The Social and Political Origins of the
American Business Corporation, 1787-1861

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The Social and Political Origins of the American Business Corporation, 1787-1861

A dissertation presented

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The Social and Political Origins of the American Business Corporation, 1787-1861

Abstract

Why did the business corporation become so common in 19th century America? I argue against prevailing explanations for corporate proliferation that point primarily to the power of capitalist elites or to selection by market forces. Instead, I explain corporate development by demonstrating the importance of democratization to institutional change. Using a combination of historiographical and quantitative methods, I argue that the American business corporation was “democratized” through increasing popular participation in politics. Furthermore, I argue that this popular engagement in corporate law was not narrowly “economic” in nature, but was undertaken in an effort to create a more egalitarian and republican society. I pay special attention to how ideas about republican society and democratic governance interacted with the American party system to reshape corporate development. In particular, I argue that the Jacksonian Democrats played an integral role in corporate development because they helped popularize an understanding of the corporation as a good fit for American democracy. In so doing, Democrats blunted the critiques of the corporation that had the most cachet in American culture, thereby paving the way for corporate expansion after the Civil War.
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Acknowledgements

My dissertation is a quixotic attempt to provide the intellectual underpinnings for a new understanding of the business corporation. Of course, as any student of corporations instinctively understands, this project could not have been achieved alone. Like most worthwhile endeavors, it was the result of pooled intellectual capital—and much of this pooling was facilitated by Harvard University, chartered in 1636, making it one of the oldest corporations in the United States.

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Why write a sociology dissertation about early 19th century corporations? I chose this topic for a variety of reasons, including simply that I have long been fascinated by antebellum history. However, I also saw this dissertation as an opportunity to undertake the kind of intellectual project for which historical sociology is uniquely well suited: the denaturalization of taken-for-granted concepts. If you read any number of popular commentaries on the corporation, even those with a decidedly anti-corporate bent seem to treat the corporation as a natural actor in a modern capitalist society: *Of course the corporation has always existed.* The corporation, it seems, doesn’t require an origin story. What’s more, even proponents of corporate regulation seem to operate within an ideological framework where the ur-market is one that is populated by powerful corporations who are simply bigger versions of private citizens in terms of the rights that adhere to them in the marketplace. Regulations are restrictions on powers that corporations, by their nature, could otherwise exercise freely. The corporation is primordial, laissez faire is traditional, and—as their very names suggest—the Progressive and the New Deal regulatory apparatus are the innovations. In this commonsense view, the state does not giveth power and privileges to corporations, but it very definitely taketh away.

Of course, there are a large number of excellent historical studies of the evolution of the corporate firm. The most influential of these in sociology, however, often seem to focus on the question of “How did corporations get to be so big and powerful?” (e.g. Lamoreaux 1985; Roy 1997). These histories tend to reach back to the Gilded Age, or
more rarely all the way back to Rockefeller in the 1860s. But no matter the case, they start with a world inhabited by many, small private corporations and they focus on the process by which these were replaced by a few, very large corporations. Much less rarely do corporate histories ask: why are corporations seen as private market actors? Why do corporations exist at all? Again, the corporation comes across as a permanent and eternal fixture in the capitalist system—corporations have always existed, more or less, like they do today.

**Corporate Origins and Constitutional Originalism**

I believe that these popular understandings of corporate history matter. For what it’s worth, so does former Supreme Court Justice John Paul Stevens, who authored a scathing valedictory dissent in the infamous *Citizens United* decision. I reproduce Stevens’ dissent at length, as it represents the most legally consequential discussion of early corporate history in recent decades.¹

Let us start from the beginning. The Court invokes “ancient First Amendment principles” and original understandings to defend today’s ruling, yet it makes only a perfunctory attempt to ground its analysis in the principles or understandings of those who drafted and ratified the Amendment. Perhaps this is because there is not a scintilla of evidence to support the notion that anyone believed it would preclude regulatory distinctions based on the corporate form. To the extent that the Framers’ views are discernible and relevant to the disposition of this case, they would appear to cut strongly against the majority’s position.

¹ For the sake of readability, I have removed in-text citations and references to the majority opinion. However, I have reproduced Steven’s citations in footnotes, as these are of some bibliographic interest. Steven’s full dissent is available online at https://supreme.justia.com/cases/federal/us/558/310/cdinpart.html.
This is . . . because the Framers and their contemporaries . . . held very different views about the nature of the First Amendment right and the role of corporations in society. Those few corporations that existed at the founding were authorized by grant of a special legislative charter. Corporate sponsors would petition the legislature, and the legislature, if amenable, would issue a charter that specified the corporation’s powers and purposes and “authoritatively fixed the scope and content of corporate organization,” including “the internal structure of the corporation” (Hurst 1970: 15-16). Corporations were created, supervised, and conceptualized as quasi-public entities, “designed to serve a social function for the state” (Handlin and Handlin 1945: 22). It was “assumed that [they] were legally privileged organizations that had to be closely scrutinized by the legislature because their purposes had to be made consistent with public welfare” (Seavoy 1982: 5).

As will become clear, I substantially agree with the broad outlines of Stevens’ interpretation of the early corporation as a quasi-public institution. However, Stevens’ ability to explain why early Americans were suspicious of the corporation and why they supported the states’ regulatory powers over the corporate form is rather anemic:

The individualized charter mode of incorporation reflected the “cloud of disfavor under which corporations labored” in the early years of this Nation. Thomas Jefferson famously fretted that corporations would subvert the Republic. General incorporation statutes, and widespread acceptance of business corporations as socially useful actors, did not emerge until the 1800’s.

The Framers thus took it as a given that corporations could be comprehensively regulated in the service of the public welfare…. [I]t seems to me implausible that the Framers believed “the freedom of speech” would extend equally to all corporate speakers, much less that it

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2 See Fletcher (2006: 8); see also Louis K. Liggett Co. v. Lee, 288 U. S. 517, 548–549 (1933) (Brandeis, J., dissenting) (discussing fears of the “evils” of business corporations); Friedman (1985: 194): “The word ‘soulless’ constantly recurs in debates over corporations…. Corporations, it was feared, could concentrate the worst urges of whole groups of men.”

would preclude legislatures from taking limited measures to guard against corporate capture of elections.

The thinness of Stevens’ explanation matters because, as he astutely notes, Scalia takes refuge in the silence of the Founders on the narrow matter under discussion:

Justice Scalia criticizes the foregoing discussion for failing to adduce statements from the founding era showing that corporations were understood to be excluded from the First Amendment’s free speech guarantee. Of course, Justice Scalia adduces no statements to suggest the contrary proposition, or even to suggest that the contrary proposition better reflects the kind of right that the drafters and ratifiers of the Free Speech Clause thought they were enshrining. Nothing in his account dislodges my basic point that members of the founding generation held a cautious view of corporate power and a narrow view of corporate rights (not that they “despised” corporations). If no prominent Framer bothered to articulate that corporate speech would have lesser status than individual speech, that may well be because the contrary proposition—if not also the very notion of “corporate speech”—was inconceivable.

…The Court enlists the Framers in its defense without seriously grappling with their understandings of corporations or the free speech right, or with the republican principles that underlay those understandings.

To my mind, Justice Stevens has the better of Justice Scalia in this debate: If all corporate rights were ultimately given to corporations by the state in order to facilitate their pursuit of a very specific common good, then it absolutely follows that the states would be allowed to regulate corporate spending on elections—or alternately, the states had no need to regulate these activities because the state had never granted corporations these specific powers in the first place. However, the purpose of this dissertation is not to make an originalist argument against the majority decision in Citizens United. Rather, I have reproduced Stevens’ dissent in order to show that understandings and

4 See Lamoreaux and Novak’s (2017) excellent edited volume for a more extensive discussion of this matter.
misunderstandings of corporate history continue to influence contemporary legal, regulatory, and judicial decision making around the corporation. I am not naïve enough about the nature of originalist jurisprudence to think, “If only Justice Scalia had read this dissertation, things would have been different.” Nonetheless, as a historically oriented scholar, I am inclined to the conviction that the origins of our institutions are relevant to jurisprudence—especially when those origins are democratic in nature.

In principle, originalism has an elective affinity with historical sociologists. Originalists would likely agree with the majority of contemporary sociologists who reject functionalist explanations of social phenomena. If we theorize institutions by focusing on the functions that an institution performs in the present, we risk misunderstanding the intentions of the social actors who created and shaped that institution in the past. In a democracy, such a misunderstanding is no small thing. However, unlike current instantiations of originalism, historical sociologists are not concerned narrowly with the views of a policy’s originators. Historical sociologists move beyond a focus on starting points and toward understanding the historical process of democratic policymaking. That is, the goal is to understand the collective mindset of all the actors who have engaged in institutional and contentious politics in the effort to shape that institution over time.

Originalism, then, is too narrow of a lens for social analysis. It attempts to render history—including our own democratic history—inert. If we value the ongoing contributions of a sovereign people to their nation’s institutions, then the entire political history of an institution is part of its legal meaning. Furthermore, to fully respect the contributions of democracy to institutional evolution, the analyst must attempt to separate, where possible, the intent of political reforms from their eventual outcomes. In
the 1830s no less than today, many political actors were operating with incomplete and erroneous models of the political economy (Blyth 2003).

Returning to the evolving meaning of the modern business corporation, undoubtedly we would agree that the 21st century business corporation bears little resemblance to America’s first business corporation, created in New York in 1675 through a “proposall [sic] of Settling a Fishery in these Parts” (Davis 1913a: 92). But for anyone who wants corporate policy to better reflect the will of a sovereign democratic people, the question to ask is why does the contemporary corporation look so different from that of the Framers? What were the American people trying to achieve?

**When Does American Corporate History Begin?**

If we accept the view that the political history of an institution contributes to its contemporary meaning, then it matters where in history we start. Starting points determine which historical episodes we consider to be relevant to the present, and which historical episodes should be relegated to the curiosity of the antiquarian. So where should students of the American corporation begin? Many prominent corporate histories start in the late 19th or early 20th century. Perhaps because of this, the layperson’s understanding of the corporation roughly begins in this era as well: Rockefeller, Carnegie, amalgamation, big steel, big oil, intercontinental railroads, and trust busting. This was undoubtedly a pivotal era in corporate history. However, by the late 19th century, many of the most fundamental aspects of the corporation had already been
established (Schocket 2007: 10)—so to truly understand corporate transformation, we must look earlier.

But how much earlier? To Rome, Byzantine, and Medieval Europe (Berman 1983)? To Florence (Padgett and McLean 2006; Padgett 2012)? While there are certainly important theoretical issues at stake here, and strictly speaking there is an evolutionary history that links Roman *collegia* to the modern corporate form, we can safely dismiss the intentions of Roman, Medieval, and Renaissance institution builders as irrelevant to the meaning of contemporary American corporations, at least inasmuch as meaning is understood as the crystallization of democratic policymaking. So what about a later date: the great 17th century trading companies (Adams 1996; Carruthers 1996; Erikson 2014)? These do have more relevance, as early American understandings of the corporate form were surely shaped by the American colonists’ interactions with Dutch and English trading companies (see, for example, the quotes that begin the next chapter). However, these quasi-state actors strike me more as the great-uncles rather than the grandparents of the contemporary business corporation: they share some DNA, but there is no line of direct descent. As such, I think the trading companies are mostly important as historical context for the domestic struggles over the corporate form that would later occur.

As I will argue, a history of the American business corporation rightfully begins at the time of the American Revolution. It was during this era that Americans first grappled with the role that corporations should play in a republican society, where sovereignty had recently been relocated from a monarch across the sea to the abstraction of “We the People.” It was during this era of pamphlets and public political theorizing that Americans debated the nature of sovereignty and how to draft ideal constitutions
(that is, charters) that would best support republican societies. And during this period, Americans created a corporation along the lines outlined by Justice Stevens, quoting Seavoy (1982: 5): “legally privileged organizations that had to be closely scrutinized by the legislature because their purposes had to be made consistent with public welfare.” I will refer to such an organization as the “public interest corporation.”

What is at stake at starting our history with these corporate hybrids of state and market, subject to public and private governance, rather than starting with the private corporations of the early 20th century? Most simply, starting points influence which features of our social environment we see as being natural and which we see as innovations. If we see the private, unregulated corporation of the Lochner Era as the ur-corporation, then regulation seems to us to be an innovation: an artificial encumbrance on the natural preexisting freedom of corporate action. Starting with the “public interest corporation” changes how we view the relationship between state and corporation: The New Deal was not an abrogation of the natural rights of the corporation, but was a regulatory response to the loss of state control from the Jacksonian to the Lochner Eras. The New Deal was traditionalist.

With this longer perspective, we see that there is no “natural” state for the corporation, but that the corporation is a culturally-inflected politically-created institution that can be molded to satisfy any number of societal and economic needs. I see such a history as an antidote to platonic views of the corporation--the idea that unfettered competition has shaped the contemporary corporation into the one and only most efficient mode of organizing production in a capitalist society, and that any deviation from this platonic model sets the country down the road to tyranny. Ironically, this view which
celebrates the unparalleled efficiency of the corporate form also presents corporations as surprisingly delicate mechanisms, sure to breakdown if we use the political process to influence them in any way.

However, I also see this project as an antidote to those who think that the adjective “corporate” is inherently derisive. Nothing in my vast reading on corporations has dissuaded me from the basic insight of Ronald Coase (1937): it’s efficient that some transactions occur within the marketplace, while others occur within the bounds of the corporate bureaucracy. My motivation for writing about corporations, then, does not come from a place of being pro-corporation or anti-corporation. If anything, my normative commitments can be summarized as being pro-democracy. My conviction is simply that corporations are instruments created by a sovereign people, and as such corporations should continue to be created and shaped by democratic processes in the pursuit of the public welfare.

At stake is more than our political will to regulate business—though in an era of climate change, financial crisis, and growing inequality such a stake is considerable enough. But beyond those concerns, our impoverished thinking on the role of the corporation as a purely private actor becomes even more consequential as such habits of thought leak out of the business sector and begin to contaminate what we expect from other public institutions. An impoverished understanding of corporations naturalizes an increasingly common way of thinking about nations, states, public schools (Rooks 2017), universities (Berman 2012), prisons (Eason 2017), health systems (Reich 2014), the military (Singer 2003), and so on: that these should also be run “like corporations,” as institutions understood to be creatures of the market and the market alone. The
ramifications of these understandings are many. Following Selznick (1957), Brayden King (2015: 158) writes that as organizations develop an understanding of their own character, organizational leaders develop “an internal blueprint for decision-making, inasmuch as character underlies any process of evaluation and discretion.” Furthermore, external audiences begin to assess organizations in relation to their character, rewarding them for living up to expectations and punishing them for deviating from them (King 2015: 160-161). As efficiency and profitability become increasingly valued characteristics, they threaten to crowd out the civic obligations of institutions.

But notably, if we see the “public interest corporation” of the founder’s generation as the ur-corporation, the analogy between corporations and public organizations reads very differently. In this telling, corporations—like universities, prisons, and hospitals—-are not natural, but called into existence inasmuch as they benefit the community. A sovereign people has gifted these institutions powers and privileges that are counterbalanced by duties and obligations. These sets of expectations produce a very different normative environment for today’s corporations. While I make no pretense that a return to the expectations we had for corporations in the 18th century is possible or desirable, a more public-minded understanding of the corporation does persist in our collective memory (Davis 2009; Mizruchi 2013). Despite the pessimism of close observers of the American corporation like Davis (2016), I believe that a return to the political culture around corporations during the post-war era is both possible and desirable.

An Instrument of a Sovereign People
One of the most pleasant surprises in my research for this dissertation was my discovery of the depth of American democracy in the antebellum era. I say “depth,” not “breadth.” I know full well that the founding generation excluded vast swaths of the population from political participation on the basis of sex, race, and property-ownership. Indeed, I believe that early American elites were only comfortable with such vigorous exercise of their sovereignty because they knew so many other Americans were excluded from political rights (e.g. Woodward 1951: 65-66). Nonetheless, when reading about antebellum political engagement, I could not avoid the feeling that our own political culture is anemic in comparison. Any number of social scientists and political theorists would tend to agree (Brown 2015; Pacewicz 2016).

What accounts for the vibrancy of early American political life? Was this mainly due to the heady feeling these men experienced thanks to living at the dawn of a new era in human history? Was this feeling of agency borne of operating in a political arena free not just from feudal concentrations of power (Hartz 1955), but also from “iron triangles” (Jordan 1981), policy networks (Laumann, Knoke, and Kim 1985), and ossified interest groups (Olson 1982)? Perhaps, but there may also have been an underlying cultural basis for this feeling of agency. Despite the supposed weakness of the early American state (cf. Novak 1996; Balogh 2009), political actors in antebellum America shared a conviction that the polity came first, and that state and local governments should be allowed to use whatever tools were available to them in order to shape the nation according to shared and democratically-arrived-at goals. It is to the everlasting detriment of this country that as political participation broadened—to include Catholic immigrants, non-Europeans,
wage laborers, freed slaves, and women—the conception of “the political” shrunk. The expansion of corporate rights was a part of this story of disappearing sovereignty—corporations protected vast swaths of economic activity behind the protective label of “private property” and “market activity” (Schocket 2007).

Today, the corporation is subject to more regulations than it was in the 19th century, yet it feels less responsive to communal interests. Is this simply due to corporate size? Undoubtedly this is a part of the explanation—even powerful governments struggle to control today’s transnational behemoths. But it was worth noting that while Americans at the turn of the century increasingly felt the diminishment of local autonomy (Weibe 1967), cities and mega-corporations nonetheless seemed to flourish together, as if they had shared fates: Detroit and General Motors, Bethlehem and Bethlehem Steel, Hershey and the Hershey Food Company, and so on. Size alone cannot explain this change.

Rather, the locus of control of corporations seems to have shifted away from state and community and toward placeless financial markets (Davis 2009). The explanations for this shift are myriad. Financial economics popularized the “shareholder theory of value” around the same time as ownership of corporations was concentrating in large investment funds (Dobbin and Jung 2010; Davis 2013). Meanwhile, state actors have long systematically privileged claims originating from profit-seeking investors over those claims originating in civil society (Gershenson 2015). These processes were reinforced by the increasing competition American corporations faced from the rapid industrialization of non-Western countries in the late 20th century.

This loss of communal influence over corporations (or the departure of corporate capital altogether) is important, not least of all because modern corporations continue to
fulfill many important social and economic functions. Corporations stratify; they can create or ameliorate inequalities (Kanter 1977; Dobbin 2009; Rivera 2015; Lindsey and Teles 2017). They pollute, to an extent that so far has nearly destroyed communities (Hochschild 2016) and states (Gaventa 1980), but which if left unchecked could mortally wound industrial society.

Yet more subtly, loss of control over corporations has contributed to cultural shifts. As the private corporation and the theory of shareholder value achieve taken-for-granted status, corporate rights increasingly take precedence over non-pecuniary claims on the corporation. This gives away the game. In a country where over 50% of the private workforce is employed by large enterprises with 500 employees or more (Caruso 2015), this privileges *homo economicus* and dismisses *homo politicus*. As I show in this dissertation, this reverses the ordering established at the time of the Constitution. I recreate an era when the corporation was an instrument of *homo politicus* first and foremost. Corporations were granted privileges *because* they were seen as serving the public interest. These privileges were counterbalanced by duties and obligations. No one doubted that corporations existed to serve the common interest. It was merely nice that in the process of serving that interest, many men became wealthy.

**The Sovereign People Become Supplicants**

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What have we lost along with our sense of control over the fate of communities? It’s more than just the sum of the particulars: a closed factory here, capital channeled toward speculative finance rather than productive investment there. Localities have become supplicants to corporate capital—witnessed in truly spectacular fashion in the media frenzy over Amazon’s HQ2 in 2017. Communities have internalized their role as supplicants in ways that vitiate the exercise of local democracy (Hochschild 2016; Pacewicz 2016). As localities lure corporations with ever growing tax breaks (Kenyon, Langley, and Paquin 2012; Bartik 2017), citizens come to expect even less public spending—unless that spending should somehow benefit a corporation.

For example, take the case of Wisconsin and the Taiwanese electronics manufacturer Foxconn. In exchange for gracing Wisconsin with its capital, Foxconn has won a carve out from equal treatment before the law. Governor Scott Walker and the Wisconsin state legislature, that is, seem to have reinvented the special charter. The Foxconn bill exempts the electronics manufacturer from a number of environmental protections that still affect other Wisconsin manufactures (Verburg 2018). Foxconn would be permitted to change the course of streams without obtaining a permit, begin construction of projects without producing environmental impact statements, and would be exempt “from another state law that requires business to create new wetlands when they get permits to fill existing ones” (Johnson 2017). The bill also grants Foxconn privileged treatment in the state judicial system, as it “gives Foxconn an unprecedented expedited appeals process and allows the Wisconsin Supreme Court to take certain cases directly from the circuit court, skipping the state appeals court” (Bauer 2017).

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Whereas in antebellum America, states chartered corporations in order to incentivize the construction of infrastructure, Wisconsin is now building infrastructure in order to lure Foxconn. For example, the state “would borrow $252 million to expand I-94 south of Milwaukee” (Johnson 2017) in order to service the new plant. Other costs include $140 million for utility improvements and an additional $134 million for road improvements (Sommerhauser 2018). Because unemployment is already so low in Wisconsin, another $6.8 million will be spent on an advertising campaign to lure out-of-state workers (Isidore and Horowitz 2017). The point here is not that infrastructure spending is bad—in general, it is good. However, it does speak volumes that the legislature was unable to gather the political will to build this infrastructure until the moment when it could be seen as serving the needs of a corporation. Similarly, whereas states once chartered companies in part to bolster their revenues (Hartz 1948), the Foxconn deal is expected to cost Wisconsin, Racine County, and the Village of Mount Pleasant over $4 billion dollars (Sommerhauser 2018). Assuming that Foxconn remains in business in Wisconsin, this expenditure will not be recouped until 2043. Unlike in antebellum America, it’s clear that state legislatures are no longer the ones calling the shots. As Fisher (1985: 17) put it decades ago, echoing Karl Polanyi:

The local public, originally in the position of granting to corporations the privilege of doing business, is now in the position of bribing the corporation with tax concessions in order to be allowed the privilege of continuing to exist in an economically viable community. Communities, it turns out, are but another resource—like capital, land, and labor—to be transformed into a commodity by the forces of economic power in the marketplace.
In the following chapters, I will often come back to issues of power and sovereignty, and whether corporations appear to Americans as instruments or as threatening agents. I will attribute much political action to the fears of artisans and other middling producers that their independence was disappearing among onslaught by corporations. Today, we find ourselves in an analogous situation, as communities and even entire states seem to have become dependent on corporations. That this state of affairs would be troubling to the Framers of our Constitution is putting it mildly. Streeck (2016: 13) describes this situation as the “pulverization of collective agency” in late capitalism. Whether the societies of the world transition to the next stage of history in an orderly or a chaotic manner depends largely on our ability to reform the most potent forms of “collective agency” available to us.

