alone could trim it. His solution was a national bank. He traced the riches of Venice, Genoa, Hamburg, Holland, and England to their flourishing banks, which enhanced state power and facilitated private commerce. Once again, he plumbed the deep sources of British power. Where others saw only lofty ships and massed bodies of redcoats, Hamilton perceived a military establishment propped up by a "vast fabric of credit. . . . 'Tis by this alone she now menaces our independence."[10] America, he argued, did not need to triumph decisively over the heavily taxed British: a war of attrition that eroded British credit would nicely do the trick. All the patriots had to do was plant doubts among Britain's creditors about the war's outcome. "By stopping the progress of their conquests and reducing them to an unmeaning and disgraceful defensive, we destroy the national expectation of success from which the ministry draws their resources."[11] This was an extremely subtle, sophisticated analysis for a young man immersed in wartime details for four years: America could defeat the British in the bond market more readily than on the battlefield. Hamilton had developed a fine appreciation of English institutions while fighting for freedom from England. In the letter's finale, he contended that America should imitate British methods and exploit the power of borrowing: "A national debt, if it is not excessive, will be to us a national blessing. It will be powerful cement of our union."[12]

Clearly, Hamilton was in training to superintend American finance someday. In

late May, Morris sent him a flattering reply, informing him that many of his opinions tallied precisely with his own. Congress had just approved Morris's plan for the Bank of North America, a merchant bank that he hoped would be expanded after the war to encourage commerce. This exchange of letters initiated an important friendship. During the next few years, Hamilton and Morris were kindred spirits in their efforts to establish American finance on a sound, efficient basis.

Hamilton continued to stew about the Articles of Confederation, which had been ratified belatedly by the last state on February 27, 1781. Hamilton thought this loose framework a prescription for rigor mortis. There was no federal judiciary, no guiding executive, no national taxing power, and no direct power over people as individuals, only as citizens of the states. In Congress, each state had one vote, and nine of the thirteen states had to concur to take significant actions. The Articles of Confederation promised little more than a fragile alliance of thirteen miniature republics. Hamilton had already warned that if the ramshackle confederacy fostered the illusion that Congress had sufficient power, "it will be an evil, for it is unequal to the exigencies of the war or to the preservation of the union hereafter."[13] Again, Hamilton appealed for a convention to bring forth a more durable government.

That the thirteen states would someday coalesce into a single country was far from a foregone conclusion. Indeed, the states had hampered many crucial war measures, such as long-term enlistments, from fear that their troops might shed their home-state allegiances. People continued to identify their states as their "countries," and most outside the military had never traveled more than a day's journey from their homes. But the Revolution itself, especially the Continental Army, had been a potent instrument for fusing the states together and forging an American character. Speaking of the effect that the fighting had on him, John Marshall probably spoke for many soldiers when he said, "I was confirmed in the habit of considering America as my country and Congress as my government."[14] During the war, a sense of national unity seeped imperceptibly into the minds of many American diplomats, administrators, congressmen, and, above all, the nucleus of officers gathered around Washington. These men had gotten many dismaying glimpses of the shortcomings of the Articles of Confederation, and many later emerged as confirmed advocates of a tight-knit union of the states.

As a member of Washington's family, Hamilton had stumbled upon the crowning enterprise of his life: the creation of a powerful new country. By dint of his youth, foreign birth, and cosmopolitan outlook, he was spared prewar entanglements in provincial state politics, making him a natural spokesman for a new American nationalism. As soon as he left Washington's staff, he began to convert his private opinions into cogently reasoned newspaper editorials. In July and August 1781, he published a quartet of essays in *The New-York Packet* entitled "The Conti-

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