Though this dissertation does not focus on the 21st century, my immersion in early corporate history has led me to consider roughly three possible paths for the future. The first path is the republican path, named not for any political party but for the political philosophy that views freedom as deriving from self-governance, and which many believe has characterized American political culture of the founding generation (Wood 1991). This path recognizes that democratic governance becomes something of a shell when voters are economically dependent on a handful of actors. The lodestar of republican theorists, after all, is non-dependence or non-domination. The goal here is for communities and states to reclaim their independence and reassert precedence over corporations. This path necessarily requires higher taxes, state creation of jobs, the provision of universal rights to income and healthcare, and likely the socialization of some portion of the nation’s capital. The basic insight is that a community freed from
dependence on a single corporate actor is better able to use the democratic process to deliberate over precisely which duties and obligations, rights and privileges it wants to extend to corporations—or exactly how willing it is to bend over backward to keep (or lure) capital.

The second path is one of acceptance and adjustment: if communities are to remain dependent on corporations, we should at least adjust our system of checks and balances with this knowledge. Federalism has many desirable qualities, but reforms that slow down the race-to-the-bottom in the pursuit of corporate capital would be called for. A relatively non-controversial example would be to end the practice whereby states reimburse localities for offering generous tax exemptions to corporations. This practice allows corporations to create intra-state bidding wars: good for shareholders, bad for taxpayers and recipients of state services (Fisher and Peters 1998; Bivens and Blair 2017). This path regrettably requires that state and national laws further restrict communal control and local experimentation, but this can be justified inasmuch as the current economic structure has already de facto eliminated such communal control. The third path, of course, is staying the course. As the decades long loss of faith in our institutions shows, this leads nowhere good.

If there are grounds for a cautious optimism, it is that American democracy has made, and remade, corporations in every generation. Although I have my differences with Thomas Jefferson, I can fully endorse his statement in the wake of the Dartmouth decision that the earth should belong to the living, not the dead (Wood 2009: 466). Corporations are neither our friends nor enemies, but instruments that citizens should be allowed to shape and regulate so that they help us to achieve democratically-determined
conceptions of the public good. I embrace a democracy that is both broad and deep, and such a democracy is not possible given current judicial and legal treatment of corporations.

So I return to my original question: How did we get here? In the following, I will argue that the evolution of the American business corporation must be understood with reference to the exercise of sovereignty through popular participation in institutional and contentious politics. Furthermore, I argue that at key junctures, this popular engagement in corporate law was undertaken in an effort to create a more egalitarian and republican society. These efforts failed—for reasons I will also explore—but I would argue that we in the 21st century should honor the intent of these political actions over their outcomes. The corporation that a majority of Americans wanted to create was not the one with which we are now so familiar.
Chapter 1:  
The Origins of the American Business Corporation, 1787-1861

In 1791, Alexander Hamilton and others incorporated the “Society for Establishing Useful Manufactures” in New Jersey. The privileges granted to this corporation aroused controversy among Americans still animated by “the spirit of ’76.” “A Farmer” wrote:

It is truly a phenomenon, that a free people should so readily plant a Scion of arbitrary power, in a soil still moist with the blood of martyrs to liberty: and that a wise people should think of encouraging manufactures and industry, by lotteries and monopolies. (Davis 1913a: 429)

Meanwhile, a Philadelphia newspaper warned:

Corporations with exclusive privileges, have ever been deprecated as evils by the friends of equal liberty. Attempting to increase them in England, was one of the causes of that civil war, which brought Charles 1st to the scaffold; and in modern times, it claims a share in producing an event still more important. I allude to the French Revolution. (Davis 1913a: 430)

These authors, convinced of the dire consequences from chartering a single corporation, would hardly be able to believe that over the next century, rates of incorporation would only increase. How did the corporation – with its feudal and aristocratic associations, its establishment of legal inequalities, and its tendency to create material inequalities – became not just so large, but so common? If the corporation was inherently illiberal — as many American politicians, editorialists, and voters believed — then why did the overwhelmingly liberal United States (Hartz 1955) become the preeminent corporate economy (Sylla and Wright 2013)? Partnerships provided a viable
organizational alternative to corporations for the development of industry (Perrow 2002; Lamoreaux 2004), while the state itself was a viable organizational alternative for the development of infrastructure (Dobbin 1994; Roy 1997)—so why the corporation?

Scholars have implicated the corporation in shaping nearly every aspect of American society, including its class system (Dahrendorf 1959; Davis 2016), welfare system (Quadagno 1984), its culture (Trachtenberg 1982), its public religiosity (Kruse 2015), and the concentration of wealth and power such that Perrow (2002) now calls the United States a “society of organizations”. The corporation was unusually prominent in early American development (Sylla and Wright 2013), but its influence has not been limited to the New World (Djelic 1998; Hall and Soskice 2001; Mares 2003). Social scientists have investigated the early modern antecedents of the corporation (Adams 1996; Erikson 2014) as well as what caused massive corporations to become the dominant mode of organizing economic behavior in the late 19th and 20th centuries (Lamoreaux 1985; Fligstein 1990; Roy 1997; Prechel 2000; Perrow 2002). However, surprisingly little attention has been paid to the legal and cultural groundwork laid for the corporation between the ratification of the Constitution and the Civil War, even though many of the fundamental questions surrounding the modern corporation were worked out during this era, “only to be repeated and elaborated upon by later practitioners” (Schocket 2007:10). This period witnessed the weakening of cultural resistance to a legal form that was once seen as a vestige of a bygone era — an era which Americans had spilt blood to put behind them.

There are many aspects of corporate development that are now taken for granted, but are more surprising from a historical perspective. Foremost among these changes is
the withering away of the “public interest corporation:” an understanding of corporations as quasi-public entities, subject to democratic oversight, and similar in many cases to government agencies, brought into existence by the state in order to accomplish a concrete public good (Hurst 1970; Seavoy 1982; Maier 1993). The state would grant corporations valuable privileges — such as limited liability, entity shielding, monopoly rights, and eminent domain — which were either state-like or otherwise unachievable through contracting in a free market (Ciepley 2013). The state could also grant corporate employees special privileges such as exemption from taxation and military service (e.g. Maier 1993: 67). These valuable privileges were only justified by the corporation’s quasi-public nature. As one judge said in 1805, “It is difficult to conceive of a corporation established for merely private purposes” (Wood 2009: 465).

The intimate relationship between the sovereign and corporations was most apparent in the fact that the creation of corporations required a special act of the legislature. New York’s constitution was especially stringent, as it stipulated that two-thirds of the legislature must approve before petitioners be granted corporate privileges by a special charter (Seavoy 1982: 95). Not just the specific privileges of a corporation, but its entire existence, was theoretically dependent on the popular will: corporate charters could be revised or revoked by state legislatures at any time as long as they included a “reserve clause.”

Yet by the Civil War, both the corporate form and popular attitudes toward the corporation had undergone major changes. The public good conception of the corporation had not died out entirely, but it was weakening (Seavoy 1982; Hurst 1970). By 1860, 12 of the 33 states had amended their constitutions to require that corporations be chartered
through “general incorporation laws” rather than special acts (Evans 1948: 11). These laws standardized the chartering process for corporate aspirants, thus removing the state legislatures’ discretion over corporate privileges.\(^7\) Although the special chartering system would survive in some states through the 19th century (Hamill 1999; Butler 1985), the willingness of so many states to voluntary abdicate their major source of influence over corporations is surprising. These laws speak powerfully to the acceptance the corporate form had achieved by mid-century.

**The Surprising Rise of the Corporation in a Young Republic**

This dissertation is defined most simply by its subject material: it is concerned with the evolution of the corporate form in the United States from the time of the Constitution to the Civil War. I have chosen to study the corporation in this period for several reasons. I believe that the antebellum era is understudied in sociology despite the foundational role it has played in American society. During this period, Americans first grappled with immigration, nativism, and the hardening of the color line (Saxton 1990). More central to my intellectual project, it was during this era that Americans first experimented with mass democracy, mass parties, and populist movements (Formisano\(^7\)).

\(^7\) An interesting parallel exists between the move to general incorporation laws and other liberal reforms in American history. For example, Naomi Murakawa (2014) in *The First Civil Right: How Liberals Built Prison America* shows how liberals tried to make the justice system fairer by taking discretion away from judges. While there is little doubt that judicial discretion tended to benefit the privileged, the mandatory minimums introduced by liberal reforms tended to increase the punitiveness of the judicial system toward everyone. Given how much likelier minorities were to be policed than whites, this color-blind reform in effect made the system more punitive toward minorities. Equality before the law remains a noble goal, but these histories show that equality in one system means little when inequalities persist in related systems.
Even more central to my project, it was during this era that traditional modes of life were transformed by markets and industrialization (Sellers 1991; Licht 1995; Lauritz Larson 2010; Calhoun 2012). Finally, it was during this era that Americans first wrestled with the relationship between the state, the economy, and the corporate form (Schocket 2007).

Because so many histories of the corporation begin in the late 19th century, a treatment of corporate development that starts with the Founders is especially important. The corporation began this period as a rarely used instrument of public governance, tainted by its association with feudalism, the monarchy, and everything that the United States wanted to put in its past. The corporation ended this period almost as we know it today: a near ubiquitous private vehicle for capitalist accumulation. The corporate form had very nearly shed the duties and obligations that had adhered to its quasi-public face, and along with them it had escaped most early forms of regulation.

The need for this dissertation comes from a desire to explain this transformation. First, I felt there was a hole in the historiography. Even though economic historians are well aware that the corporation began as an instrument of public governance, they often treat this “special charter” phase of corporate evolution as something pre-modern, pre-liberal, or proto-capitalist. With hindsight, they treat the special charter as an intermediary phase in a linear process of evolution that begins with the East India Companies and culminates in Standard Oil and General Motors (Chandler 1977). With an economist’s love for efficiency and laissez-faire economic policies, they tend to treat the liberal corporation—that is, the private corporation created by general incorporation laws and weak regulatory structures—as the obvious end point for the corporate form.
(Lamoreaux 2004: 30; Lamoreaux, Raff, and Temin 2004: 377). As one economic historian working from a cost-benefit perspective puts it, Americans increasingly turned to the corporate form once they were free of the costs imposed by “anticorporate prejudices inherited from the old world and the deepest recesses of the human psyche” (Wright 2011a: 222-223). Functionalist assumptions are equally apparent in the work of legal scholars working in the “instrumentalist” tradition, which views the trajectory of corporate law through this period as part of a general reorientation of American law toward growth and development (Hurst 1970; Horwitz 1977).

As an economic sociologist, I have inherited all of our discipline’s skepticism of arguments from efficiency (Dobbin 1994; Granovetter 2017: 8). I have no doubt that environments do severely constrain the range of possible solutions to economic problems, yet which of these possible solutions ultimately triumphs remains an important social scientific question that demands a non-functionalist explanation. The antidote to functionalism, I believe, is historical analysis. Unlike some practitioners of economic history, by “historical analysis” I do not simply mean an examination of the past using the tools we use to study the present—history as extra data points, or history as an exotic exercise in cross-sectional analyses. Rather, I understand historical analysis as less defined by its subject matter than by an analytical approach attuned to process and contingency (McAdam et al. 2001; George and Bennett 2005; Iddo and Timmermans 2013).

Indeed, the more I read about the history of the corporation, the more I found a need for a new social scientific treatment of corporate origins that reached beyond the traditional focus on capitalists and judges. I saw little evidence that capitalists had a
unitary vision of disembending the corporation from its public moorings—and even less evidence that they had the organizational infrastructure to coordinate such a massive undertaking. Rather, to the extent that capitalists in different states pursued similar corporate reforms, it was because they were pragmatic actors with shared cultural outlooks who were reasoning through similarly structured problems. These problems were never just economic, but were inherently political as well. My explanation, then, would be informed by the social forces that created problems for capitalists.

What were these forces? As Pauline Maier (1993: 66) notes, all of the great names in corporate historiography—Heath, Cadman, Hurst, Davis, and Hartz—saw great irrationality and prejudice in anti-corporate spokesmen. It was my intent to attain a less dismissive understanding of antebellum anti-corporate forces. From this perspective, it is not surprising that I often found the most satisfying historical treatments of the corporation in the works of labor historians. Labor historians view corporate evolution from the perspective of the Americans who would be most affected by its development: artisans on the brink of wage dependency. Of course, capitalists would be affected by corporate development too, as they were (and remain) the most direct beneficiaries of the liberalization of the corporate form. However, it is tempting to view the corporation’s effects on capitalist trajectories as merely quantitative: a Carnegie or a Rockefeller could acquire more wealth than a Girard or an Astor, sure, but is there a categorical distinction to be made between these four men? After all, all four were essentially very rich and powerful capitalists. Rather, it was artisans whose encounters with the corporation were the most consequential and, from my perspective, the most interesting. The effects of the corporate form on artisans were categorical. Corporations stratified: They turned artisans
into wage laborers. Artisans in this era thought of themselves as “small capitalists” who were increasingly being pushed out of the market by what they saw as a superannuated feudal organizational form. Artisans believed the liberal future was supposed to belong to small capitalists, each with an infinitesimal market share, spreading evenly across the cities and towns of a vast continent. A future shaped by corporations—immortal bodies that might increase their size and property holdings endlessly—was not the future promised by Adam Smith, let alone the American Revolution. Instead, an incorporated economy was more reminiscent of the Britain that republican America was trying to leave behind. Said a Georgia Congressman during a debate over the Bank of the United States charter in 1791: “What was it drove our forefathers to the country? Was it not the ecclesiastical corporations, and perpetual monopolies of England and Scotland? Shall we suffer the same evils to exist in this country?” (quoted in Davis 1913b:446).

The depth of anti-corporate sentiment in the antebellum United States raises a problem for functionalist and efficiency-based arguments that rely on the market as the main agent of corporate transformation: these explanations sidestep political resistance to the corporate form. This was an era of rapidly expanding suffrage rights for white male citizens, and the passage of every corporate charter was dependent on a vote by the state legislature—precisely the body of government that was closest to the people. So how did the friends of corporations overcome the disapprobation of large segments of the electorate? This is the analytical point of entry for many sociological accounts of corporate transformation, which can be summarized with a word: power. Barrington Moore (1966: 506) offers a useful distillation of such arguments:
There is no evidence that the mass of the population anywhere has wanted an industrial society, and plenty of evidence that they did not. At bottom all forms of industrialization so far have been revolutions from above, the work of a ruthless minority.

Similarly, Sabel and Zeitlin (1985) write, “those who control the disposition of resources and the returns from investments choose from among the available applications of technology the one most favourable to their interests as they define them” (1985:161). Applying this framework to American corporate evolution, Charles Perrow (2002) argues that the modern corporate form was only one “technological possibility” which won out because powerful actors preferred it to alternative technologies. In Perrow’s terms, corporations became “independent variables” that explain American political and economic development “at least” from 1820 (Perrow 1991). Perrow claims that “once large bureaucracies are loosed upon the world, much of what we think of as causal in shaping our society . . . becomes to some degree . . . shaped by organizations” (1991: 3). Perrow argues that a nation premised on the rights of the individual had in fact become a “society of organizations” within a few short decades.

I share Perrow’s belief in the importance of power for the explanation of the development of the corporate form. There can be little doubt that early corporations had powerful friends in the highest reaches of the state. For example, among the wealthiest owners of corporate stock in New York City in 1791 were Governor George Clinton, U.S. Senator Aaron Burr, Chief Justice of the Supreme Court John Jay, and Treasury Secretary Alexander Hamilton (Hilt and Valentine 2012: 340). Yet it does not follow from such facts that corporate owners formed a distinct community of interest. However legitimate elite theories of corporate power may be in later periods (Mills 1956; Domhoff’
1967), corporate class power has limitations as an explanatory factor in antebellum America. First, like earlier American elites (Main 1973; Formisano 1983), early incorporators had primarily local interests. Early incorporators sought charters in order to build local improvements (e.g. turnpikes) or utilities (e.g. aqueducts), not to build transcontinental railroads and monopolistic industrial firms.

Secondly, the early corporate elite was fragmented due to the legal system. Chief Justice John Marshall maintained the local fragmentation of the corporate elite by refusing corporations access to federal courts in an 1809 decision (Seavoy 1982: 245). More importantly, the special charter system incentivized incorporators to focus their lobbying efforts on improving the terms of their own charter and preventing rivals from obtaining charters. Only general incorporation laws and regulations, which affected all corporations equally, would make the state a target for those seeking more favorable treatment for corporations as a class. Other institutional structures also tended to split capitalists by industry (especially the basis of state revenue on commodity-specific tariffs and excises instead of by a corporate income tax), state (e.g. laws that treated out-of-state corporations as aliens), and method of aggregating capital (i.e. private estates and partnerships versus corporations). With the possible exception of banks—though 19th century banks tended to lend locally (Lamoreaux 1994)--there were few institutions that linked corporations in such a way as to generate “classwide” interests (Useem 1984). Simply put, there were too many potential interest groups, party coalitions, and issue cleavages to take for granted that capitalists’ relation to the “means of incorporation” (Roy 1997) would become politically salient.
Any theory of elite power must explain the institutional conditions that facilitate their collective action instead of merely assuming their political unity. Unfortunately, Perrow’s account relies more on the (supposed) absence of resistance to corporate development rather than on demonstrating any positive, coordinated capacity of the capitalist class to exert power:

My explanation is that [America’s] particular history allowed less regulation of the pursuit of wealth and power, and the pursuit occurred over a socially and culturally unencumbered landscape. In Europe monarchs, nobles, and the church feared the rise of large organizations that would be beyond their control, so they limited the accumulation of capital. The United States had no such restrictions; the citizens feared a large government but took few steps to limit the size and power of private organizations. (Perrow 2002: 16)

By eliminating anti-corporate forces from his theory, Perrow then does not need to demonstrate that corporations organized the political power to overcome that resistance. In Perrow’s account, it often seem as if large organizations pulled themselves up by their own bootstraps. Like the functionalist arguments of some economic historians and legal scholars (Hurst 1970, Horowitz 1977), he too stumbles on the fact that so much of the legal infrastructure for the modern corporation was in place before corporations were large, powerful, or unified.

In short, the power of corporations cannot be equated with their mere numerical presence in the economy. Power must be constructed, cultivated, and organized. Power, like efficiency, is undoubtedly a central component of any theory of corporate history, but power theories become tautological when they infer that historical trends are simply manifestations of the interests of the most powerful. In complex social processes replete
with unintended consequences, it is dangerous to assume that we can treat beneficiaries of historical trends as the powerful actors most responsible for creating those trends.

**Power, Culture, and Economic Institutions**

*A Pragmatic Approach to Power and Institution Building*

None of the preceding is meant to deny that corporations at times exercised power and had a substantial effect on national politics. Much of this dissertation is devoted to documenting that effect. However, in my analysis, I include labor along with capital and political elites as potential autonomous sources of power. This is in contrast to narratives in which the political class is the handmaiden of capital, and together the two run roughshod over powerless labor. I resist such narratives by grounding my analysis in the pragmatist tradition (Gross 2009). With the pragmatists, I view actors as culturally astute problem solvers who confront and interpret practical problems as they arise (Ortner 1984; Joas 1993). Pragmatism aligns the social analyst with an explicitly historical orientation: what were the problems that presented themselves to actors at each point in time? Not even elites are so powerful that they control the flow of problems. Thus even relatively disadvantaged groups—be it striking workers, artisans struggling to remain independent of wage labor, or populists advocating for expanded suffrage—shape outcomes at least through their influence on the problems that elites must solve. The edifices of capitalism are not the coherent grand projects of omnipotent elites, but were created by pragmatic actors just trying to “muddle through” (Mann 1993).
A pragmatist approach thus eschews the over-determination of theories that claim a cohesive elite worked doggedly over time in order to achieve a specific set of policy aims. (Such an approach verges on tautology when elite theorists claim that the policy aims actually achieved are evidence that the elites initially set out to achieve these goals.) First, as Perrow (2002) would certainly agree, there was nothing inevitable about the modern corporate form: capitalist development and industrialization are consistent with organizational forms that have a wide range of distributional implications (e.g. Scranton 1983). Second, although we hardly need be surprised that the working classes did not get the policies they wanted, the process by which this failure occurred nonetheless deserves a careful explanation. Indeed, despite the countless failings and imperfections of the antebellum era, democracy at the state level was not a sham (as far as white male citizens were concerned). The working class was no sack of potatoes, but was organized during this period by third parties, social movements (Formisano 1983), craft associations, labor unions (Dawley 1976), and the Democratic Party (Wilentz 1984; Chapters 3 and 4). By contrast, the great representatives of capital, the Whig Party, bear a name that bespeaks the fact that the party originated as a coalition in opposition to waxing Democratic power. The Whigs never attained the same level of organization and patronage as did the Democrats (Howe 1979: 32). I therefore take careful attention to the policy demands of labor and the Democratic Party to be a prerequisite for a good explanation of economic policy in this era. Capital was powerful, but policy outcomes are ultimately explainable only by approaches that embed elite action in problem-situations that are partially created and defined by non-elite actors.
However, the pragmatist approach also departs from a straightforward power approach in another manner: the importance of ideas, values, institutions, and culture to economic policymaking (Tavory and Swidler 2009). In pragmatist theories, actors generally attempt to solve the problems they encounter through culturally inherited habits. As Gross (2009: 367) notes:

Problem situations present themselves to actors through the lenses of the cultural environments in which they are immersed. Such environments give meaning to and help provide the content of the goals, orientations, identities, vocabularies of motive, and other understandings of the action situation that actors come to have . . . . All habits are thus enacted on the basis of culturally mediated interpretations of the situations one faces.

Such an orientation toward culture warns us that incorporators never see corporations merely as efficient forms for organizing capitalist production, nor do legislators ever see corporations merely as effective means for incentivizing economic development. Corporations are suffused with social, political, and economic meaning—they are never just instruments, but aristocratic instruments or democratic instruments, depending on whom you ask. “Semiotic codes” structure the possible meanings that actors attach to corporations. To heavily paraphrase Tavory and Swidler (2009: 172):

Semiotic codes determine the meanings of a particular action (in this case using a [corporate charter]) and thus how they constrain behavior . . . . [Semiotic] codes shape the meanings of [corporate charter] use for actors’ identities . . . . They shape the signals that people send about themselves . . . and most important, they shape what the use of a [corporate charter] says about the character of [the relationship between democracy and capitalist production].
In Chapter 2, I identify a number of “semiotic axes” that structured political contestation around the message that use of “the corporation” sent about the nature of American society. The most central of these axes was whether corporations would be understood as being elitist or egalitarian. In the context of particular issues, the terms of the debate could become whether corporations were feudal or modern; public instruments subjugated to popular rule or private organizations shielded by rights; and finally, whether corporations were policy-oriented creatures of the state or profit-oriented creatures of the market.

*Pragmatic Institution Building as an Iterative Process*

Another important aspect of pragmatist approaches to social mechanisms is the alternation between habit and creativity. During settled periods, actors confront problems largely through habitual solutions. However, when habits fail to help actors address problems, “humankind’s innate capacity for creativity comes into play as actors dream up possible solutions, later integrating some of these into their stocks of habit for use on subsequent occasions” (Gross 2008: 366). Creativity is possible because any cultural object (including the business corporation) “has multiple possible connections to other cultural meanings. The possible metaphors and meanings may be contradictory or competing, but this multiplicity of meanings allows creative interpretation and renegotiation of an object’s significance” (Tavory and Swidler 2009: 172). If successful, renegotiated cultural objects will resonate more strongly with the societies in which they are embedded.
However, even if such renegotiations are successful, such success is likely to be temporary. As McDonnell, Bail, and Tavory (2017: 2) argue, “Cultural objects are not resonant in and of themselves . . . . Resonance is an emergent process wherein the fit between a cultural message and its audience shifts over time . . . . Resonance emerges in the relations among object, person, and situation.” Thus, the newly imagined corporation of, say, the 1820s is vulnerable to counter-mobilization as new social groups emerge and new ideas about American society are popularized. During attempts at counter-mobilization, actors use culture to hone a critique that destabilizes situations once thought amenable to habitual solutions. Counter-mobilizing actors can define settled situations as problem situations by demonstrating that a cultural object no longer works as a solution to the problems they face. To the extent that these cultural critiques resonate with others, they provide the basis for broad-based mobilization against the prevailing understanding of cultural objects such as the corporate form. These phases are cyclical: the next generation of capitalists integrates the very frames used by anti-corporate social movements into the latest reimagining of the corporate form. As Tavory and Timmerans (2013: 691) put it, “Meaning-making is an ongoing activity, where one iteration of meaning making influences how meaning is made next—where one interpretant becomes the sign of the next cycle.” Invariably, a new movement arises to contest the reimagined version of the corporate form—and so on, arguably, down to the 21st century.

I will argue that the modern corporation was born during the 19th century through a series of phases that will be examined in closer detail in Chapter 2. Briefly, these alternating phases of pragmatic problem-solving and counter-mobilization were:
1) **Federalist Renegotiation:** The corporation was just one of many institutions being renegotiated during the early national era. Because contemporaries did not differentiate between charters and constitutions (Maier 1993:79), ongoing debates over how to structure the federal, state, and municipal governments could easily bleed into how to structure firms and other economic organizations. While ideas about the institutional sources of political and economic order always cohere to some extent (Dobbin 1994), the explicitness of political theory in the age of the pamphlet lent an unusually marked coherence across these dimensions. Early national discourse around corporations “marked a confluence of the main ideological tropes that Americans brought to bear upon their construction of political and economic institutions” (Schocket 2007:52). For example, Tench Coxe called for transposing political rationales into economic ones when he urged his fellow Americans to make the Bank of North America “new modeled, so as to harmonize with the Government of this country” (Coxe 1786:16). In a later period, Andrew Jackson similarly proposed transposing the structure of the federal government into the governance of the second Bank of the United States, which would be “chartered upon the principles of the checks and balance of our federal government, with a branch in each state, the capital apportioned agreeably to representation” (Hammond 1957:360).

The most notable transposition was perhaps the debate over the nature of sovereignty, which dominated early struggles over the corporate form as much as it characterized the proceedings of the Constitutional Convention. Federalist elites saw the chartering power as emblematic of sovereignty, inasmuch as it was once a power associated primarily with the King of England. Whereas charters once served the interests

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8 Incidentally, such a logic did play out in the construction of the Federal Reserve System (Lowenstein 2016).
of the Crown, Federalists would repurpose corporations to serve the interests of the newly sovereign “We the people.” Federalist elites thus worked to enhance the “public interest” face of the corporate form. Charters specified the public ends the corporations must achieve in order to maintain their special privileges. Corporations were given duties and obligations to balance these privileges. State legislatures also established some regulatory powers necessary for corporate oversight, such that corporations could be portrayed as a natural part of a “well-ordered society” (Novak 1996). The renegotiated “public interest corporation” was the creation of a civic-minded elite. The recipients of charters for public interest corporations might get wealthy, yes, but this did not contradict elites’ understanding that they were working for the furtherance of the public good.

2) Jeffersonian Counter-Mobilization: Despite Federalist efforts to lay stress on the public nature of the corporation, many Americans still associated the public interest corporation with English monarchy and European feudalism. Unsurprisingly, many veterans of the American Revolution would bring “the Spirit of ’76” to their fight against the spread of corporate privileges. These men—including both Jeffersonian elites and humbler farmers and mechanics—would argue that the Federalist corporation was incompatible with democratic governance and republican virtue. In the strongest form of this argument, Jeffersonians portrayed corporations as immortal bodies that would usurp sovereignty from the people and leave the state governments as mere shadows of themselves. Even if corporations achieved important public goals, Jeffersonians argued that their proliferation was incompatible with rule by the people. This argument was
effective enough that Jeffersonian legislatures worked to suppress the further spread of the corporate form (Chapter 5).

3) Republican Renegotiation: Republican elites would eventually need to counter these powerful denunciations of the corporate form, as in time a number of forces drove them to accept many aspects of the corporate economy. First, republican commitments to agrarian freeholders led the party to embrace “extensive development” over the “intensive development” preferred by the Atlantic-oriented Federalists of the coastal areas (especially New England). This expansionism was justified by understandings of the material preconditions for a virtuous republic (Jefferson’s “Empire of Liberty”) and later given a militaristic edge by the Republican Party’s urge to establish white supremacy across the entire continent (McCoy 1980; Howe 2007: 357). Such far-flung expansionism led to heightened demand for infrastructure by voters on the edge of American settlements. These voters were agrarian and expansionist, and so usually Republicans. They were also capital poor (even when land rich), and so needed both public assistance and the ability to pool capital in order to construct this infrastructure. Corporations allowed for mixed public-private funding of this infrastructure, and so Republican elites often felt pressure from expansionist quarters to charter corporations where the situation justified it. These elites used excitement around the Erie Canal to popularize a pro-corporate framing of the transportation corporation as an agent of national unity and continental expansion. That is, corporations supported republican freedom born of self-government.
Such justifications remained relatively uncontroversial among farmers and artisans as long as they were restricted to transport. However, the disruptions to trade caused by the War of 1812 allowed Republican elites to soften their stance toward manufacturing corporations. Aware that these manufacturing corporations ran afoul of cherished cultural commitments of some of their voters, Republican elites would emphasize the “patriotic” nature of those who invested their capital in manufacturing enterprises.

4) *Artisan Counter-Mobilization:* The Republican corporation spread from transport to manufacturing, accelerating industrialization and creating a backlash among those forced to compete with incorporated business in the marketplace. I argue that the privileges associated with the corporate form served to unify farmers and workers against what they perceived as a state unfairly favoring some citizens over others. During this era, the heart of the populist critique of corporations shifted from the polity to the market: from issues of sovereignty to issues of competition, inequality, and stratification. The origins of this critique within an occupationally homogenous social movement/third party accounts for the purity of the critique and the political impossibility of many of the proposed solutions. Nonetheless, this critique was historically notable because it was incorporated into Jacksonian understandings of the corporation and the economy. The content of the artisan critique of the corporation will be treated in much more depth in Chapters 2 and 5.

5) *Jacksonian Renegotiation:* The pro-corporate wing of the Jacksonian Democratic Party found a way to naturalize the corporation as part of a liberal market economy and
democratic society. Especially with the passage of general incorporation laws, Jacksonian politicians undercut much of the artisans’ critique of the corporation. In order to satisfy artisans, Democrats made corporations smaller, more accessible, and more independent of the state. Faced with the cross-pressures of demand for development and populist distaste for the corporate form, Democrats would shear the feudal edges off the corporation, helping to proliferate a legal form that could be accepted as an *American* corporation: freely available to all white male citizens, and equally protected from interference by the government. This legislative response to the concerns of artisans is also treated in more depth in Chapter 5.

6) *Corporate Mobilization—and Consolidation*: Democrats helped to accommodate artisans to the corporation just as the nation was hurling headlong into the Civil War. During this time, politics ceased to revolve primarily around economic issues. “Corporate power” lost its salience as a political issue while the country grappled with slavery, nativism, civil rights, and the nature of federal power. The country emerged from the war as an industrializing nation dependent on a growing financial sector. Still, the coalitional logic of the postwar Republican Party mean that anti-corporate forces were not able to reassemble themselves into a sufficiently powerful coalition to check this development until corporate and finance capital were already well entrenched (Bensel 2000). This phase of corporate development is beyond the scope of the empirical portions of this project. Nonetheless, I discuss this period in more depth in the Conclusion.

*Partisan Culture Versus National Policymaking Cultures*
Several anti-corporate discourses prevalent in antebellum American political culture are central to my explanation for corporate transformation in the United States. In order to thrive in America, the corporation had to be reimagined as democratic, liberal, and egalitarian rather than aristocratic, monopolistic, and elitist. I argue that these cultural commitments were strong enough in the United States to pattern political struggles around the corporation, eventually leading to the death of special privileges and the birth of the modern corporation.

This argument may at first sound similar to arguments that use the concept of “national policy cultures.” For example, scholars have noted that American economic policy consistently relies on a more market-oriented regulatory style than that of other nations (Roe 1994; Dobbin 1994; Pernell-Gallagher 2016). A common explanation for this pattern is the uniquely liberal character of American governance and political thought (Hartz 1955; Hofstadter 1989 [1948]). Institutional sociologists argue that concepts of economic rationality are formed by analogy from political institutions, leading Americans to prefer decentralized governance in its political and economic spheres (Dobbin 1994).

However, attempts to use the United States’ uniquely liberal culture in order to explain this reliance on the market have consistently been met by several compelling criticisms. Empirically, some social scientists argue that the characterization of the “weak American state” applies only to its “despotic” face, and not to its vast infrastructural power (Mann 1984; Tarrow 2014). Similarly, the historian Balogh (2009) argues that the “weak American state” was honored more in rhetoric than in practice. Others focus on the empirical validity of liberalism as an “independent variable,” noting the existence of
alternate traditions of American thought that are unrelated to, or even opposed to, classical liberalism (Handlin and Handlin 1947; Novak 1996; Prasad 2012). More theoretically, others dispute the mechanism by noting that national culture, being a constant, is not well suited to explaining change (Skocpol 1992).

In this dissertation, I aim to reconcile cultural theories of policymaking with the critiques noted above through developing a theory of “partisan culture”—that is, a theory that locates culturally inflected policymaking within major political parties. A theory of partisan culture takes seriously the ideational and cognitive origins of styles of governance. At the same time, partisan culture can account for contradictory cultural strains within a society. This can be done most simply through reference to inter-party conflict: for example, liberalism dominated early American policymaking because liberal Jeffersonian Republicans politically dominated the aristocratic Federalists and their vision of a hierarchical, “well-regulated society” (Novak 1996). Meanwhile, party leaders highlight cultural commitments that tend to naturalize their coalition (Noel 2013). For example, Jeffersonian Republicans and Jacksonian Democrats emphasized their liberal philosophy as this was a point of agreement between elite slaveholders in the South and artisans in the urban north. Whigs emphasized the positive power of the state because this held together manufacturers (who desired tariffs and national infrastructure) with religious reformers. Still, it must be noted that commitment to an ideology exacts a cost: party leaders must attempt to draft and frame policies that are ideologically consistent and relatively acceptable to the diverse members of their coalition.

Viewing parties as receiving, adopting, reconciling, disseminating, and magnifying cultural strains in the name of political competition also provides a way to
overcome Skocpol’s (1992) critique that culture is too static to explain change. Partisan cultures are never static, even when they can be subsumed over centuries by blanket terms like “liberalism.” Politicians are especially adept at changing views on specific policy details in order to maintain a consistently “liberal” ideology (Karol 2009). In this treatment, culture changes endogenously along with economic, institutional, and demographic shifts in the polity. And given the pragmatist view of politicians as “culturally astute problem solvers,” even a largely static cultural strain may manifest itself in different ways depending on the particular array of problems presented to politicians. More dramatically—and less often—cultural strains may recede from the political discourse due to the collapse of a party or the reconfiguration of a party coalition. Party collapse or coalition change is most likely to be caused by “exogenous” shocks like war or depression, or by the incorporation of social movements previously excluded from the party system (Chapter 3).

In short, American governance is not reducible to “liberalism,” but that is not to say that American governance can be properly understood without due reference to liberalism and other broad cultural commitments. The concept of partisan culture provides a framework attentive to culture, power, and institutions that is also able to show how resonant cultural strains leave permanent marks on national economies and governance styles. Throughout this work, I show how the corporate system inherited from British common law was incompatible with the new political culture forged in the Revolution. I argue that the logic of partisan competition drove the creation of a liberal, democratic, market corporation. In Chapter 5, I assess these trends with quantitative analyses.
Before elaborating on partisan culture, I will briefly discuss the UCLA school’s treatment of political parties and its attractiveness for sociological theorizing. Parties are long coalitions, forged in order to translate the policy demands of their constituent groups into policy (Karol 2009; Bawn et al. 2012; Schlozman 2015). Having formed, parties affect political cultures in ways beyond feedback from the direct policies that they implement (Skocpol 1992). Parties also elaborate ideologies in order to naturalize their coalitions (Noel 2013). These ideological elaborations feed back into politics as they reinforce coalitions or attract ideologues to the cause. Ideologies constrain the policy options open to legislators and may also condition party members’ responses to newly encountered problems.

The UCLA school definition of parties as coalitions of intense policy demanders has several attractions. First, it is not unduly cynical about politics and interest groups, but neither is it naïve like older versions of pluralism. It is understood that some coalition members—“anchors” in Schlozman’s (2015) terminology—are more influential than others. Second, Noel’s (2013) definition of ideologies as sets of principles that naturalize party coalitions allows for the co-treatment of material and non-material interests within a single framework. Ideologies constrain policymakers in that ideologies valorize certain policies while delegitimizing others—but intense enough demands from a core coalition member may still force a party to violate its ideology. Ideologies also make certain coalitions easier to be imagined than others, but sufficient conflict may still render
coalitions asunder. Finally, because much of this research is historical (again, in the sense of attentive to social processes unfolding over time), this framework does not require the analyst to choose a side in the arid debate over the primacy of material and non-material interests. One may declare them co-constitutive and then move on.

**Theoretical Basis for Partisan Cultures**

The concept of partisan cultures is necessary because the United States has always been too large and diverse to maintain a single culture (Fischer 1989)—and the forces undermining unity of culture only intensified as the nation industrialized, took in immigrants, and expanded into the frontier during the antebellum era. It is certainly possible for a national culture to valorize abstract concepts—e.g. liberty and equality—but a nation is capacious enough to host multiple interpretations of these concepts. Commitments to “equality” at the national level may be broadly shared and reinforced through national rituals around powerful symbols in the Declaration of Independence, the Constitution, and presidential addresses—but how much content adheres to such high-level commitments to equality?

Such rituals and symbols are too vague to provide rules for action for the majority of situations. Experiences with inequalities at lower levels—in town meetings, in local labor markets, on the factory floor—fills in this abstract commitment to equality with something closer to well-specified “if-then” statements about the role of equality in an industrializing republic. For example, the experience of artisan bakers competing in a marketplace with a bread corporation can lead to an interpretation of “equality” that
expands from political rights to economic rights: if all bakers have the right to the vote, then shouldn’t all bakers have the right to compete in the marketplace? Note that such formulations allow national commitments to an abstract “equality” to coexist along with support for racial and gender-based inequalities. The bakers do not experience racial and gender inequalities as problems, and therefore they don’t update their abstract commitment to equality with experiences grounded in race and gender.

Theoretical and experimental work in economic sociology (Granovetter 2017: 15-16) supports this move, as it finds that smaller, denser networks are more likely to support cultures, enforce norms, and diffuse ideas (Granovetter 2017: 15-16) than are sparser networks. Party organizations are thus a good candidate for the creation and maintenance of local cultures, as they are relatively dense networks formed from legislative caucuses, committees of correspondence, and local operatives that organize through the press, legislative sessions, and regular conventions.

Importantly, networks aggregate into larger social structures. Party networks are structured so as to suture communities into state networks and state networks into national networks. National parties are thus a prime candidate for refining a dominant strain of the “national culture” through aggregating and simplifying the diversity of “local cultures” with which they engage. Of course, the internal diversity of parties can be sliced up in various ways, depending on the scale or issue being discussed. Parties contain sub-networks that may be regional (“Southern Democrats” in the mid-20th century), racial (“the Black Congressional Caucus”), or otherwise issue-based (members of a working group on the environment). The concept of locating policymaking cultures within party networks is therefore flexible enough to be applied to numerous scales.
Where do party networks get the content of their cultures? To the extent that parties are anchored by movements and particular occupational groups (Schlozman 2015; Chapters 4 and 5), they are likely to borrow and innovate from among the several occupational and movement cultures that supply their most important coalition members. Sociological theory has identified occupations as especially likely social units for the development of local cultures (Durkheim 1893 [1958]; Abbott 1983; Grusky and Sørensen 1998; Granovetter 2017: 33) while the most successful social movements are often supported by dense interpersonal networks and organizational infrastructures similar to those identified by theoretical work as being conducive to the development of local cultures (McAdam 1982).

*Persistence in National Policymaking*

Thus while we have good reason to expect localized cultures to emerge in occupations, parties, and even caucuses within parties, this account has left us with the opposite problem of that Skocpol (1992) and Prasad (2006) attributed to national culture: while they critiqued an image of culture as monolithic and unchanging, we now have an image of culture as fragmented and ever-changing. The question becomes how shifting coalitional opportunities and myriad local cultures aggregate into something that produces some of the continuities observed in national policymaking regimes (Dobbin 1994).

To some degree, these continuities can be explained by the dynamics of coalition maintenance. Party leaders will work to keep foregrounding the most unifying elements
of the party’s ideology. American political institutions, especially “first past the post” voting systems and the ubiquity of veto points in the legislative system, especially reward politicians for sticking to widely held values. This combination of American political institutions with the underlying resonance of liberal ideology likely explains why historians have easily identified liberal strains across time and place in American history (Hofstadter 1989 [1948]; Hartz 1991 [1955]).

Path dependency also goes a long way toward explaining institutional persistence. Long periods of control by a single party lock in institutions that tend to force ideological opponents to accept basic premises of these institutions. For example, all Republicans confronting the New Deal since Eisenhower have, to some degree, accepted the expansion of rights to American citizens and power to the federal government (Pierson 1994). In Michael Mann’s (1993) terms, past conflicts are crystallized in state institutions which then exert a “political lag” that influences present conflicts (see also Slez and Martin 2007). In Mann’s “institutional statism,” the state is not just a place (like Marxian or pluralist theory) nor just an actor (as in elite theories of state control), but is an “active place” (1993: 52). In Chapter 5, I argue that Jacksonians accepted the need to compete with Whigs by granting manufacturing charters because the United States had very nearly crystallized not just as a capitalist state, but a corporate capitalist state.

Prior Sociological Treatments of Partisan Culture
The concept of partisan culture bears some resemblance to the Gramscian concept of the party as “collective intellectual.” For Gramsci, the construction of a collective will:

...is the primary task of the political party: then, the role of synthesis and mediation taken on by the party appears clearly, not only as a function of the various individual organisms of the working class (for instance, unions), but also of the various institutions of the other lower classes. Thanks to the mediation of the party, these organisms and institutions become articulations of the single body of the new ‘historical bloc’. (Coutinho 2012 [1999]: 113).

However, Gramsci’s concept of the party is limited by ideological blinders. Gramsci does not consider whether more than one party could undertake this project of mediation, because Gramsci is beholden to teleological notions of working-class politics (cf. Riley 2005). Gramsci’s collective will is an “operative awareness of historical necessity” (Coutinho 2012 [1999]: 113). It is interesting to note, then, that the UCLA school of political science has independently arrived at a much more open concept of the party as a “collective intellectual” engaged in synthesis and mediation. This is especially apparent in the work of Hans Noel (2013). In this telling, party intellectuals develop and spread ideologies, but—because even party intellectuals are pragmatic actors dealing with problems as they arise—these ideologies are shaped more by near-term considerations of coalition building, and much less by considerations of a grander “transformative praxis.”

While I generally incline more toward the UCLA school, I would like to highlight an appealing aspect of Gramsci’s thought. Gramsci emphasizes that the collective will could not be a top-down project wrought by parties alone, but that it must be based on the “spontaneous feelings of the masses” (Coutinho 2012 [1999]: 113). Parties encounter
these spontaneous feelings as an organized interest looking to harness, channel, shape, and articulate these feelings. Nonetheless,

This unity between ‘spontaneity’ and ‘conscious leadership’ or ‘discipline’ is precisely the real political action of the subaltern classes, in so far as this is mass politics and not merely an adventure by groups claiming to represent the masses. (quoted in Coutinho 2012 [1999]: 114).

This model of a give-and-take between parties and the more diffuse interests they represent is consistent with my view of party-society relations, and is broadly consistent with a political process approach to parties, social movements, and the state (Tarrow 2012). I explore this face of parties most consistently in Chapters 3 and 4.

This model of give-and-take between parties and interests is also necessary to bridge a cultural account of policy formation with a more traditional political economy account. Campbell (1993: 173) notes that cultural theories are compatible with power theories if one argues “that political parties are the bearers of political culture and serve as the transmission belt linking citizen preferences with policy outcomes.” Agency is not located solely either in party leadership or among “citizen preferences.” Party elites work to make potential interests and identities in the electorate politically salient by “integrating disparate interests and identities into coherent sociopolitical blocs” (De Leon et al. 2009: 195). However, party elites are constrained by the raw materials available to them – a certain distribution of attitudes toward liberalism, the current strength of one social movement versus another, a certain distribution of need for canals and turnpikes – but from these raw materials they forge electoral blocs that are held together by reasonably coherent ideological programs (Lipset and Rokkan 1967: 5; Noel 2013).
In this formulation, individual politicians may be ideological true believers or pragmatic political operators responding to the economic demands and cultural commitments of the electorate. In the familiar sociological turn of phrase, culture both enables and constrains political parties’ efforts to forge electoral blocs. Culture constrains, because some policies and coalition partners are too objectionable to existing cultural understandings (Steensland 2006). But culture also provides politicians with resources to frame policies and build new coalitions (Benford and Snow 2000). In this framework, political culture and coalition building are endogenous. Some potential coalitions may be seen as more likely than others due to the existing distribution of cultural commitments. However, existing coalitions also represent settled issues that influence the terms of succeeding policy battles (Slez and Martin 2007). Coalitional imperatives can force politicians to accommodate current policies to members with conflicting policy commitments.

*Parties as Agents of Institutional Diffusion*

Identifying parties as the bearers of political culture also helps to solve some issues that plague theories of institutional diffusion. Diffusion-centered explanations of the rise of the corporation have generally relied on a logic of cultural availability: corporations were a part of the “cultural tool kit” (Swidler 1986) due to colonial experience with the corporate form (Maier 1993; Kaufman 2008; Kaufman 2009; Neem 2008). Long before the rise of the business corporation, New Englanders had used the corporate form as a communal solution to communal problems. Initially, however, this
familiarity was mostly with non-economic corporations like chartered colonies, churches, municipalities, and universities (Kaufman 2008: 315-317). As the corporate form proved successful in these realms, its use was gradually expanded to include aqueducts, turnpikes, harbors, and other revenue-collecting companies that started to blur the public-private distinction. Such cultural explanations are consistent with the processes of transposition and renegotiation as described above. As Roy (1997) argues, “The social structures that constitute the economy are shaped out of the raw materials available from the past, not the abstract need of the future” (1997: 140).

However, existing cultural accounts have not adequately explained the diffusion of the corporate form outside of New England. Noting that the corporate form has cultural resonance in New England does little to explain why it became so common in the Mid-Atlantic by the 1820s, and why even the South had caught up in chartering rates by the Civil War (Sylla and Wright 2013). First, economic differences between New England and the South immediately after the Revolution weakened the economic impetus for the initial adoption of the corporate form in the South. The relatively egalitarian distribution of wealth in the North required institutional devices for pooling capital, whereas in states like Virginia, the wealthy gentry could much more easily undertake the construction of bridges and turnpikes (Maier 1993: 57-58). Until the breakup of plantations by Reconstruction-era policies, the blurred public/private distinction in southern governance meant that wealthy landowners were responsible for provision of what public goods Southerners did enjoy (Foner 1988). Further, an explanation for the appearance of an institution is not an explanation for their continued use in changing circumstances. For example, corporate-like institutions that facilitated the pooling of
middling sorts’ wealth had proliferated previously in places like 13th century Genoa, only to disappear once private fortunes had grown to such a size that capital pooling devices were no longer “imperative” (Abu-Lughod 1989: 118-120). A logic of cultural availability, then, may explain the initial adoption of the corporate form in 18th century New England, but it does not explain the exponential growth of business corporations nationwide throughout the 19th century.

Also important here are the cultural barriers to diffusion of the corporate form. Sociological institutionalists have noted two cultural mechanisms that accelerate diffusion of an innovative practice: theorization of actors and theorization of the practice being diffused. While traditional theories of diffusion focus on the structure of ties between potential adopters, institutionalist sociologists have argued that transmission across social ties is more likely if the actors are understood to be similar. Theories that establish similarities between potential adopters aid diffusion by predicting “that similar practices can be adopted by all members of a theoretically defined population, with similar effects” (Strang and Meyer 1993: 496).

*Theorization of Actors:* During the time of this study, cultural barriers would have hampered institutional diffusion across regions, because organizational forms carry meanings independent from their functions (Clemens 1993). Yankees and Southerners were not understood as belonging to the same class of actors (Fischer 1989). The cultural differences between the aristocratic Federalism of early New England and the Democratic-Republicanism of much of the rest of the country is too great for the national diffusion of the corporate form to be taken for granted even after its initial acceptance in
New England. New Englanders struggled to influence national political culture to the extent of the Virginians. New England’s alienation from the dominant political culture was so great that it threatened to secede during the War of 1812. Much of New England’s influence on the culture at large – colleges like Oberlin in Ohio’s Western Reserve, Arminian religious doctrines, and reform movements like temperance and abolitionism – was due to the physical spread of the “Universal Yankee Nation,” not the spontaneous adoption of New English culture by residents of other states (Sellers 1991). Even as late as Reconstruction, one Southerner saw railroads and factories as signs of the “superiority of Yankee civilization” (Foner 1988: 49, 50, 62). In short, the cultural differences between the aristocratic Federalism of early New England and the Republicanism of much of the rest of the country was too great for the national diffusion of the corporate form to be taken for granted even after its initial acceptance in New England.

It is for this reason that my explanation will keep returning to the egalitarian strain in American political culture that had been unlocked by the Revolutionary generation’s invocation of liberalism and equality before the law (Wood 1991). The Federalist era was far more hierarchical than the prevalence of such liberal rhetoric would have led one to predict (Appleby 1984). However, belief in egalitarian principles informed most of the populist and Third Party social movements that periodically rocked the political establishment during the antebellum era: the Middling Interest, the Antimasons, the Working Men, the Equal Rights Party (i.e. the Loco-Focos), the Free Soilers, and even the Know-Nothings (Formisano 1983: 332-335). Influenced by these populist movements, the rhetoric of the Jacksonian-era Democratic Party—and occasionally even its policy—came to reflect this liberal impulse. Jacksonian political culture helped to
legitimate the conviction that frontier farmers and small-town artisans were entitled to the same economic rights as wealthy and well-connected New England merchants.

Theorization of Practice: Partisan culture provides another missing link for cultural theories of diffusion. Strang and Meyer (1993: 497) note that theorization simplifies the properties of the diffusing practice, making certain features and effects of the practice seem more salient while others are ignored. As I show in Chapter 2, legislators and other party actors (including newspapermen) overtly theorized the corporation in antebellum America, thus facilitating the isomorphism of this institutional innovation (DiMaggio and Powell 1983). Whereas Strang and Meyer (1993) focused their discussion on “positive” theorizations of innovations, many of the theorizations I document emphasized the negative features and effects of the corporate form.

As I show, both negative and positive theorizations interact to enhance the cultural fit of the corporation (McDonnell et al. 2017) through the alternating phases I call negotiation and counter-mobilization: mobilization alerts pro-corporate actors to the aspects of the corporate form that elicit the most popular resistance. Pro-corporate actors then seek to theorize these offending elements in order to enhance the fit of the corporation with a liberal democratic society. These alternating phases expand on Kaufman (2008)’s suggestion that the spread of post-Revolutionary corporations may be in part due to “institutional layering” (Thelen 2003:225) and “law’s recursive loop” (Halliday and Carruthers 2007), wherein corporate legal doctrine is changed in response to the economic and social changes in society at large. However, these processes remain substantially unexplored in regards to the early American corporation. I argue that the
negative theorization of the corporation led to gradual changes in legal doctrine that made
the corporation itself less anathema to liberal American political culture.

I will not tend to treat culture primarily as the underlying motive of economic
action. Culture often acts as a constraint on action, or as a medium that informs pragmatic
actors as they seek to solve economic and political problems (Tavory and Swidler 2009).
Thus liberal egalitarianism will not directly or ineluctably cause the emergence of the
corporate form with which we are familiar. Rather, liberalism presents to actors an
additional dimension to whatever problems they may want to solve or whatever goals
they wish to pursue. A solution to a political problem must tend to be economically and
culturally feasible, while a solution to an economic problem must tend to be politically
and culturally feasible. While analytically it may be useful to separate these dimensions,
in practice they never act as independent dimensions because cognitive processes
influenced by precedent and analogy lend coherence across these dimensions (Dobbin
1994).

Structure of the Argument

In the following chapters, I argue that Jacksonian Democrats played an integral
role in corporate development in the early United States because they helped theorize all
white male Americans as potential incorporators, and because they helped theorize the
corporation as a good fit for American democracy. To paraphrase Sellers (1991), the
Jacksonians made the Democratic Party safe for corporate capitalism. By reducing
popular resistance to the corporate form by changing the meaning of the corporate form
(Clemens 1993), the anti-corporate Democrats ironically paved the way for explosion of corporate growth and corporate dominance of the political process in the Reconstruction era and beyond.

While each chapter in this dissertation draws on and contributes to a particular literature (“social policy,” “class and politics,” “ideas and the economy”), the dissertation as a whole does not fit neatly into a single literature. I believe that this is inescapable, as any phenomenon as complex as the evolution of the modern business corporation will invariably span literatures. Fortunately, the sociological tradition provides a term for such eclecticism: “Weberian.” Weber was a problem-oriented theorist, which meant that he practiced a certain theoretic broadness of mind. I also rely on Weber for guidance inasmuch as he analyzed “dynamic processes”—that is, the development of institutions and social phenomena—from the perspective of structures, actions, and meaning (Scaff 2011). All of Weber’s studies, then, were historical in the sense described by McAdam et al. (2001). This pragmatic approach to the study of economic institutions informs many of the most influential works in recent economic sociology (e.g. Krippner 2011; Prasad 2012). Indeed, inasmuch this dissertation makes the case that “Verstehen and meaning structures more generally play a crucial role in the social construction of economic institutions” (Granovetter and Swedberg 2011: xix), then this project can be understood as primarily a contribution to the central theoretical concept of economic sociology (Swedberg 1997), despite my frequent forays into political analysis.

The chapters progress as follows. Chapter 2 is a historical treatment of understandings of the corporation in antebellum America. This chapter establishes the ideological content I will associate with the Democratic Party in Chapter 5.
Chapter 3 is a comparative-historical chapter. In laying out a political history of the antebellum era, it also establishes my favored theoretical approach to coalition formation and the creation of party ideologies. Chapter 3 establishes hypotheses for Chapter 4, which is a quantitative chapter. Chapter 4 assesses the social bases of the Massachusetts party system. Though corporations themselves do not appear in these chapters, they lay important groundwork for interpreting the role of the Democratic Party in Chapter 5. Chapters 3 and 4 are intended to be readable as standalone articles.

Chapter 5 investigates how variation in the suffrage rights of workers and the electoral strength of the Democratic Party affected the “liberality” of chartering patterns. This chapter shows how the egalitarian concerns of workers led the Democratic Party down the path of privatizing the corporation. Chapter 5 is intended to be readable as a standalone article.

Chapter 6 is a short empirical chapter that examines the geographic distribution of banking charters, again from the perspective of party politics. Bank charters were very important to providing capital to rapidly developing American counties. It finds that Jacksonian Democrats were more equitable in the distribution of bank charters across localities.

Chapter 7 summarizes the project with a qualitative take on the importance of the Democratic Party to the evolution of the corporation. Though distributing corporate charters in an egalitarian manner—making them accessible to all counties and all classes—did not do much to halt the rise of inequality, I show how the history of the “egalitarian corporation” can be read as contributing a uniquely American twist to the literature on war, state-building, and the expansion of rights (Tilly 1990).
The “egalitarian corporation” also had major long-term historical effects. Democrats blunted many of the critiques of the corporation that had the most cachet in American culture. Anti-charter political forces lost momentum just as the Democrats spread charters to every corner of the new country. Thus the potential corporate interest group was strengthened as the anti-corporate interest group was weakened--just in time for the mass industrialization caused by the Civil War. Just as importantly, the massive post-war expansion of federal power occurred when there was no natural constituency for business regulation (Bensel 2000). Democrats were out of power, and anti-corporate forces were either powerless or temporarily lulled into complacency.

The conclusion shows what political sociology can add to the study of economic institutions that has been missed by economic historians. Economic institutions do not evolve in a pure market world of efficiency and allocation by need. Rather, it is a deeply political process and the distributive consequences of economic institutions are causal factors throughout the process. A sociological approach to corporate evolution denaturalizes the “private” corporation with which we are so familiar today.
Chapter 2

Domesticating and Democratizing the Corporation

Among the founding generation, Alexander Hamilton was notable for the relative favor with which he regarded executive power. Yet there was one power that even Hamilton thought was too much to entrust to the executive of a republican government: the power to grant corporate charters. Writing in The Federalist #69, Hamilton (1788) lists powers held by the British King that would not be granted to the chief executive of the United States. Hamilton notes: “The [American executive] can confer no privileges whatever; the [British monarch] can make denizens of aliens, noblemen of commoners; can erect corporations with all the rights incident to corporate bodies.”

Hamilton, who took an expansive view of the state’s role in economic development and who was otherwise enamored with the executive’s capacity for energetic governance, realized that granting chartering powers to the American president would have been too much for many Americans, who were preparing to vote on the ratification of the Constitution. The associations that Hamilton makes to defend the American president may be surprising to contemporary audiences, but they reveal much about how Hamilton’s audience understood corporations. In 18th century America, it made sense to discuss incorporation in the same breath as other monarchical powers like the ennoblement of commoners. The corporation’s association with monarchy, feudalism, and aristocracy was a stigma that friends of the corporation would work to overcome in the following decades.
And overcome they did. Almost half a century later, another American writer would discuss the relationship between kings and corporations. This time, however, the author was David Henshaw, a leading politician from Massachusetts and a Jacksonian Democrat—a populist political movement that to this day is still associated with anti-bank and anti-corporate sentiment. However, while Hamilton defensively tried to disassociate the American executive from corporations, Henshaw unabashedly embraces the American corporation as a quintessentially democratic institution. Henshaw writes that “[i]n England, the consent of the king is absolutely necessary to the establishment of a corporation” (1837: 4), while in the United States corporations “receive their rights from a different source, possess them on a different tenure, and are created for a different ultimate object from those in England” (1837: 5).

Henshaw then argues the corporation had grown differently in English and American soils: “In England, many corporations are monopolies; here, they have only particular powers. In England, they are created for individual benefit; here, for the common good” (1837: 5). Indeed, whatever similarities there may be between corporate rights in England and the United States, Henshaw believes that in America such rights are “limited and controlled by our constitutions and laws, and the genius of our political institutions” (1837: 5).

Why were there such differences between corporations in the United States and Europe? Corporations in Europe, he argued, were “created for a different ultimate object” because they were created in a different political economic milieu. In Europe, corporations evolved in a society that tolerated, and even celebrated, the concentration of wealth in aristocratic families:
“In Europe, [the fact that corporations are created] to grant exclusive privileges to favored individuals, to allow and encourage the accumulation of property in large masses, by means of primogeniture laws, and hereditary entails, owned and controlled by the elder branches of families, is according to the genius of their institutions. By these means most of the works which a civilized condition demands, and which can only be effected by a concentrated moneyed power, can thus be carried on in Europe, by individual wealth.” (Henshaw 1837: 5)

In the United States:

“The reverse is the case: our ancestors came here poor; the fundamental principles of their institutions were, to elevate the character, and improve the condition of the whole mass, by diffusing among all the citizens an equality of wealth, as well as of political rights and privileges . . . It seems to me that charters of incorporation, for business purposes . . . are here the natural consequence of the minute division of property, and of its general distribution among the whole mass of citizens; and that they are peculiarly adapted to benefit persons of small means.” (Henshaw 1837: 5)

Henshaw is arguing that the United States has successfully domesticated the corporation. This was in part self-serving, as Henshaw himself was a wealthy man.

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9 Some scholars (e.g. Hennessey and Wallis 2017) argue that is important to interpret developments in corporate law in light of other legal developments of the era—for example, general incorporation laws bear some similarities with the movement toward general divorce laws. Thus modern corporate law is interpreted as part of a general movement against corruption and particularism in American law. This is undoubtedly right, but as Henshaw’s quote brings to our attention, it is also important to interpret developments in corporate law in light of other legal developments intended to create a more egalitarian society, such as the abolition of primogeniture and entails (Gourevitch 2015: 70-71). For example, see John Pendleton Kennedy’s (1840 [1872]: 66) satirical take on (literal) masonry in *Quodlibet*, as spoken by an avowed Jacksonian:

“"If," said he, "my old castle, my obelisk, or my Gothic gateway were built of stone instead of white pine, a fair inference might be made against me of a lurking wish to restore the exploded aristocratic system of primogeniture and entails. It would be said I was building for my son and his eldest born.”
who had an interest in several corporations\(^\text{10}\) (Pessen 1969: 240). Nonetheless, Henshaw hit close to an important truth. While corporations were viewed as foreign to the genius of American institutions in the late 18\(^\text{th}\) century, by the 1830s many had learnt to see corporations as a totem that embodied the nation’s devotion to associationalism, entrepreneurialism, hustle, and the elevation of the common man. Indeed, corporations had become so normalized by Henshaw’s era that a leading legal treatise depicted them as near ubiquitous (Wright 2011a: 217).

Hamilton’s and Henshaw’s passages are separated by nearly a half-century, and so it is unsurprising that they display some stark differences. Hamilton is on the defensive, denying that corporations are feudal: he dissociates them from kings and aristocracies. Henshaw is making a positive case for the corporation as an egalitarian institution: corporations “elevate the character, and improve the condition of the whole mass, by diffusing [an equality of wealth, political rights, and privileges] among all the citizens.” And yet, despite these differences, the passages also share a notable similarity. Both demonstrate an awareness that the legitimacy of corporations would ultimately be assessed not merely by their economic efficiency or by their ability to generate growth and returns on capital, but by their compatibility with America’s political culture.

What exactly does it mean for the corporation to be compatible with American political culture? In considering this question, I will show how the United States arrived at this point—not only to where the corporation had become

\(^{10}\) Henshaw—who was, after all, a politician—could also denounce “soulless monopolies and corporations” when the circumstances called for it. “Evidently his own corporations had soul,” notes Pessen (1969: 240) wryly.
a commonplace, but to where a leader of an egalitarian reform party spoke of the corporation more warmly than Alexander Hamilton did in the 1780s. In this chapter, I consider how understandings of the corporation evolved over the antebellum era: from concerns that the corporation threatened the sovereignty of the American people to a belief that the corporation buttressed the country’s egalitarian political culture. In later chapters, I discuss how changes in actual chartering practices further enhanced this fit.

The Corporation as an Extension of Centralized Power: The Crown’s Corporation

Those institutional activists who wanted to expand the role of the corporate form in the American political economy largely took the overarching structure of American political culture for granted: feudalism, monarchy, and aristocracy were bad, while republicanism was good. The open question was whether understandings of the corporation could be flipped—for example, could Americans who associated the corporate form with monarchy come to associate the corporate form with a republic? Could those who saw the corporation as inimical to equality be made to see it as a tool for universalizing independence from employers? Because traditional understandings of the corporation associated it with Old World feudalism instead of New World self-rule, the initial heavy lifting would have to be done by friends of the corporation. Enough Americans associated the corporate form with the chartered monopolies of the Old World so as to pose a problem to those who wished to see corporations proliferate in the more democratic political culture of the Americas. Even as late as the 1840s, Francis Shunk,
the Democratic governor of Pennsylvania, could say of the corporation, “They are behind
the times, they belong to an age that is past” (quoted in Hartz 1948: 75). The friends of
the corporation, then, would need to help Americans reconceptualize the corporation as a
good fit with American political culture.

To domesticate the corporation, its friends had to distance the organizational form
from the problematic conceptions that evoked fantasies of revolution and regicide—that
point of view which held that the corporate form was among “the causes of that civil war,
which brought Charles Ist to the scaffold . . . [and of] the French Revolution (Davis
1913a: 430). To borrow a phrase from a later era, the enemies of the corporation would
not hesitate to wave the bloody shirt of revolution to further their causes, as was the case
with “A Farmer” who wrote, “It is truly a phenomenon, that a free people should so
readily plant a Scion of arbitrary power, in a soil still moist with the blood of martyrs to
liberty (Davis 1913a: 429).

But the revolutionary legacy was two-sided, as the military struggle and
subsequent efforts at state building had awakened in other Americans the awareness that
both of these endeavors required state-led economic development. Demand for state-led
development could, in certain circumstances, increase acceptance of corporate charters
because pro- and anti-corporate Americans alike recognized that corporations could
function as extensions of sovereignty. In Mann’s (1984) terms, corporations could be
designed so as to extend the central state’s despotic and infrastructural powers. This facet
of the corporation is best seen in the practice of granting royal charters to large
corporations that turned a profit while fulfilling aims of state—e.g. the British East India
Company or the Bank of England. (The Bank of England, like the Bank of North
America, was founded in the midst of costly wars.) The charters for these corporations granted valuable monopoly privileges to favored men in exchange for their aggressive pursuit of goals that aligned with those of the Crown.

Disgust with these “perpetual monopolies” was cited by some Americans as part of their motivation for breaking their bonds with Britain (e.g. Davis 1913b: 446). But did Americans object to state-created corporations in principle, or did these objections stem from the fact that these corporations furthered the goals of the Crown at the expense of the colonies? Now that sovereignty resided in the American people, citizens had to decide to what extent the chartering power should be relegated to the feudal past, and to what extent it was an inherent power of any sovereignty.

*The Developmental Corporation and Independence (Political and Economic)*

To make the case that chartering was compatible with republican governance, pro-corporate forces wrapped the practice in patriotism. In the decade before Lexington and Concord, American mechanics argued that the development of America’s manufacturing sector would allow for economic independence from the mother country (Peskin 2003). As the patriot Benjamin Rush observed in 1775:

“By establishing manufactories among us, we erect an additional barrier against the encroachments of tyranny. A people who are entirely dependant [sic] upon the foreigners for food or clothes, must always be subject to them.” (quoted in Peskin 2003: 1)
This preoccupation with relations of dependency—here, dependency among nations—presages a discussion about corporations to which we will return later.

During the war, this fear of “dependence” was of urgent concern for the patriot cause. Alexander Hamilton and others realized that Britain’s martial capacity was due in part to its strong financial sector. As Hamilton wrote in 1780, “the Bank of England unites public authority and faith with private credit . . . . Had it not been for this, England would never have found sufficient funds to carry on her wars; but with the help of this she has done, and is doing wonders” (McCraw 2012: 52-53). Meanwhile, American fiscal weakness led not just to mass desertions among the rank-and-file of the Continental Army, but several mutinies and, most troubling, an incipient coup led by army officers (Middlekauf 1982: 582-583). Indeed, these fiscal pressures eventually led the Continental Congress to charter the Bank of North America, the first central bank of the United States. The Continental Congress (1781: 1188) stated that “the exigencies of the United States render it indispensably necessary that such an act be immediately passed.” It is worth noting that these events match a pattern observed often by historical sociologists (Tilly 1990): wartime necessity led to the expansion of state powers. Yet in this case, the expansion of state powers occurred indirectly via the expansion of corporate power.

The wartime “exigencies of the United States” may have proven the necessity of a national bank, but how were the Bank of North America and other chartered businesses to be reconciled with the republican creed and the Spirit of ’76 once the urgency of war had passed? The obvious historical precedents for profit-oriented corporations were also the most redolent of outsized monarchical power: earlier in the century the East India Company, for example, had assumed control of the Indian subcontinent from the Mughal
emperor. However, small-scale use of corporations for everyday business purposes was not common in Britain, especially since the passage of the Bubble Act in 1720 (Maier 1993: 51). Perhaps because Britain was already densely settled, well-capitalized, and highly industrialized, British economic thinkers focused less on the ability of the corporate form to encourage capital formation and more on the negative effects corporations had due to the imposition of agency costs and the creation of monopolies. For example, Scottish luminaries such as David Hume and Adam Smith wrote critically of the corporate form (Maier 1993: 58-60; Wright 2011b). Smith thought they belonged more to “the policy of Europe” than to “the natural progress of opulence” (quoted in Harvard Law Review 1988: 1891; see also Maier 1993: 58-59), while Hume called corporations a “great cheque to industry in England” (quoted in Wright 2011a: 227). American opponents of the corporate form made similar arguments through to the Jacksonian era (e.g. Gouge 1833: 41).

However, advocates for economic development in the United States argued that Britain’s example was not instructive because of the extent to which the economic situation of the two countries differed. Unlike Britain, the young country was in no position to dispense with the corporation’s ability to boost capital formation. As Alexander Hamilton (1781) wrote to Robert Morris while advocating for the incorporation of a new national bank:

As to internal loans, on which, after all, we must chiefly depend, there are two things that operate against them to any large amount: the want of a sufficient number of men with sufficient moneyed capitals to lend the sums required, and the want of confidence in those who are able to lend to make them willing to part with their money. It may be added that they can employ it to greater advantage in traffic than by merely lending it on
interest.

To surmount these obstacles, and give individuals ability and inclination to lend in any proportion to the wants of government, a plan must be devised which, by incorporating their means together and uniting them with those of the public, will, on the foundation of that incorporation and union, erect a mass of credit that will supply the defect of moneyed capital, and answer all the purposes of cash; a plan which will offer adventurers immediate advantages, analogous to those they receive by employing their money in trade, and eventually greater advantages; a plan which will give them the greatest security the nature of the case will admit for what they lend; and which will not only advance their own interest and secure the independence of their country, but, in its progress, have the most beneficial influence upon its future commerce, and be a source of national strength and wealth.

Hamilton was indeed correct that the United States faced daunting problems in the decades after Independence. The nation was underdeveloped and fragmented. The economy of the 1780s was languid at best (for a vivid description, see Hammond 1957: 68-70). The federal government faced an anti-tax culture, and struggled merely to pay off its debt from the Revolutionary War (Gould 1996; McCraw 2012). While the government was generous with the most valuable resource it controlled – land – settlement over the Appalachians spread the country thinner, making the problems of commerce and communication even more acute. Meanwhile, population growth in cities outstripped urban infrastructure. An outbreak of yellow fever led to the incorporation of a water company in New York City (Hammond 1957 [1985]: 150-152), while Philadelphia’s water supply was tainted by corpses from the city’s graveyard until an aqueduct company was incorporated (Schocket 2007: 24). While in states like Virginia, the wealthy gentry could perhaps undertake the construction of bridges and turnpikes without needing to pool capital, the relative wealth equality in the Northern states made this strategy
infeasible. Yet as national markets grew and internal improvement projects became more
grandiose, even wealthy Southerners needed to pool resources (Maier 1993: 57-58).

Despite increasing economic need for capital pooling, the cultural meanings
associated with organizational forms (Clemens 1993) slowed the extension of the
corporate form into economic life. For example, disapproval met the states’ granting of
privileges to incorporators of turnpike roads because of the widespread belief that roads
were public goods that ought to be provided by corvée — a disapproval that sometimes
resulted in sabotage (Davis 1913b: 314-319). In these heady days when Americans were
conscious that their actions set precedents not just for their national government but for
democratic governments in general, Americans prioritized fear of concentrated powers
over developmental pressures. Like those who preferred the weak government of the
Articles of Confederation to a stronger union, many of these Americans would rather see
a pure version of the American experiment fail than to see its very purposes be perverted
in the name of expediency. Accordingly, Tennessee’s new constitution stated that
“perpetuities and monopolies are contrary to the genius of a free state, and shall not be
allowed” (Wright 2011a: 228), while some of Hamilton’s fellow New Yorkers wanted to
amend the national constitution to forbid the issuance of charters by the federal
government (Wright 2011a: 228). Indeed, much resistance to the corporate form came
from a hope that self-government had rendered corporations unnecessary—a thing of the
past.

The Corporation as Shield: Are Corporations Even Necessary in a Republic?
Despite the demonstrated developmental power of corporations, resistance to the corporate form persisted because Americans were also familiar with an aspect of corporation that was, at first sight, much less threatening to their newfound liberty: the corporation-as-shield. In feudal societies, local corporations had been viewed as shielding the incorporated from interference by the sovereign. It could be argued in these societies that corporate privileges increased liberty for the people by protecting a guild or a city from centralized power. The corporation-as-shield might even be extended to the world of the business corporation, as illustrated by the German emigrant John Frederick Amelung, who argued “manufactures cannot subsist without particular necessary privileges.” He noted that in Europe, in order not to interrupt the “chain of business,” laborers could not be arrested without consent of employers (McCoy 1980: 160).

When sovereignty moved from the Crown to the American people, it became unclear how the corporate form would fit into this new political structure. If sovereignty resided in the people, did the corporation-as-shield represent an inherent threat to democratic rule? Critiques of this sort often used the language of aristocracy to argue that corporations necessarily represented the transference of sovereignty away from citizens and their elected representatives. William Findlay, a state legislator who would later serve as Republican governor of Pennsylvania, objected to the chartering of the Bank of North America in 1785-1787 by calling corporations “little aristocracies” that granted privileges that future legislatures would not be able to “disannul”:

If the legislature may mortgage, or, in other words, charter away portions of either the privileges or powers of the state – if they may incorporate bodies for the sole purpose of gain, with the power of making bye-laws, and of enjoying the emolument of privilege, profit, influence, or power, -
and cannot disannul their own deed, and restore to the citizens their right of equal protection, power, privilege, and influence, - the consequence is, that some foolish and wanton assembly may parcel out the commonwealth into little aristocracies, and so overturn the nature of our government without remedy (quoted in Davis 1913b: 444-446).

Many others worried about the anti-democratic potential of corporations. Tench Coxe (who was at times affiliated with Republicans) saw charters as “highly lucrative to private individuals; whereby the situation of Government is given to those individuals, not only without any adequate consideration, but without any consideration at all” (Coxe 1786: 3). James Sullivan, Massachusetts Attorney General and a Jeffersonian Republican, stated in 1802: “The creation of a great variety of corporate interests . . . must have a direct tendency to weaken the powers of government” (quoted in Wood 2009: 463), while Levi Lincoln, a Republican Governor of Massachusetts, lamented that the promiscuous multiplication of corporations created the danger that the state would remain with “only the very shadow of sovereignty” (quoted in Wood 2009: 463).11

This critique of the corporation as anti-democratic got a second wind after 1819 when John Marshall and the Supreme Court ruled in the famous Dartmouth College v. Woodward case that corporate charters represented a contract and was thus inviolable by the state legislature. While the influence of Dartmouth on antebellum corporate development can easily be exaggerated (there were simple legal runarounds to the inviolability of corporate charters), the case certainly grabbed the attention of contemporaries. Thomas Jefferson, upon hearing of Dartmouth and realizing that

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11 All of these passages (especially Coxe’s) presage neo-republican critiques of the corporation, which view the corporation as a form of private (and thus unaccountable) government (Anderson 2017).
corporations had become vested private property, beyond legislative powers, wrote that the decision:

. . . may be a salutary provision against the abuses of a monarch, but is most absurd against the nation itself . . . . [It implies that] preceding generations held the earth more freely than we do; had a right to impose laws on us, unalterable by ourselves, and that we, in like manner, can make laws and impose burdens on future generations, which they will have no right to alter; in fine, that the earth belongs to the dead and not the living (quoted in Wood 2009: 466).

Jefferson fears that the *Dartmouth* decision had reinforced the corporation-as-shield, which weakens the scope of republican governance.

Concern over the potential that corporations would usurp sovereignty persisted. A Pennsylvania Senate committee wrote of the Panic of 1819 that “[t]he incorporation of the monied interest already sufficiently powerful of itself, was but the creation of odious aristocracies, hostile to the spirit of free government, and subversive of the rights and liberties of the people” (quoted in Schocket 2007: 78). The Jacksonian Democrats believed that “whatever power is given to a corporation, is just so much power taken from the State, in derogation of the original power of the mass of the community” (quoted in Maier 1993: 68). The specific idea that corporations were feudal remnants was long-lived, appearing once again in an article entitled “The Corporation Question” by the Loco-Foco editor William Leggett. The influential Leggett discussed the history of the corporate form in order to present corporations as benevolent, countervailing powers in feudal regimes, but an unnecessary—and threatening—factor in democratic regimes:
It is curious to trace the history of corporations, and observe how, in the lapse of time, they have come to be instruments that threaten the overthrow of that liberty, which they were, at first, effectual aids in establishing. When the feudal system prevailed over Europe, and the great mass of the people were held in vilest and most abject bondage by the lords, to whom they owed strict obedience, knowing no law but their commands, the power of the nobles, by reason of the number of their retainers and the extent of their possessions, was greater than that of the monarch, who frequently was a mere puppet in their hands. The barons, nominally vassals of the crown, holding their fief on condition of faithful service, were, in reality, and at all times, on any question which combined a few of the more powerful, absolute masters. They made kings and deposed them at pleasure. The history of all the states of Europe is full of their exploits in this way; but the narrative of the red and white rose of England, of the contending houses of York and Lancaster, is all that need be referred to for our present purpose. Corporations were the means at last happily hit upon of establishing a power to counterbalance that so tyrannously and rapaciously exercised by the barons. For certain services rendered, or a certain price paid, men were released from the conditions which bound them to their feudal lords, and all so enfranchised were combined in a corporate body, under a royal charter of privileges and immunities, and were termed "freemen of the corporation." In process of time, these bodies, by gradual and almost imperceptible additions, grew to sufficient size to afford a countercheck to the power of the nobles, and were at last the instruments, not in England only, but throughout Europe, of overthrowing the feudal system, emancipating their fellow-men from degrading bondage, and establishing a government somewhat more in accordance with the rights of humanity. (Leggett 1840: 141)

Critics like Jefferson and Leggett viewed the corporation’s potential to become an island of governance to be inimical to a free people’s exercise of their sovereignty. In a republican society, the corporation was an unnecessary contrivance that cordoned off the privileged few from the nation’s capacity for self-rule. If abused, corporate charters could actually reverse the nation’s liberalization: citizens would watch helplessly as equality
before the law gave way to a medieval hodgepodge of particularistic rights and privileges.\footnote{Napoleon’s dissolution of the Holy Roman Empire is a useful historical example that highlights how Americans could have earnestly seen the proliferation of corporate charters as backwards and pre-modern. Before Napoleon’s conquest, the Holy Roman Empire contained around 1,800 territories that enjoyed a wide range of privileges and obligations. The geography of the Holy Roman Empire—and the legal status thereof—was the crystallization of a millennium of political, religious, and military struggles. Upon his victory at the Battle of Austerlitz, Napoleon reorganized the Holy Roman Empire into the much simplified Confederation of the Rhine, which initially consisted of a mere 16 states. Napoleon, of course, now personified a revolutionary movement that many viewed as descended from the American Revolution. Rallying around mottos such as “liberté, raison, égalité,” the transformation of the Holy Roman Empire into the Confederacy of the Rhine was viewed as a modern reform that increased liberty and equality while rationalizing the legal structure of a shambling medieval corpse. If state legislatures used their chartering powers to carve up the twenty-some American states into 1,800 incorporated sovereignties—well, that would be a regressive move away from our revolutionary future and toward our dark, feudal past.}

The Subordinated Corporation

Thus the first act of reinvention was to create a corporation-as-subordinate—to allow the sovereign people to punch through the corporate shield, so to speak. This conception reconciled the corporation with republican government by subjugating it fully to the legislatures that created them: the corporation was to be a regulated member of a well-ordered society (Novak 1996) rather than a rival power center, an imperia in imperio, as in feudal polities.

Accordingly, during the Constitutional Convention much discussion of corporations (by which the participants generally, but not always, meant chartered cities) revolved around issues of sovereignty. For example, James Madison (Farrand 1787a:
eloquently described how corporations fit into a federal polity like Russian nesting dolls. The federal government was the sovereign, but it could contain within it as many “lower” political units as the polity could bear:

We are vague in our Expressions--we speak of the sovereignty of the States--they are not sovereign--there is a regular gradation from the lowest Corporation, such as the incorporation of mechanicks to the most perf. Sovereignty -- The last is the true and only Sovereignty, the states are not in that high degree Sovereign--they are Corporations with power of Bye Laws. (477)

In Madison’s views, corporations ranged from mechanic’s associations to states. The inclusion of the latter was controversial: were states to be downgraded to the status of “mere corporations” (Farrand 1787b: 391) simply because they entered into a political compact? While I don’t intend to answer the vexed question of where exactly sovereignty is located in the American political system, this discussion shows that the framers viewed a political entity’s degree of “corporateness” as bearing an inverse relationship to its degree of “sovereignty.” All corporations had the right to make bylaws that were binding within the corporation, but these corporations were political units that were subordinate to the higher-level sovereign political units that created them.

But what power relations did this hierarchy imply? During the Constitutional Convention, much of this discussion around power, sovereignty, and corporations revolved around how to understand the political relationship of cities and states to the federal government. As Maier (1993: 64) notes, incorporated cities ceased to be controversial only after they were fully democratized (unlike colonial-era Philadelphia,
which was governed like a closed business corporation is today) and firmly subjugated to the state legislatures in which they resided:

Reformers wanted mayors as well as aldermen and common councilors elected, the principle of separation of powers respected, property-holding qualifications for office and the vote abandoned, ward representation adjusted for population changes, and, in general, an urban political system less congenial to "kingly government" and better adapted to "the more modern and plain republican institutions of the present day." In imposing such "republican" reforms, legislatures firmly established their authority over municipal corporations. That development has complicated American urban government but saved cities from criticism as _imperia in imperio_ whose privileges reduced the power of the sovereign people.

Historically, this is interesting in that it explains the common American pattern of cities, stripped of much legislative power, being at the mercy of their home states. In context of the larger discussion, this shows how much of the early discussion around the corporation revolved around the fear of rival centers of power usurping the sovereignty of the American people.

What did this mean in relation to business corporations of the period? Corporations were rendered subordinate to the states by giving legislatures (the natural seat of the people’s will) legal power over charters. Legislatures could write onerous duties, obligations, and restrictions into charters in order to counterbalance the privileges contained therein. We can see that the legislature’s powers were viewed as sufficient by observing that in the 18th century, some saw incorporation as a way of _purposefully_ subjugating extralegal associations to the power of the state (Maier 1993: 82-83). Despite Tocqueville’s ode to American associationalism in the 1830s, most Americans were initially skeptical of extralegal collective activities. As discussed in more depth in
Chapter 3, George Washington used his Farewell Address to warn against voluntary associations, which he blamed for the Whiskey Rebellion (Neem 2008: 35, 46). Meanwhile, conservative elites (who might otherwise favor corporations) worried that voluntary associations would undermine the authority of state. These fears had some plausibility, given that Americans had used extra-legal associations to coordinate activities during the American Revolution (Neem 2008: 11-17).

But if sufficient controls were built into the system, the domesticated corporation could actually be treated as an agent of social integration: incorporated collectives were safer than unincorporated collectives. Francis Lieber wrote from such a perspective in his *Encyclopaedia Americana*, where he presented the American polity as “made up of a concatenation of various corporations, political, civil, religions, social and economical”—with the federal government itself a “great corporation, comprehending all others” (quoted in Maier 1993: 82). In this telling, incorporation reined in extralegal associations. Thus in 1784, the Society of Cincinnati (feared by many Republicans as productive of an American aristocracy):

> . . . recommended that state chapters seek legislative charters in an effort to offset criticism as ‘self-created’ political grounds founded without ‘the sanction or patronage of any legislative or civil authority whatever’—groups whose concern with public issues ‘proper only for the cognizance of the legislative . . . or of other such bodies as are known in the constitution, or authorized by the laws of the land,’ raised the prospect of an ‘Imperium in Imperio.’ (Maier 1993: 82)

As legislatures assumed control over corporations, the literal aristocratic critique of corporations became less potent—a trend that continued as the aristocratic pretensions of the Federalist Party were stamped out of American politics by the electoral and
rhetorical battles of the 1790s (Appleby 1984: 51-78). However, the subordination of the corporation was to this point primarily a legal, and even a philosophical, development. Putting this conception of the corporation into practice was a different question. How exactly would the states balance the duties, privileges, and obligations of actual chartered corporations?

*The Corporation in a Well-Ordered Society: Economic Necessity and the Extension of Corporations into Business*

As just discussed, the first facet of Constitution-era reinvention was reconciling corporate powers with republican theories of sovereignty. The second facet had to do with the reconciliation of “pecuniary corporations” with traditions of local governance. Padgett and Maclean (2006: 1544) argue that significant organizational innovations may result from political upheavals, as these create difficult problems for actors who then transpose “relational logics” from one domain to another “which attain new purposes in the new domain, whose reproduction is positively reinforced to the point that it alters interactions among others in the new domain.” The American Revolution and the ratification of the Constitution certainly qualifies as such a political upheaval, after which the new nation turned to the corporate form for business at rates previously unseen. As I argue here, this adoption constituted a transposition of a “relational logic” previously observed among community organizations to the domain of economics.

Many legislators softened the profit-orientation of corporations by emphasizing their developmental public-interest aspect. They did this in part by presenting charters as
temporary expediencies granted for the sake of rapid development of communities. This was evidenced not only in the limited lifespans of many charters, but also by the fact that states sometimes included clauses allowing them to buy out turnpikes once the investors had recouped their initial investment with interest, allowing for the road to become toll-free (Davis 1913b: 334; Seavoy 1982: 42). From this perspective, the business corporation was a temporary loan of sovereignty to groups of private citizens in exchange for services provided.

Limited lifespans were also used to reinforce legislative powers over the corporation. Because the corporate form, and industry in general, faced so many obstacles during this period, the states had little need to exert oversight stricter than the legislature’s option to not renew a corporate charter if the corporation failed to achieve its chartered purpose. In the case of “The Company for procuring an accurate map of the State of New Jersey,” a trigger was even written into the charter itself: the corporation was granted a 15-year monopoly over sales of said map, but lost this privilege if it failed to publish it within four years of incorporation (Davis 1913b: 424).

Federalist proponents of corporations often played up the public interest facet of corporations in order to justify the granting of special privileges. For example, George Washington, a Federalist, said of the employees of the Boston Duck Sail Cloth Manufactory: “They are the daughters of decayed families, and are girls of Character – none others are admitted . . . This is a work of public utility and private advantage” (Davis 1913b: 381). Bank presidents were public figures who enjoyed more than private prestige in recognition of their service to their communities. In Pennsylvania, “the President of the Bank” was pallbearer for Benjamin Franklin along with other high
occupants of office in the state, including the President of the State and the Chief Justice. Meanwhile, “The President of the Bank’ (the Bank of Massachusetts) had as a right a seat on stage at Harvard’s commencements” (Hammond 1957 [1985]: 67).

It was not uncommon in the early republic to insert phrases into charters asserting that the legislature had granted this charter for the public good. These assertions could prove to be quite profitable. For example, in 1788 a group of wealthy Federalists in Beverly, Massachusetts petitioned the state for a manufacturing charter for what would be (arguably) the first textile mill in the United States. The Beverly entrepreneurs argued that their mill would support “the patriotic motive, the freedom from dependency on foreign manufactures, the provision of work for widows and orphans, even an increase in the sale of fish, as exchange for cotton” (Lovett 1952: 221). In other cases, public interest was cited not just to justify the granting of a charter, but to justify specific lines in that charter. Because the “associators” of the Bank of North America were presented as incorporating for patriotic war aims and only incidentally for “pecuniary advantage,” Congress saw fit to indemnify them against loss (Hammond 1957 [1985]: 43).

Entrepreneurs also played down the profit-orientation of corporations by arguing that corporations weren’t very profitable. Thus the Beverly incorporators, in a follow-up petition three years later, stress the difficulties attendant on manufacturing in the United States:

But the experience of all Countries shews the extreme difficulty of bringing this complicated Manufacture to maturity, that it is too delicate to sustain itself in its infancy, and therefore requires the fostering hand of Government to cherish it. . . . (quoted in Lovett 1952: 238)
With these ideas to have abandoned the undertaking, sacrifising the greater part of the Stock, and disappointing the public expectation, would have been inexcusable—on the other hand, to have continued those expensive exertions, necessary to bring it to that point of perfection; and place it on that solid and respectable footing which the public interest requires, without some effectual aid from Government, must have greatly impoverished the principal proprietors, and exposed them to eventual ruin (quoted in Lovett 1952: 240).

In other words—and this was often true—without charters, manufacturing enterprises had little chance of succeeding. Even with them, failure was likely. Thus, they argued, charters fulfilled a legitimate public interest by supporting economic development.

We see through these examples the second facet of Constitution-era bricolage: the marriage of the pecuniary corporation—which in the colonial mind was most famously associated with enormous royal corporations pursuing the interests of the Crown—with the community-oriented public interest corporation, which previously had been dominated by churches, academies, and charitable organizations (Kaufman 2008). Colonial legislatures had long enjoyed the ability to pass acts of incorporation that created towns as well as religious, educational, and charitable organizations (Kaufman 2008). Though rarely an issue, even a small college intended to train clergy for the backwater colonies actually required the consent of the monarch or the monarch’s representatives. Massachusetts learned that such monarchical approval was not to be taken for granted after the rejection of several charters for Harvard College (Maier 1993: 56).

Yet while even colonial charters ultimately derived from the Crown, these corporations were widely understood as facilitating local self-governance and the furtherance of communal goals (Kaufman 2008; Kaufman 2009). Not even the most
fervent defender of liberty viewed a local academy as an alien body extending the Crown’s power into the colonial town. Federalist friends of the corporation combined the pecuniary corporation with the community corporation to create a public-interest business corporation. Federalists saw no inherent right to state privileges in order to make a profit. Instead, they presented profit as a (desirable) side effect of the use of state power to achieve public ends. The limited lifespan of early charters was an indicator that these first corporations were viewed as developmental. Ideally, there was some point that we might now call “economic take off” (Rostow 1956) after which developmental policy like corporate charters would no longer be needed. Or in any case, that was the theory. As the elite friends of these public-good corporations would find out, special privileges could not be selectively parceled out to a group of well-connected Americans in a country whose foundational document declared a belief in the equality of all men.

_The Republican Critique of the Corporation_

Much of the debate around the corporation so far can be characterized as elite debate: Adam Smith’s thoughts on the principal-agent problem, Hamilton’s desire to establish an efficient system of credit and finance, Madison’s scholarly rumination on the nature of sovereignty, and even local notables’ developmental efforts to acquire a charter for a local bridge or turnpike. These themes, while important, fall short of touching on themes that could be described as populist.

And yet, the American Revolution had not merely been a revolution in political theory: it was a true social revolution, even if many of the Founders came to rue that fact.
(Wood 1991). Thus during the 19th century, the corporation would have to evolve to fit with the demands of a popular electorate. The American Revolution means that this study must account for popular as well as elite understandings of the corporation.

Many common Americans felt distinct unease due to the relative increase of corporations in the post-revolutionary years, and part of this was due to the feeling that corporations undercut core revolutionary promises. That exclusive privileges were anathema to revolutionaries is seen in purest form in the French Revolution, where liberals detested the corporation as a feudal instrument that subverted republican equality (Maier 1993: 51). In Rights of Man, the erstwhile American revolutionary Thomas Paine (1797 [1892]: 218) wrote from revolutionary France:

> It is a perversion of terms to say, that a Charter gives rights. It operates by a contrary effect, that of taking rights away. Rights are inherently in all the inhabitants; but charters, by annulling those rights in the majority, leave the right by exclusion in the hands of a few. If charters were constructed so as to express in direct terms, that every inhabitant who is not a member of a corporation, shall not exercise the right of voting; such charters, would in the face be charters, not of rights, but of exclusion. The effect is the same under the form they now stand; and the only persons on whom they operate, are the persons whom they exclude. Those whose rights are guaranteed, by not being taken away, exercise no other rights, than as members of the community they are entitled to without a Charter; and, therefore, all charters have no other than an indirect negative operation.

Though Thomas Paine was quickly moving further to the radical left than most Americans were willing to follow, Rights of Man remained influential. Thomas Jefferson (1791) praised it, and Thomas Skidmore (whose views will be discussed later) would quote it approvingly in his similarly titled anti-corporate work of 1829. Paine discusses charters in terms of the effects that they have on rights. His objection is rooted in first
principles: corporations are incompatible with commitments of political liberals to equality before the law. From this perspective, every corporate charter is an abomination. Such an attitude could be found stateside as well.

This popular unease could not be addressed by precise constitutional language that confirmed the authority of the sovereign people over well-regulated public interest corporations created by charters that balanced privileges with countervailing obligations. That was because for these Americans—very often farmers and artisans, very often affiliated with the Jeffersonian Republicans—their misgivings were not legalistic, but due to the conviction that republican governments could only exist in societies that exhibited high levels of civic virtue. The republican critique was distinguishable from the democratic critique of corporations, in that the latter criticized the direct usurpation of sovereignty by chartered bodies. The republican critique, by contrast, criticized corporations as undermining the necessary economic conditions for the virtuous exercise of self-government. In an important way, the republican critique of the corporation began to shift the criteria by which citizens assessed the granting of chartered privileges from “Will this charter help to achieve a specific public good?” to “What kind of society and economy will the chartering system as a whole create?”

The republican critique of the corporation was thus rooted in early American beliefs derived from 18th century political economy as well as a study of classical democracies (Appleby 1984; Wood 1991). Like the wealthy citizens of the ancient Greek polis, the best citizens were believed to be those men whose ownership of productive property granted them independence from employers, patrons, and creditors. The independence of these men would allow them to cultivate some level of high-minded
impartiality in the affairs of the state. Thus, these republicans believed, democracy could only survive in a country where property-owning was widespread and a decent income not hard to come by. This belief underlay the Jeffersonian vision of a republic of independent farmers (McCoy 1980).

Republicans were opposed to industrialization, inasmuch as industrialization would turn independent artisans into urban poor who were alienated from the means of production. Benjamin Franklin believed that artisans who owned their own tools were capable of the same republican virtue as yeoman farmers due to their ownership of productive property. For this reason, Franklin was against the “Great Establishments of Manufactures”—and especially those that required government aid (McCoy 1980: 65). However much industrialization alone might degrade republican virtue, corporations would amplify its ill effects by establishing especially long chains of dependence: Corporations made the incorporators dependent on the government and made wage laborers dependent on the incorporators. How could “private” artisans compete with government-subsidized, privileged, chartered companies—and how could a republic survive without these independent, virtuous citizens (McCoy 1980: 155-160)?

The fear of the United States turning into Europe was never far from the Republicans minds. As an “Anti-Monopolist” wrote in the General Advertiser in 1792:

At a time when funding systems, excise laws, monopolies and exclusive privileges, have arrived at their last stage, and when the numerous evils flowing from them have come to a crisis, which seems to convulse Europe to its centre, and threatens to shake it to its foundations; instigated by a blind fatality altogether unaccountable, we seem to be treading in the very steps, and following the same paths, which has led the different nations of that quarter of the globe to their present alarming conditions (quoted in McCoy 1980: 161)
This fear of Europeanizing effects of industrialization served to flip public interest justifications for the corporation on their head. The “United Company of Philadelphia for Promoting American Manufactures” was considered by its founders as “a providential work, intended by the Almighty as a means of subsistence of such of his creatures among us as are not qualified to gain a livelihood any other way” (quoted in McCoy 1980: 117), while New England and Middle Atlantic states set up manufactories in the 1780s for those who “eat the bread of idleness” (quoted in McCoy 1980: 118). But in the Republican telling, these manufactories were more akin to poor houses that helped to maintain the urban poor at the same time as they drove artisans out of the market.

The fear that corporations would immiserate independent businessmen (or “small capitalists” as master craftsmen thought of themselves) was widespread in contemporary statements. For example, the journeyman cordwainers of Newark, NJ issued a resolution stating: “We entirely disapprove of the incorporation of Companies, for carrying on manual mechanical business, inasmuch as we believe their tendency is to eventuate and produce monopolies, thereby crippling the energies of individual enterprise, and invading the rights of smaller capitalists.” (quoted in Howe 2007: 558). The proposal of a Bread Company that would monopolize baking in New York City evoked a very similar response: “The independent spirit, so distinguished at present in our mechanics, and so useful in republics, will be entirely annihilated” (quoted in Sellers 1991: 26). Yet another Republican wrote that “no citizen will think of giving seven years of the prime of his life to acquire the knowledge of any profession in which he may be supplanted by a junto of monied men, under the immediate patronage and protection of the government” (Harvard

Thomas Jefferson (also evoking the aristocratic critique) said that National Republicans wanted “a single and splendid government of an aristocracy, founded on banking institutions and moneyed incorporations” through which the few would soon be “riding roughshod over the plundered ploughman and beggared yeomanry” (Sellers 1991: 106). Meanwhile, John Taylor, an “Old Republican” Senator from Virginia, wrote that capital “will, in the case of mechanics, soon appropriate the whole of their labour to its use, beyond a bare subsistence” (Sellers 1991: 120). Even concentrations of corporate wealth that started small aroused fears of vast inequalities in the future, because corporations held on to property with “hands that never die” (Maier 1993: 71). In all of these statements, we see the concern that wealth could concentrate in corporations and thereby diminish the virtue of a free people. Thus in an important way, republicans began to shift the terms of debate from equality before the law to equality of economic condition: if corporations concentrated wealth, then corporations threatened the conditions necessary for self-rule.

Republican Bricolage

Despite these misgivings quite prevalent among Republicans, others found themselves softening toward the corporate form. In part, this was simply because after 1800 they were on the political ascendant. Indulging populist appeals has always been easier for a political party when it is out of power. Once in control, however, even anti-business politicians face the structural imperative to sacrifice ideological purity and foster
development in order to stay in office and fund the state (Block 1987). Republican politicians during this era would work on reconciling corporations (and their association with urbanization and industrialization) with prevailing understandings of the economic conditions necessary for the survival of republican virtue.

Thus, during this era we first see Republicans embracing corporations wherever corporations might support commerce in agricultural goods. This is because Republican cultural commitments led the party to embrace “extensive development” over the “intensive development” preferred by the Atlantic-oriented Federalists of the coastal Northeast. First, opening up the interior of the continent would allow urban laborers to disperse and settle in countless small agricultural settlements. However, Republicans worried that the fertility of the land might lead these farmers to become complacent due to the ease with which they could satisfy their most basic material needs. These Republicans therefore subscribed to a “doux commerce” theory that saw commerce as they key to preventing farmers from falling into autarkic indolence (McCoy 1980: 77-84). As McCoy (1980: 83) puts it, “If sufficient markets were not available to absorb their agricultural surpluses, how would American farmers achieve the necessary discipline to be energetic, fully productive, and hence republican?”

The Republican desire for an “Empire of Liberty” that stretched across the continent led to a demand for infrastructure that outran the abilities of state funding and the willingness of individuals to invest in partnerships (Schocket 2007: 10-11). This expansionism was later given a militaristic edge by the Democratic Party’s urge to establish white supremacy across the entire continent (Howe 2007: 357). Such far-flung expansionism led to heightened demand for infrastructure by voters on the edge of
American settlements. These voters were agrarian and expansionist, and so usually Jeffersonian Republicans. They were also capital poor (landholdings aside), and so needed both public assistance and the ability to pool capital in order to construct this infrastructure. Corporations allowed for mixed funding of this infrastructure, and so Republicans often felt some pressure to charter corporations where the situation justified it (Goodrich 1950).

This Jeffersonian vision—a continent full of yeoman farmers engaged in free commerce—proved to be incompatible with the international system maintained by Britain and France, the era’s Atlantic superpowers. Republicans sought to extricate the nation from foreign entanglements through a series of ill-fated maneuvers. Congress passed the Embargo Act in late 1807 and the Non-Intercourse Act of 1809. These acts stifled overseas trade, but they only postponed the War of 1812. During these years of trade war and actual war, even Republican legislatures came to feel increased pressure to support domestic manufacturing in order to replace lost imports (McCoy 1980: 226-231). Thus limited acceptance of transportation corporations greased the slope for the limited acceptance of manufacturing corporations among Republicans.

In 1811 New York passed the nation’s first general incorporation law for manufacturing corporations. Now that the nation needed to achieve domestic self-sufficiency, Republicans reconceptualized manufacturing firms as a public service. These manufacturing firms were mostly for textiles, which is reflected in the original name of the law: “A Bill to Encourage the Manufacture of Woolen Cloth, also Cotton, Hemp, and Flax and for other Purposes” (Seavoy 1982: 64-67). New York also chartered two emergency corporations with some banking powers and tasked them with encouraging
the production and consumption of domestic manufactures. They had short legal
lifespans, because the legislature did not intend for them to compete with other
corporations on such advantageous terms after the war was over (Seavoy 1982: 66). The
martial aspect of the Republican’s relaxed attitudes toward corporations is revealed by
the fact that the legislature also passed a general incorporation law for privateering
associations during this period (Seavoy 1982: 72).

This positive experience with encouragement of domestic manufacturing never
quite receded for some Republicans. Wartime textile manufacture aroused limited
opposition because, in this period of suddenly decreased supply, even spinners and
weavers welcomed access to cheaper, industrial textiles. Furthermore, the fact that so
many of these corporations promptly went bankrupt upon the resumption of international
trade proved that international competition, not chartered domestic competition,
continued to be the greater threat to small producers (Seavoy 1982: 67). It was in such a
post-war environment that Governor Tompkins, a Republican from New York, advocated
a protective tariff for manufacturers in 1816, because during the War of 1812 investors in
textile manufactories “had, from the pure motives of patriotism, and when the best
interests of the country required it, adventured their property” (Seavoy 1982: 66-67).
Even Jefferson changed his mind. The man who in 1782 had proclaimed, “[L]et our
workshops remain in Europe” would say in 1816, “[W]ithin the thirty years which have
since elapsed, how are circumstances changed!” (Gourevitch 2015: 72). Jefferson even
went so far as to say, “[E]xperience has taught me that manufactures are now as
necessary to our independence as to our comfort” (Gourevitch 2015: 72).
The War of 1812 not only altered existing Republicans’ attitudes toward the corporation, but it also precipitated a coalitional change. The Federalist Party was fatally wounded in most parts of the country due to its strong anti-war stance, which even led to a secessionist movement in New England. As traditional party lines broke down, there was an influx of pro-corporate men into Republican ranks. The Republican Party of the post-war Era of Good Feelings was syncretic, including men as varied in political philosophy as nationalistic state-builders like DeWitt Clinton, John Quincy Adams, Henry Clay, and John Calhoun alongside “Old Republicans” like John Randolph of Roanoke and John Taylor of Caroline. Two years after the war ended, New York Governor DeWitt Clinton was instrumental in beginning construction of the Erie Canal, sparking a mania for canal and navigation companies (Roy 1997). Transportation companies in particular would enjoy enormous legitimacy with most Americans through at least the 1840s (Lively 1955).

So how did they achieve this? Republican bricolage meant that Republicans were willing to use the corporate form where it was necessary to encourage extensive development and where it aided foreign trade. Corporations were thus able to be portrayed as propping up a society of independent producers, a prerequisite for the virtuous operation of a republican nation. As I show in chapter 5, these privileges were handed out sparingly (at least before the Era of Good Feelings): generally, only when the size of the project required a corporate charter to facilitate the accumulation of capital. The “reluctance” of Republicans to incorporate was manifest in New York’s Constitutional Convention of 1821. The new constitution contained the requirement that two-thirds of the state legislature must vote in the affirmative for the “creating,
continuing, altering, or renewing any body politic or corporate.” It was intended to increase deliberation over the necessity of new corporations. As Rufus King and other Regency Republicans explained, this was because corporations were (in Seavoy’s words) “exceptions to the common law; the process of creating them should be closely guarded; and their numbers ought to be diminished as far as was consistent with preserving vested rights” (Seavoy 1982: 95).

The Corporation and Interstate Competition

The transportation revolution of the Era of Good Feelings would alter attitudes toward the corporation in several ways. Most straightforward, it made corporations visible and near ubiquitous, allaying some fears about their incompatibility with a republic. Americans soon realized that a turnpike company in rural Maryland bore little resemblance to the great chartered monopolies of the British Crown, which ruled entire territories and had their own armies. However, the transportation revolution also accelerated development of domestic markets, making towns more sensitive to issues of domestic competition. Thus as the Republican Party grew more amenable to corporations, we also notice a subtle shift in the “public interests” for which remaining Federalists might grant a charter. If before, public interests tended to be specific services—a bridge or a road to the neighboring town—now the public interest could be described as broader and more diffuse: Americans could now discuss the corporation in terms of the effect it might have on the local economy. And while there are earlier instances of Federalists justifying manufacturing charters inasmuch as they helped
employ those who “eat the bread of idleness” (quoted in McCoy 1980: 118), Federalists were beginning to present the presence of a large laboring class as a positive good in and of itself, and not merely a humanitarian issue requiring palliative.

A clear example of this new orientation is seen in a prospectus submitted to the Massachusetts state legislature for the Boston & Roxbury Mill Dam in Boston’s Back Bay. The prospectus begins with a traditional appeal to public interest by boasting not just of the amount of manufacturing power it will produce, but also carefully notes that it will allow a permanent, toll-free road to communities previously inaccessible from Boston. The prospectus also notes the mill dam will bring down the prices of goods while raising property values.

Of most interest here, the prospectus notes that New England is no longer “land rich,” and so is beginning to experience unemployment. The Committee Report on this prospectus, written by a wealthy Federalist merchant named T.H. Perkins, pays special attention to the ability of the mill dam to provide employment:

These bays [can] be made to yield a water power, which, variously applied, will give active and profitable employment to a capital of eight millions of dollars, and to ten thousand workmen (Cotting 1818: 22).

The Committee Report’s reasoning suggests that by the 1820s, legislatures had to account for interstate competition for capital and labor in their chartering practices. As the Report states, local manufacturing:

…would open the pleasing prospect of employment at home, to the many thousands of our citizens who now, annually, emigrate to the south and west in quest of subsistence, secure to New-England its own natural
increase of population, and thus add essentially to its strength, wealth, and respectability.

But the loss of numbers comprises not all the evil of the present limitation of the fields of industry. Our ingenious men, our machinery and capitals find a more liberal encouragement in New York and Philadelphia, where a spirit of manufacturing enterprise is fast gaining ground. (Cotting 1818: 23)

Given the discussion of corporations and wealth inequality to come, it is also worth noting the egalitarianism of the plan to sell shares: the incorporators would sell “3,500 shares but no one shall purchase more than 50” (1818: 24). It was also intended that the mill dam would eventually allow for the operation of 81 manufactories, presumably to be rented out to smaller capitalists in a manner reminiscent of Manayunk’s mills (Scranton 1983). This prospectus had both a developmental face (it would add to Massachusetts’ “strength, wealth, and respectability”) and an egalitarian face (it would spread the wealth among shareholders and manufactory tenants). However, the mill dam proved to cost nearly three times as much as its promoter had predicted, while only three manufactories ever got up and running. 13 Although a failure, the Boston and Roxbury Mill Dam is nonetheless an important indication of how some state legislatures were beginning to view corporations as part of a national market system.

Slavery, Property Rights, and the Corporation

Having accepted that corporations would become a permanent fixture in the national economy, Republicans would need to begin considering how to reconcile their

13 http://www.bahistory.org/HistoryMillDam.html
ideological commitments with this new fact. It’s important to note how the Dartmouth decision in 1819 may have subtly altered Republican’s disposition toward corporate property, inasmuch as the decision defined business corporations as private property. Republican politicians had enormous respect for private property, due in part to the Lockean origins of their political philosophy (Hartz 1955). On a more pragmatic level, farmers had long idealized private property based on their own pre-capitalist experiences (Sellers 1991: 33) while slave owners saw appeals to private property as a high-minded way to ward off criticisms of human bondage (Hofstadter 1948). As Robin Einhorn (2006) has convincingly shown, devotion to slavery led elites to champion an absolutist and anti-majoritarian variety of property rights.¹⁴ Thus as corporate density increased, it became increasingly unlikely that a party dependent on slaveholders—let alone a political system dependent on suppressing debate over slavery—could tolerate calls for “corporate abolition,” lest such political theories inadvertently lend inspiration to those who would call for the abolition of that other form of private property.

Accordingly, Dartmouth may have forced the Republican Party (though not all Republican voters) to accept the corporation as a fait accompli. Radical plans to abolish the corporate form all together looked increasingly quixotic. Taken together, these developments during the Era of Good Feelings led ambivalent Republicans to seek for a way to live side-by-side with corporations without discarding their liberal and republican commitments.

¹⁴ Einhorn’s (2002) discussion of Hartz (1955), Madison’s Federalist No. 10, and others is also instructive here.
Many Americans were not on board with the new Republican compromise position on corporations. As the labor advocate Seth Luther declared, “Cotton mills are called ‘Republican Institutions’” yet in reality they were a form of “tyrannical government” characterized by “one sided and arbitrary rule” (Gourevitch 2015: 77). As suffrage expanded during the 1820s, more and more anti-corporate laborites like Luther acquired the right to vote. Newly enfranchised artisans and laborers watched with trepidation as corporations became a standard component of the American economic landscape. Sylla and Wright (2013:2) show that, per capita, the United States chartered more corporations and authorized more corporate capital in the early 19th century than did the UK, France, or Prussia. Specialists in corporate law Joseph Angell and Samuel Ames wrote in 1832 that:

…[i]f a native of Europe, who has never traversed the wide barrier which separates him from us should be informed, even with tolerable accuracy, of the number of Banking Companies, Insurance Companies, Canal Companies, Turnpike Companies, Manufacturing Companies, &c. . . . that are diffused through these United States, and fully invested with corporate privileges, he could not be made to believe that he was told the truth. (quoted in Wright 2011a: 217)

For the remaining critics of the corporation, it was increasingly evident that corporations had either to be abolished now or it would be too late. By the late 1820s, the Workingmen’s Party (later to be absorbed by the increasingly pro-labor Democratic Party) issued a call to “abolish all banks and chartered monopolies” in order to protect artisans and other workers from “capitalist exploitation” (quoted in Sellers 1991: 287).
The concern was that corporations would concentrate economic power to an extent that diminishes the independence of a free people. These concerns were still strong in 1830s, when they were voiced by the Loco-Foco Democrats (Trimble 1921). On occasion, the language of the aristocratic critique reappeared too. A particularly virulent example comes from a Loco-Foco Report:

The world has always abounded with men, who, rather than toil to produce the wealth necessary to their subsistence, have contrived to strip others of the fruits of their labor, either by violence and bloodshed, or by swaggering pretensions to exclusive privileges.

It is, however, chiefly by the latter mode of robbery, that the working classes of modern times are kept in debasement and poverty. Aristocrats have discovered that charters are safe weapons than swords (quoted in Trimble 1921: 711).

Jackson echoed the Loco-focos in the 1830s, identifying corporate charters as part of America’s “young nobility system” (quoted in Sellers 1991: 333). A Democratic Trenton newspaper wrote that “[t]o have the land scattered over with incorporated companies, is to have a class of privileged, if not titled, nobility – a nobility that will ever be reaching forward to higher emoluments, at the hazard of more deeply involving the rights of the public” (quoted in Cadman 1949: 77). This quote shows that by the mid-century, charges of aristocracy had lost their literal meaning, but served as inflammatory shorthand for the charge that “the principle of natural equality was being denied” (Appleby 1984:78; see also Hartz 1955).

During the Jacksonian Era, a prominent type of criticism of the corporation was rooted in liberalism. Liberalism had a much different meaning in the antebellum era than it does now. While claims that American culture is uniquely oriented toward the market
and away from the state have been criticized (Novak 2008; Prasad 2012), this is not the meaning that antebellum Americans would associate with the term. There was no pretense in early America that there could be a complete absence of state intervention in the economy, in large part because Americans saw government and society as inseparable (Wood 1991: 5). Corporations were seen as “gifts from the sovereign” (Hurst 1970), and Americans recognized them as signs of state activity. As Ciepley (2013) demonstrates, corporations are inherently creations of state intervention, as they enjoy privileges such as asset shielding that are unobtainable by private contract in a free market place.

The liberal critique was not new to the Jacksonian Era, but emerged early in American history, especially among artisans aligned with the Republican Party, who argued that corporations created legal inequalities among citizens who were supposed to be legal equals. Benjamin Latrobe, the surveyor of public buildings for Jefferson’s administration, wrote that American society was based on “the freedom which opens every legal avenue to wealth to everyone individually” (Wood 2009: 333). Corporations were antithetical to this freedom. Justice John Hobart of New York voiced this liberal concern directly when he objected to a 1785 bill in New York to incorporate a society of tradesmen and mechanics:

…[b]ecause all incorporations imply a privilege given to one order citizens which others do not enjoy, and are so far destructive of that principle of equal liberty which should subsist in every community; and though respect for ancient rights induced the framers of the Constitution to tolerate those that then existed, nothing but the most evident public utility can justify the further extension of them (quoted in Davis 1913b: 444).
Fear of corporate power leading to legal and economic inequality increased in proportion to the increase of corporations in society. An 1820 work on political economy maintained that “[Corporations] are, and ought to be, considered as artificial engines of power, contrived by the rich for the purpose of increasing their already too great ascendancy and calculated to destroy that natural equality among men which no government ought to lend its power in destroying (quoted in Roy 1997: 73).

As president, Andrew Jackson would tap into liberal anti-corporatism to great effect. In his famous message accompanying his veto of the Bank, Jackson (1832) wrote, “When the laws undertake to add to these natural and just advantages artificial distinctions, to grant titles, gratuities, and exclusive privileges, to make the rich richer and the potent more powerful, the humble members of society – the farmers, mechanics, and laborers – who have neither the time nor the means of securing like favors to themselves, have a right to complain of the injustice of their Government.” Jackson continued, “If [government] would confine itself to equal protection and, as Heaven does its rains, shower its favors alike on the high and the low, the rich and the poor, it would be an unqualified blessing.” After Jackson left the presidency, a radical wing of the northern Democrats would carry forward this part of his agenda. That faction, better known as the Loco-focos, were formally called the “Equal Rights Party.” The crux of liberalism during the Jacksonian period was not in the absence of state action, but in the state’s equal treatment of citizens (conditional on their race and sex) before the law (see Hartz 1955: 54).

Though equality before the law had long been an American value, it grew as animating force as observers noted the marked increase in inequality during the 1830s.
The United States enjoyed historically low levels of wealth inequality at the time of the Constitution (Lindert and Williamson 2016). This changed quickly as the country developed. As Sylvester Judd wrote in an editorial in the *Hampshire Gazette* in 1833:

…now a few hundred men in Boston, Salem, &c. possess more property than all the farmers in the state . . . Men with immense estates and men with no property are ten times more numerous than they were 40 or 50 years ago. Meanwhile the great middle class has been comparatively much diminished, and not a few of them live on mortgaged farms, are borne down with debts . . . We have splendid cities and poor towns, palaces and poor-houses, luxury and want, the vices of high-life and low-life, superciliousness and servility, nabobs, and paupers, Dives and Lazarus. (quoted in Formisano 1983: 222)

To shift the public debate on corporations toward equality, first liberals would need to cast doubt on the “public interest” role of the corporation. Thus William Leggett (1836) in “The Corporation Question” grants that special charters may be productive of public works, but this does not mean that special charters operate in the public interest:

That special charters are, in many instances, given for objects of intrinsic excellence and importance, is freely admitted; nor do we desire to withhold our unqualified acknowledgment that they have been the means of effecting many improvements of great value to the community at large. Let it be clearly understood, then, that we do not war against the good achieved; but seek only to illustrate the inherent evil of the means. A special charter is a powerful weapon; but it is one which should have no place in the armory of the democracy. It is an instrument which may hew down forests, and open fountains of wealth in barren places; but these advantages are purchased at too dear a rate, if we give for them one jot or tittle of our equal freedom. As a general rule, too, corporations act for themselves, not for the community. If they cultivate the wilderness, it is to monopolize its fruits. If they delve the mine, it is to enrich themselves with its treasures. If they dig new channels for the streams of industry, it is that they may gather the golden sands for themselves, as those of Pactolus were gathered to swell the hoards of Croesus.
In the final account, Leggett (1836) says it matters little whether special charters facilitate public works, because the equality of rights takes precedence:

But it departs from its legitimate office, it widely departs from the cardinal principle of government in this country, the equal political rights of all, when it confers privileges on one set of men, no matter for what purpose, which are withheld from the rest. It is in this light we look upon all special acts of incorporation. They convey privileges not previously enjoyed, and limit the use of them to those on whom they are bestowed.

William Gouge (1833) articulated the belief that such unequal legal privileges would create an entire society founded on unjust inequalities. Corporate privileges may allow one man to unjustly triumph over another in the market:

Such are the inherent defects of corporations, that they never can succeed, except when the laws or circumstances give them a monopoly, or advantages partaking of the nature of a monopoly. Sometimes they are protected by direct inhibitions to individuals to engage in the same business. Sometimes they are protected by an exemption from liabilities to which individuals are subjected. Sometimes the extent of their capital or of their credit, gives them a control of the market. They cannot, even then, work as cheap as the individual trader, but they can afford to throwaway enough money in the contest, to ruin the individual trader, and then they have the market to themselves. If a poor man suffers aggression from a rich man, the disproportion of power is such, that it may be difficult for him to obtain redress; but if a man is aggrieved by a corporation, he may have all its stockholders, all its clerks, and all its protégés for parties against him. Corporations are so powerful, as frequently to bid defiance to Government. (Gouge 1833: 41)

Gouge argued that special charters had social, not merely economic, consequences because of their ability to drive “individual traders” out of the market:
It is not easy to set bounds to the effects of a single act of injustice. If you deprive a man of his property, you may thereby deprive him of the means of properly educating his children, and thus affect the moral and intellectual character of his descendants for several generations. (Gouge 1833: 91)

That being the case, a society based on special privileges would compound such unjust inequalities:

Such being the consequences of single acts, we may learn from them to estimate the effects of those political and commercial institutions which operate unequally. They lay the foundation of an artificial inequality of wealth: and, whenever this is done, the wealth of the few goes on increasing in the ratio of compound interest, while the reflux operations of the very causes to which they owe their wealth, keep the rest of the community in poverty. (Gouge 1833: 91)

The extent of inequality that special charters produce would ultimately invert the natural order of society:

But, unequal political and commercial institutions invert the operation of the natural and just causes of wealth and poverty—take much of the capital of a country from those whose industry produced it, and whose economy saved it, and give it to those who neither work nor save. The natural reward of industry then goes to the idle, and the natural punishment of idleness falls on the industrious. (Gouge 1833: 91)

In short, many Americans had noticed that the spread of market relations was wreaking havoc with American artisans: during the 1820s and 1830s, nearly 4 out of 5 master craftsmen would lose their independence and end up working next to journeymen in “bastard workshops” (Lauritz Larson 2010: 107). Such men would be receptive to any politician who promised to restore to them their lost status as independent producers.
Jacksonian Bricolage

I have devoted Chapter 5 to explaining the Jacksonian solution to this rising anticorporate sentiment based on demands for egalitarian policy, and so I will only forecast my argument here. I show in Chapter 5 how Jacksonian politicians reconciled liberalism, a corporate economy, and state intervention. Jacksonians like David Henshaw (1837: 6), whom I quoted in the introduction this chapter, would attempt to reconcile Americans with corporations by presenting a very particular kind of corporation as representative of corporations as a whole. In his “Remarks upon the Rights and Powers of Corporations,” Henshaw (1837: 7) described in detail a particularly unthreatening Massachusetts corporation, which he argued “may be taken as a fair specimen of the general character of a larger share of our business corporations: they are generally designed to aid the man of small means, and are always granted on the principle of promoting the general good.”

Henshaw (1837: 6) describes a corporation that was chartered:

... for building a breakwater at Sandy Bay . . . The humbler fishermen who inhabited its rocky shores, had no shelter for their little water-craft. They were not then numerous and influential enough to attract the notice, and command the fostering care of the government, nor had they an individual among them sufficiently wealthy to make them a shelter, to build them a harbor.

In the above quote, note how Henshaw plays on the theme of smallness and inconsequentiality: the fishermen are humble, not numerous, not influential, and not
wealthy. Henshaw even describes their water-craft as “little.” Whose economic or political interests could be threatened by a combination of men such as these?

Henshaw (1837: 6) continues:

They obtained an act of incorporation from the state, with particular powers and privileges adapted to their case, by which an individual could advance towards building their breakwater, or harbor, any sum, from twenty-five dollars up to the whole among needed, that he might feel able to pay, and willing to risk, and no more.

In this quote, Henshaw shows that corporate property is attainable by men of middling means, as long as they can combine in adequate numbers. In Henshaw’s telling, corporations are not to be primarily associated with Jackson’s invocation of a “young nobility system.”

But what about those “particular powers and privileges?” Henshaw (1837: 7) argues:

This, though a special and particular grant, gave no monopoly, no exclusive privilege that deprived others of rights; nor does it assume the nature of a contract between the state and the corporators. It was a law of the land, and, like other laws, liable always to legislative action.

Here, we see Henshaw play down the monopoly-face of special charters and argue that no one is hurt by the incorporated fishermen. Henshaw is presenting certain kinds of corporate chartering as being consistent with market competition. Henshaw also accepts and reinforces the Federalist’s bricolage of a corporation-as-subordinate: corporations, he argues, are always susceptible to state legislatures. (It is worth noting here that Henshaw
accepts the corporation-as-subordinate, despite the fact that his piece is primarily a
lengthy criticism of the *Dartmouth* decision.)

Henshaw is thus able to paint the corporation as an institution responsive to men of middling means and unthreatening to men without corporate privileges. The final piece of Jacksonian bricolage was to emphasize the fairness of the corporate chartering system. Despite the well-known Jacksonian era aphorism, “The best government is that which governs least,” I argue that Jacksonians further accommodated their voters to the corporate form by making corporate privileges—still understood as being derived from state powers—easier to attain. This Jacksonian understanding of liberalism is well summarized in a quote by a Democratic Congressman regarding a federal subsidy for river port construction: it is the exclusivity of state activity that is objectionable, not state activity itself: “Every town on the Mississippi is as much entitled to a wharf as the town of Dubuque” (Eyal 2007: 61).

*Race and the Egalitarian Corporation*

Before moving on, it is worth noting that behind this elaboration of an egalitarian corporation lay another political project: racial formation. Jacksonian rhetoric about rights is always to be understood as specifying precisely those rights which all white men hold in common and which establish them as a distinct and superior racial group to

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15 While this aphorism is often misattributed to Jefferson, it is first known to have appeared in *The United States Democratic Review* in 1837—which, incidentally, is also the journal that coined the term “manifest destiny.” See [https://www.monticello.org/site/jefferson/government-best-which-governs-least-spurious-quotation](https://www.monticello.org/site/jefferson/government-best-which-governs-least-spurious-quotation).
African-Americans. Every claim about “freedom” and “liberty” is to be understood as specifying the conditions that differentiate white men from slaves. We see this even in Jacksonian rhetoric concerning corporate privileges:

Suffer no act to be passed … if it tends in the smallest degree, to give legal advantages to capital over labor; if it have that effect, it must necessarily increase the natural inequality in society; and finally, make two distinct classes: namely – masters and slaves (quoted in Remini 1984: 341).

Access to the corporate form, then, was never just about allowing artisans to maintain a competitive position in product markets. Access to the corporate form was a social right—and therefore, Democrats argued that all white men should have access to the corporate form as a birthright. Slavery must be understood as (among other things) a powerful symbolic object that allowed Democrats to break down older, hierarchical visions of society that sorted white men into distinct status groups. Instead, Democrats used the free/slave distinction to achieve tight social closure around “white men” as the only legitimate interest in American society. Jacksonian democracy was unthinkable without slavery to serve as this foil: Slavery allowed indebted whites to see themselves as free; it allowed impoverished whites to see themselves as equal to elites because they were all—equally—not slaves (Saxton 1990). In the Conclusion, I return to how this historical episode has influenced the kinds of political coalitions that have tended to coalesce across American history.
Chapter 3

Social Movements, Voluntary Associations, and the Establishment of Ideological Axes of Contention in 19th Century America

In the previous chapters, I have explored how Americans in the antebellum era thought about the corporate form. I now take what may appear as an abrupt turn. Chapters 3 and 4 examine the factors that drive variation in the social bases of political activity in democratic polities. Because I argue that corporate evolution in the antebellum United States was driven by the democratization of the polity, serious consideration of the political system is central to my intellectual project. Antebellum ideas about the corporation are significant precisely because they were organized into the American political system. Ideas about the corporation were developed and promulgated by social groups that also served as primary shapers of the American political system. Accordingly, I argue that distinct partisan approaches to the business corporation manifested themselves in divergent legislative behaviors—a hypothesis that I turn to in Chapters 5 and 6.

With the above in mind, I turn to the theoretical question that drives this and the following chapter: Why, at times, is party affiliation strongly determined by class position, while at other times there seems to be as much variation within classes as between them? Traditionally social scientists have explained class-party affiliations through a bottom-up approach: party affiliation follows naturally from one’s class and ethno-religious identities, and so larger political trends are attributable to shifts in the demographic composition of the electorate. For example, as the working class grows
along with industrialization, the conflict between capital and labor naturally becomes more pronounced within the political system. In contrast, a number of sociologists work from a top-down view of the determinants of the social bases of politics (Sartori 1969; Evans and de Graaf 2013; de Leon et al. 2015; Eidlin 2016). Scholars working in the political articulation tradition stress the power of political elites to make certain identities and cleavages more salient than others.

In this article, I argue that both bottom-up and top-down theoretical orientations risk focusing on secondary phenomena if they fail to account for social movements and other intermediary organizations that constitute civil society. Bottom-up theories start with a set list of fixed identities, yet these identities do not originate with individuals, but in civil society (Laclau and Mouffe 1985: 141; Polleta and Jasper 2001; Jasper 2011). Top-down theories likewise focus on only a sliver of political activity if they fail to account for social movements and other groups in civil society. Without reference to social movements and voluntary associations, top-down theories exaggerate the power of party elites to generate national issues out of whole cloth. Issues often originate in civil society, but whether such issues remain political orphans or become written into party platforms is determined in part by the ability of issue activists to convince party leaders to embrace those issues.

The civil society-based perspective I am advocating may more accurately be called “middle-out” than “bottom-up” or “top-down.” Civil society reaches down to individuals by offering them a plethora of political identities to choose from: artisan, worker, abolitionist, suffragist, orthodox Congregationalist, or evangelical Baptist. Civil society also reaches from the middle up by presenting readymade collective identities to
party leaders, who attempt to assemble them into winning coalitions. A civil society-based approach, like the resource mobilization approach to social movements (McCarthy and Zald 1977), relies on analysis of the number and span of organizations and movements in civil society, coupled with examination of how these organizations and movements seek to place issues on the political agenda and how they interact with political parties.

I develop the civil society approach through comparative-historical analysis of the first three “Party Systems” in antebellum Massachusetts. Across these cases, I observe a common sequence whereby social movements coming into contact with the political system reinforce themselves through organizational infrastructure. Successful movements are then absorbed by major parties in exchange for that party throwing its support behind key issues. In rare cases, the movement may even establish itself as a viable major party. Taken as a whole, this article aims to “bridge the gaps between structural and process-based approaches” (Tarrow 2012: 25) to social movements by showing how actors in civil society respond to structural changes in the polity and economy, and how their actions then influence the ongoing development of these changes: in this case, social movement activity in civil society helped to align the political party system with major divisions in the system of production.

Massachusetts provides an ideal case, both because it experienced competitive two-party politics across almost the entirety of the 19th century, and because its politics and civil society have been the subject of extensive historical research (e.g. Handlin and Handlin 1947 [1969]; Handlin 1941 [1991]; Formisano 1983; Neem 2008). In this chapter, I provide a qualitative account of coalition formation, the state of civil society,
and the constraints on party action across the 19th century. These analyses set up the next chapter, which revolves around quantitative analyses of class representation (Carnes 2013) in 19th century Massachusetts. This study design meets Evans’ (2000) calls for more comparative work in order to facilitate theory development around the social bases of political activity.

**Sociological Treatments of the Social Bases of Party Affiliation**

Traditionally social scientists have explained the social bases of party affiliations through a “bottom-up” (Evans and de Graaf 2013) or a “voter-centered” (de Leon 2014) approach. In such accounts, party affiliation is expected to be a “reflection” of pre-existing societal divisions (Lipset and Rokkan 1967: 5). Earlier bottom-up approaches took it for granted that electoral politics was an extension of class struggle (Anderson and David 1943). However, such theories have been refined to account for developments in post-industrial societies, wherein class cleavages lose salience to cultural cleavages (Inglehart 1997).

Though such theories are “voter-centered,” this is not to say that they deny the importance of political events or higher-level political institutions. However, by starting with the voter, they tend to assume that voters carry with them fixed identities. It is these fixed identities that then allow voters to be directed to one or another political affiliation. For example, as Sears et al. (1979: 371) write:

People acquire in early life standing predispositions which influence their adult perceptions and attitudes. In adulthood, then, they respond in a
highly affective way to symbols which resemble the attitude objects to which similar emotional responses were conditioned or associated in earlier life . . . One’s relevant personal ‘stake’ in the issue is an emotional, symbolic one; it triggers long-held, habitual responses.

Such a viewpoint tends to obscure the enormous amount of work done by actors in civil society to create all manners of identities for individuals to embody (Laclau and Mouffe 1985: 141; Polletta and Jasper 2001; Jasper 2011). Even then, the position a voter takes will depend on “which of his identities are engaged most intensely in debates about the issue” (Hall 2010: 211-212). Social movements are central here, as they lead individuals to collective participation in the political sphere through cognitive liberation, the process by which “people collectively define their situations as unjust and subject to change through group action” (McAdam 1982: 51). Ethno-religious identities are not determined by individuals’ phenotypes or heritage, but forged by interactions in civil society (Saxton 1990; Wimmer 2008: 977; Emirbayer and Desmond 2015: 56). Nor are ethno-religious identities inherently political: prior to the Second Great Awakening, “religious reformer” was not an attractive alternative political identity to orthodox religiosity for most Massachusetts citizens (Formisano 1983). This creation of alternative political identities is often a conscious project undertaken by social movements. As Szymanski (2003: 4) writes, such socialization was a tactic of the Temperance movement:

Instead of expecting its recruits to possess the “correct” beliefs about prohibition before participating in the movement, the Anti-Saloon League first sought to engage Americans in local prohibition skirmishes which barely dented the profits of the liquor industry, but which socialized them into the militancy of the broader movement.
These same insights extend to economic identities. Labor leaders had to organize journeymen’s associations that excluded master craftsmen in order to create a new working-class identity separate from traditional identification with the trade (Dawley 1976: 42; Wilentz 1984: 56-60; Neem 2008; see also Katzenelson and Zolberg 1986).

In response to voter-centered models that took social cleavages for granted, sociologists developed theories of class politics that located agency in party organizations. Giovanni Sartori (1969: 132-133) doubts that any particular cleavage is natural and bound to express itself in the political system. Rather, he argues that political organization creates (or at least selects) the cleavages that then become politically salient. The party creates “subjective” classes:

Whenever parties reflect social classes, this signifies more about the party end than about the class end of the interaction. The party is not a ‘consequence’ of the class. Rather, and before, it is the class that receives its identity from the party. Hence class presupposes a party that not only feeds, incessantly, the ‘class image’ but also a party that provides the structural cement of ‘class reality’ (1969: 84).

Top-down accounts share the conviction that class, religion, and ethnicity do not have “an internal self-reproducing logic that would automatically bind its so-called members together” (de Leon et al. 2015: 26). Instead, “political parties bring together the constituents of the social, which would otherwise come apart” due to sheer heterogeneity of society (de Leon et al. 2015: 26). This insight has been especially popular among political sociologists studying race. For example, Redding (2003: 11) writes:

The absolute political relevance of certain categories of people (such as ‘class,’ ‘farmer,’ or even ‘race’) — and the attendant interests that are lumped together with them — cannot be assumed. Instead, the analysis
must trace how certain identities came to be thoroughly politicized . . . [and] came to be essential mechanisms of mobilization.

Possible “mechanisms of mobilization” abound, including ideological appeals and gifts of patronage. However, one branch of the top-down literature focuses on the mechanism of “political choice” by arguing that political elites are able to structure contention through the sets of policy options they offer to the public. This approach “is a supply side argument, the basic premise of which is that parties need to diverge on matters of relevance to people in different classes or with differing levels of religiosity for there to be class and religious differences in party preferences” (Evans and de Graaf 2013: 7).

My own approach to party formation is sympathetic to the top-down theories of “policy choice” and “political articulation” theorists. However, I argue that such accounts are far too dismissive of the importance of civil society to political outcomes. A search of de Leon et al’s (2015) Building Blocs, viewed as a programmatic statement for political articulation theorists, turns up exceedingly few mentions of civil society. In fact, the only empirical chapter that discusses civil society in depth argues for the party’s causal priority (89). In a review of the literature on elections, Tarrow (2012: 94) finds a similar neglect of social movements in civil society in the political science literature, while Fourcade and Schaefer (2016: 413) criticize the tendency to “cut up “politics” into a series of discrete objects (e.g., voting, civic engagement, social movements, lobbying, and more), each of which is presumed to obey its own institutional logics.”

In the following case studies, I show that this tendency to treat parties, elections, and civil society separately is an unfortunate one: dramatic shifts in American coalition
formation in the 19th century cannot be understood without reference to semi-autonomous developments in civil society. Like Eidlin (2016: 495), I argue that top-down models exaggerate the power of party elites to generate national issues out of whole cloth. Issues often originate in civil society—for example, the abolitionist movement came out of the religious reform movements associated with the Second Great Awakening (Sellers 1991). In some cases, party leaders may strategically decide to incorporate such issues into their party platform (McAdam and Tarrow 2010: 533). In other instances, such issues may be thrust upon a reluctant party.

In a civil society-based approach, parties are just one of many political actors interacting in the crowded political field. Equally important, parties are not closed organizations, but are interpenetrated by social movements and other activists (Heany and Rojas 2015: 8; Schlozman 2015). For example, leaders of the Whigs and Democrats tried to suppress the degree to which views on slavery patterned the party system (McCormick 1966: 353-354). However, party leaders ultimately failed because the abolitionist movement successfully increased the salience of slavery related issues and managed to “infiltrate” the Whigs (Potter 2011 [1976]: 245-252). Party leaders, then, face severe constraints.

Yet this is not to deny the formal power that comes through control of the party apparatus. Party elites are still, in some sense, on “top” in a civil society approach, because they represent peak organizations that aim to build, maintain, and expand winning coalitions from among the diverse interests constituted in civil society (Karol 2009; Bawn et al. 2012). By contrast, social movements tend to focus on a restricted set of issues. Nonetheless, actors in civil society often effectively intervene in national
affairs, sometimes in epochal ways. As Jason Kaufman argues, people form associations in civil society because they “accept the challenges of intrasocial competition” (2002: 5).

Methods and Analytical Approach

I rely on the “political process” approach (George and Bennett 2005) as adapted by researchers of social movements and “contentious politics” (McAdam et al. 2001). The vast flow of history is distilled into historically significant events and the social processes that underlie them. Events and processes can themselves be disaggregated into specific causal mechanisms. The analytic approach is to identify “recurrent causal mechanisms, the way they combine, in what sequences they recur, and why different combinations . . . produce varying effects on the large scale” (McAdam et al. 2001: 12-13).

McAdam and Tarrow (2010: 533) provide multiple examples of mechanisms that are likely to link movement actors to routine political actors in electoral campaigns. Three that are especially relevant here are when “[m]ovements introduce new forms of collective action that influence election campaigns … movements join electoral coalitions or, in extreme cases, turn into parties themselves, [and when] movements polarize political parties internally.” However, the focus on simple mechanisms is primarily an analytic stance, and not an epistemological conviction that historical processes play out in a neat, linear manner. Ultimately, an analyst must build back up from the mechanisms to a dynamic, multi-actor model (McAdam and Tarrow 2010: 530) wherein contention in
civil society potentially changes the structure of the party system and vice versa (Tilly 2006).

Accordingly, in my analysis of each era, I will pay special attention to the “population” of social movements, voluntary associations, and political parties active in 19th century Massachusetts. I am interested not just in the particular issues being publicized and policy claims put forth by movements and organizations, but also by the manner in which their membership is organized: Do voluntary associations tend to select horizontally along shared characteristics, or vertically along dependency relationships? Are unions class-wide, sector-wide, or occupation-specific? Finally, I will incorporate the insights of political choice theorists (Evans and de Graaf 2013) and political articulation theorists (de Leon et al. 2015) by treating political parties as peak actors in civil society, whose primary concern is coalition maintenance and coalition building.

Data and Case Selection

This study relies on analysis of three “party systems” in 19th century Massachusetts. Periodization is relatively simple to justify in this case. The First Party System and Second Party System, each with an approximate lifespan of two decades, are easily demarcated by the disappearance of a major party from electoral relevance (the Federalists and the Whigs). The Third Party System (characterized by electoral competition between Democrats and Republicans) has lasted in some form into the present. However, here I concern myself mostly with the formation of the Republican Party in the years leading up to the Civil War.
Massachusetts was selected for a number of reasons. First, it was characterized by a stable and competitive two-party system for most of the 19th century (McCormick 1966). Second, it has been the subject of an extensive number of detailed monographs. In the current study, I am particularly reliant on Formisano (1983) and Neem (2008). Other important sources include Handlin and Handlin 1947 [1969], Handlin 1941 [1991], and Dawley (1976). Finally, I have chosen Massachusetts because I have access to high-quality data on the social backgrounds of over 40,000 Massachusetts legislators across the entire 19th century. These data have been analyzed in a companion piece (see next chapter). These chapters were written concurrently, and inform one another.

When necessary, I draw on historical studies outside of Massachusetts (e.g. Wilentz 1984). When I do so, I indicate the city or state on which that study focuses. Finally, I largely eschew conclusions derived by historians from quantitative analyses. Despite the continuing influence of works such as Benson (1961), they fail to satisfy the standards of quantitative research in sociology. Benson (1961: 141) himself even acknowledges the limitations of his methods, urging future researchers to replicate his results using the multivariate methods that his colleague Paul Lazerfeld was developing. For reasons discussed in the next chapter, I believe that my own quantitative findings (also presented in the next chapter) are more reliable than those that preceded them.

**Political Choice and the First Party System, 1795-1824**

At the opening of the First Party System (when electoral competition occurred between Federalists and Republicans), civil society looked quite different than it would in
the 1830s. Contrary to Tocqueville, Americans were not naturally a “nation of joiners”—instead they very gradually accepted the legitimacy of voluntary associations as the early 19th century progressed (Neem 2008: 3-8). George Washington used his Farewell Address to warn against voluntary associations, which he blamed for the Whiskey Rebellion (Neem 2008: 35, 46). The Sedition Act of 1790 discouraged activity in civil society, as conservative elites worried that voluntary associations would undermine the authority of state. These were fears born of experience, given that Americans had just used extra-legal associations to bring an end to British rule during the American Revolution (Neem 2008: 11-17). The political parties of this era also did not reach far into society: they were more “parties-in-government” than they were “parties-in-electorate” or “parties-as-organizations” (Key 1949; see also Aldrich 2012: 70-101).

Instead of parties or voluntary associations, the town acted as the heart of political life. Characterized by deference to traditional authority and bound together by dense networks of patronage (Gould 1996), towns ideally acted “as unified moral communities” (Formisano 1983: 25) in their dealings with the state government. In fact, towns often didn’t bother sending representative to the state legislature unless an issue of particular local interest was on the legislative agenda. Elections were dull affairs: low-turnout, usually uncompetitive, and often uncontested (Formisano 1983: 30). Thus when citizens confronted the state, initially they did so in a manner that primarily engaged their local identity.

Nonetheless, local elites occasionally split into factions—sometimes because of principled disagreement on issues of national import and other times because of local squabbles. Regardless of the cause, these rivalries created a need for elites to solicit
votes. To mobilize support, elites adapted new strategies to bust up the “moral unity” of torpid town politics (Formisano 1983: 163). Initially they did so by repurposing existing town institutions for the purpose of politicking. For example, Fisher Ames declared, “Let the popular and wealthy Federalists take commissions in the militia, and try to win the men” (quoted in Formisano 1983: 133). Leading a militia gave elites the opportunity to learn how to politick across class lines.

Party elites were forming political coalitions in what was (compared to later eras) an open political field: their main political rivals were other elites, and not organized interests from lower positions in society. As such, the early 19th century gave political elites more freedom to set the policy agenda—to engage in “political choice” (Evans and de Graaf 2013)—than they would enjoy in later periods. Because party elites were nearly all conservatives—at least when it came to the sanctity of private property (Hartz 1991 [1955], Hofstadter 1989 [1948])—they made sure to court lower class voters in a way that avoided heightening the salience of class cleavages. Thus instead of making appeals based on controversial economic issues, both parties played to the “revolutionary center” by praising the spirit of ’76 while nominating unobjectionable men of influence for state office (Formisano 1983: 57-83). Because party elites were not offering policy choices that would particularly appeal to artisans qua artisans, few political forces pushed cordwainers, haberdashers, blacksmiths and carpenters to recognize their common identity as workers and align themselves with the same political party.

To the extent that the Republicans were viewed as friendlier to labor than the Federalists were, electoral practices may have kept some artisans from rallying to them. Because voting was open to surveillance by employers and other influential men, party
affiliation was influenced by individuals’ dependence on employers, landlords, lenders, and patrons. The Republican Levi Lincoln accused the Federalists of achieving victory in 1805 through use of force:

By force, I mean an intolerant and oppressive violence towards laborers, tenants, mechanics, debtors, and other dependents. . . . Individuals have been threatened with a deprivation of employment, and an instant exaction of debt to the last farthing as a consequence of withholding a federal vote (quoted in Formisano 1983: 136).

The image here is of a world where political life is organized vertically. Parties were loose coalitions of patronage pyramids that stretched from town elites down to their tenants and employees (Gould 1996; Martin 2009). Even the few voluntary associations that did exist also tended to be organized vertically, based on the “personal prestige and influence of their leaders” (Formisano 1983: 312). This is as opposed to a political community organized horizontally, where parties made appeals to voluntary associations that sought to represent the entirety of a class or occupation based on their shared characteristics. In terms of predicting the alignment of particular occupations with Republicans and Federalists, the idiosyncrasies of patronage networks are expected to overshadow the common interests of artisans derived from their shared relationship to the system of production. The one exception to this rule concerns merchants as a pro-trade interest group. Perhaps the most salient economic debate during this era concerned foreign trade (McCoy 1980): accordingly, the most salient economic basis to class representation we would expect to see in this period would be the merchants’ identification with the pro-trade Federalists. For the rest of the electorate, the lack of class-polarizing policy choices combined with a sparse, vertical civil society leads to the
expectation of an idiosyncratic relationship between class, occupations, and party affiliation.

In closing, it is worth noting that the political articulation model has little analytical purchase during this period because parties were new, controversial, and organizationally shallow (Formisano 1983: 109-126). “Parties-in-government” have limited ability to politicize social differences. There were only sporadic attempts to use organizations such as Democratic-Republican Societies and Washington Benevolent Societies to mobilize partisan support, but none of these efforts led to permanent party apparatus. The First Party System thus pattered along until the political choices being offered by Federalists and Republicans became so disconnected from the ongoing “market revolution” (Lauritz Larson 2010) that the party system collapsed completely after 1824.

Economic Interests and the Second Party System, 1835-1854

After the collapse of the First Party System, electoral competition in Massachusetts mainly occurred between two factions of the Republican Party: one faction was loyal to native son John Quincy Adams, while the other eventually allied itself with Andrew Jackson. Initially, few policy differences seemed to distinguish one man’s supporters from the others. However, decades of elite politicking had eroded traditional norms of deference as citizens from all economic backgrounds became politically activated (Formisano 1983: 130-132). Meanwhile, the spread of the market introduced considerable heterogeneity to Massachusetts’ towns (Formisano 1983: 282)
and disrupted traditional modes of life (Sellers 1991; Lauritz Larson 2010). This helped to create vast swaths of the electorate who demanded the introduction of substantive economic issues to the political agenda. In the absence of institutional channels to support collective participation in politics, such demands became expressed in the form of social movements and “contentious politics” (Fourcade and Schaefer 2016: 414).

The first of the social movements to emerge during the 1820s were “The Middling Interest” and “The Free Bridge Party” (Formisano 1983: 184-191). These ephemeral anti-elite movements sought to put the interests of middle class proprietors and artisans on the political agenda. However, by far the most influential of these movements were the Antimasons and the Working Men. As political elites worked to cement alliances with these movements, the rival political factions hardened into new political parties. Adams’ followers—called the National Republicans, and later the Whigs—adopted much of the moralistic rhetoric of the Antimasons, while Jackson’s followers--the Democrats--adopted the producerist rhetoric of the Working Men. The populist social movements sometimes fielded candidates in opposition to Whigs and Democrats, but other times they endorsed major party candidates in return for their support on key issues. Due in part to pressure from these social movements, the Whigs and Democrats eventually became ideological parties that espoused easily distinguished visions of economic and social policy. Contrary to top-down accounts, then, the major parties during this period did not articulate the public. Rather, they were pressured and constrained by social movements organized in civil society.

The Whigs and Democrats came of age in a decade that also saw an efflorescence of voluntary associations in civil society, a development written about most memorably
by Tocqueville (Swedberg 2009). As Johann Neem (2008: 8) writes in his study of Massachusetts’ civil society:

By the 1830s America had become a nation of joiners. The proliferation of voluntary associations and nonprofit corporations fundamentally affected American democracy. Private associations and corporations structured how citizens became involved in public life.

Neem argues that voluntary associations delivered the coup de grace to the older conception of the town as a moral unit: localism was replaced by economic, religious, and political identities (Neem 2008: 99). Bay Staters were beginning to organize themselves in civil society horizontally according to shared characteristics, rather than vertically according to local dependency relationships.

For example educated men in Massachusetts had long associated together within the large number of colleges, academies, medical societies, and learned associations that had been chartered during the 1790s (Neem 2008: 30, 61). However, during the Jacksonian era these venerable institutions came under concerted attack by Democrats who claimed that:

… exclusive privileges to members of the learned professions . . . have been the favourite means by which the federal party [i.e. National Republicans/Whigs] has built up an Aristocracy, and sought to establish its permanency (Neem 2008: 144).

In the 1830s, Democrats attacked Massachusetts General Hospital, the Massachusetts Medical Society, and Harvard Medical School for furthering the association between doctors and the Whigs (Neem 2008: 128, 146). In the 1840s, Democrats attacked the
Board of Education out of a fear that this body would install Whiggish teachers in the recently founded normal schools. In a party line vote, Democrats tried to disband the Board of Education while Whigs defended it (Neem 2008: 130-132). The net effect of these skirmishes around learned organizations was to cement the alliance between the professions and the Whigs.

The labor movement also crested during the 1830s, helping to cement a growing working class identity that superseded older identification with “the craft.” For example, this period saw not just the founding of the Workingmen’s Party, but also the New England Association of Farmers, Mechanics, and Other Workingmen (1832) and the General Trades Union (1833). Strikes were organized by the Society of Journeymen Shipwrights and Caulkers (1832), the Boston Trades Union (1834), and the Boston Journeyman Bootmakers’ Society (1840) (Neem 2008: 161). In Lynn, the Mutual Benefit Society of Journeymen Cordwainers was founded in 1830 (Dawley 1976: 58), while in the recently industrialized town of Fall River the “Association of Industry” advocated for workers’ rights (Formisano 1983: 287). Other workers’ associations sprung up across the state too. Unlike older craft associations, newer workers’ associations tended to exclude masters, who were now seen less as paternal mentors and more as capitalist employers (Wilentz 1984). Such workers’ associations were more likely to produce leaders who joined the Democrats (Bridges 1984: 68-69). This tendency to exclude masters once again reinforced the transition from a vertical to a horizontal organization of civil society. Democrats were initially hesitant to embrace labor unions: they were viewed as “monopolies” in much the same way that business corporations were. However, by the
1840s even wary Democrats could be expected to defend the right of labor to associate (Neem 2008: 159-162).

The working class was also organized through voluntary associations that were not formally political or economic: fire companies, militias, and gangs. However, these associations often had occupational bases and were affiliated with the infamous political machines of the era (Bridges 1984: 75). These working class organizations maintained formal autonomy from parties in nearly all cases, but they still mediated the relationship between workers and parties by connecting their members with party bosses (Bridges 1984: 76), professional politicians who in this era displaced the “wealthy patron” as the ideal-type party leader (Bridges 1984: 74). Gangs, fire companies, and militias were poor substitutes for actual party machinery, but they sufficed until a formal party apparatus could be created. These working class organizations were the building blocks from which professional politicians attempted to assemble party coalitions (Bridges 1984: 76-77). Not coincidentally, William Tweed (the boss of Democratic Tammany Hall) started his political career in a fire company (Bridges 1984: 76).

Gangs were often more blatantly partisan than fire companies and militia, because they sought legitimacy through political affiliations. For example, Mike Walsh was the first radical Bowery B’hoy Democrat. Initially he saw his gang, the “Spartan Association,” as an extension of the Loco Focos and their war on “feudal corporations” (Wilentz 1984: 330). The “abolition of corporate charters” was one of the Spartan’s major goals (Wilentz 1984: 330). Walsh and his Spartans initially acted as thorns in the side of the Democratic machine at Tammany Hall by running an alternate slate and

16 The following two paragraphs rely on histories of New York City.
allowing Whigs to win. Recognizing that Walsh’s influence over working class voters imperiled the Democrat’s grip on city politics, Tammany placed some Spartans on the official Democratic slate (Wilentz 1984: 329).

Party leaders worked to incorporate the newly mobilized and organized middle and working classes into their coalitions. “Party-in-government” expanded into “party-as-organization” and “party-in-the-electorate” during this period by establishing an organizational presence in civil society alongside movements and other voluntary associations. Party leaders began to build a permanent party apparatus that “combined the discipline of the factory with the fervor of the revival” (Formisano 1983: 245). The use of party machinery to maintain alliances with occupationally-based voluntary associations tended to reinforce economic cleavages in the new party system. The combination of a densely organized civil society with parties that now offered easily distinguished economic policies led to levels of turnout never before seen (Formisano 1983: 253).

In some ways, the power of party elites was enhanced during this period by the increased “legibility” of a dense civil society populated by homogenous, horizontal organizations: it is easier to craft a political message that will appeal to a dozen labor unions than it is to craft one that will appeal to a dozen idiosyncratic patronage pyramids. Professional organizations and labor unions provided party leaders with ready-made constituencies to be enticed into the party coalitions. Thus a middle-out approach predicts that during the Second Party System, party affiliation began to be structured by economic interest groups that look like antecedents to modern “big classes.”

However, while elements of this narrative are consistent with top-down approaches to party affiliation, it is important to note that social movement activity
pushed party elites to fully articulate the economic bases of the Second Party System by disrupting the ability of elites to suppress economic populism. Party leaders became powerful and influential actors in this period, but their strategies were suggested and constrained by social movements and voluntary associations in civil society.

**Social Movements and the Rise of the Radical Republicans, 1855-1861**

“Unstable alignments” are one of the many definitions of “political opportunity structure” offered in political process models. As Tarrow (2012: 79) writes:

>A second aspect of opportunity structure is the instability of political alignments, as indicated in liberal democracies by electoral instability. The changing fortunes of government and opposition parties, especially when they signal the emergence of new coalitions, encourage insurgents to try to exercise marginal power and may induce elites to seek their support.

The 2nd Party System is a prime example of an “unstable alignment,” but it persisted as long as leaders from both major parties were able to suppress sectional issues by restricting debate on slavery (McCormick 1966: 353). The breakdown of the 2nd Party System was complex, involving both the prospect of an imbalance between free and slave states in the United States Senate and the growing North-West political alliance (Moore 1966; Holt 1998; de Leon 2008). However, the parties had successfully compromised on slavery before, and parties have adjusted to major demographic shifts since without disintegrating. What made the difference in the 1850s was the strength of social movements motivated by intense moral and nationalist convictions. As Formisano (1983:
280) argues, “The Whig party was doomed to collapse in the 1850s, of course, wracked by social movements that rebelled in part against political party organizations as such.”

_Due to anti-slavery movements, party leaders had electoral incentives to leave slavery alone as “allowing slavery to polarize the political debate would have risked the loss of enclaves of Whig voters in the South and of Democrats in the North”_ (Tarrow 2014: 43). Sectional issues kept threatening the party system throughout the 1840s: the annexation of Texas, the Mexican-American war, and the Wilmot Proviso. The abolitionist movement heightened tensions between north and south, while the Free Soil movement nearly broke up the Democratic Party in 1844 (Eyal 2007: 202-204). In the deteriorating political environment, party leaders worked to hold the system together, in part through the infamous Compromise of 1850. Still, the territorial expansion of the 1840s meant that the slave state/free state balance might come undone, and so the abolitionist movement picked a number of fights with the South: the treatment of fugitive slaves, the abolition of slavery in the District of Columbia, and guerrilla wars in the territories over the expansion of slavery.

Abolitionists were so successful at heightening sectional tensions that even economic issues had become inextricable from sectional politics. Consider the extent to which sectionalist tensions constrained the top-down “political choice” of party elites: Stephen Douglas, a leader of the Democratic Party, tried to staunch the turn to sectionalism by championing the transcontinental railroad. However, sectional tensions meant that the government could not agree on which route such a railroad would take. Railroad politics led Douglass to champion the Kansas-Nebraska Act—which, by
repealing the Missouri Compromise, completely ruined the Democrat’s reputation in the North. The railroad/Kansas-Nebraska debacle led many Northern Democrats to lose their seats in the house, with the result that the South began to dominate the party — effectively destroying the last institutional prop to national unity (Potter 1976 [2011]: 145-176). Others quickly realized Douglas’s mistake: “Nearly all [the antislavery forces] were quick to perceive the political opportunities it afforded and hastened to capitalize on them” (Sewell 1976: 260, quoted in Tarrow 2014: 54).

The political void was filled by a number of contending parties and movements. The Free Soil Party got a second wind: “By exaggerating and impugning southern responsibility for the [Kansas-Nebraska] bill, by portraying it as a southern assault on the liberty and future economic prospects of Northern whites . . . the tiny group of Free Soil congressmen had a far more devastating impact on the Whig party than even they probably intended” (Holt 1999: 815). Northern voters also spontaneously assembled “anti-Nebraska” organizations, sometimes calling them “People’s parties”—but as an indication of what was to come, some called themselves “Republican parties.”

Nativism: Nativism also flourished in the 1850s, spurred by the increased rate of immigration. However, the movement was girded by a hierarchical infrastructure of secret lodges called the “Order of the Star-Spangled Banner.” These lodges aimed to create an alternative organizational base that would undermine the institutions that supported the Whig-Democrat party system. Formisano (1983: 335) writes that the secret Know-Nothing lodges “caught on as a lower-middle- and working-class organization designed to influence local affairs by bypassing the party, factory, and yard bosses.”
Once these lodges lost their secrecy, Whig politicians courted them, and initially it seemed as if this “Know-Nothing” movement would reinvigorate the Whig Party and see it through the coming political realignment. But by mid-decade, prominent Know-Nothings instead founded parties (variously called “Native American,” “American,” or “American Union”) that provided direct competition to Whigs.

As the Know-Nothing parties began to hold their own conventions, Whig politicians—including no less a personage than former president Millard Fillmore—saw the Know-Nothings as a more viable political vehicle than the Whigs. Fillmore launched a presidential bid in 1856 under the banner of the “American Party.” Thus the Whigs were squeezed by the anti-slavery Republicans on one side and the nativist Americans on the other. At what turned out to be the final Whig National Convention, a much-diminished group of delegates unanimously endorsed the Fillmore ticket.

The mid-1850s was a messy struggle between these movements over whether nativism or antislavery would be the primary political axis for opposition to the Democratic Party (Potter 1976 [2011]: 245-260). Remarkably, the abolitionists—a tiny fraction of the population, despised by many as ideological extremists—triumphed. This was in part because moral abolitionists helped Western farmers—who were largely indifferent to the plight of the enslaved—to identify with the “master frame” (Tarrow 2014: 56) of “free men, free soil, free labor” (Foner 1995). Though the Republican Party established itself as a party hostile merely to the expansion of slavery, the war would transform it into a “movement-party” (Tarrow 2014: 58) devoted to its full abolition.

At the same time, the presence of so many former Know-Nothings in the party left it deeply associated with nativism in the minds of immigrants and ethnic minorities in
Massachusetts. Republican leaders like William Sewell offered pro-immigrant policies while Abraham Lincoln refrained from offering support for nativists. But the actions of these Republican Party elites mattered little: as Lipset and Raab (1970: 47) argue, nativist movements have been of “primary importance in structuring and maintaining the correlations between membership in specific religious and ethnic groups and party choice.” Indeed, white-ethnic minorities viewed the Republicans as favoring African-American slaves and freemen over white labor (Saxton 1990). Furthermore, white ethnics had recently increased their associational strength by organizing themselves through a number of ethnic fraternities like the “Ancient Order of the Hibernians” (Skocpol 2003: 37). Thus two social movements—anti-slavery and nativism—converged to bring down the Whigs and reorient the American political system around sectional and ethnic axes while temporarily suppressing the salience of the economic issues that had dominated the Jacksonian era (Holt 1978: 113-116; Eyal 2007).

**Class Politics after Reconstruction**

The Civil War and Reconstruction era represented a limited period during which economic axes of contention took second place to ethno-racial axes. Reconstruction failed: continued Southern violence and resistance to federal oversight helped to spur Northern apathy over the rights of African-Americans. Conservative Republican leaders began to exert control over the radicals who wanted to continue fighting for the policies that had created the severe ethno-racial cleavages of the previous decade (Foner 1988).
By getting Civil Rights off the agenda, actors in civil society again turned their attention to the great economic issue of the day: the relationship between capital and labor.

Foner (1988) identifies the “Great Depression” of 1873 with creating a self-conscious capitalist class (Loc. 9764). Unlike the older, broader “producerist” ideology, artisans and the petty bourgeois did not identify with the capitalist class. The Great Strike of 1877 further solidified class consciousness and class lines, especially among the urban middle and upper classes (Loc. 10980). Labor historian David Montgomery has identified the 1870s as the most intense period of labor organizing in the 19th century (quoted in Dawley 1976: 175-176). For example, in this decade Massachusetts saw the founding or growth of the Knights of Saint Crispin, the Lasters Protective Union, the Boot and Shoe Cutters, the Morocool Finishers, and numerous Eight Hour Leagues and Ten-Hour Associations (Dawley 1976: 175-193). This panoply of labor organizations was given political unity by umbrella groups like the Knights of Labor, the National Labor Union, the National Labor Reform Party, a reborn Workingmen’s Party, and the Federation of Organized Trades and Labor Unions (Dawley 1976: 190-207). Many of these groups were incorporated into Democratic politics through urban machines (Dawley 1976: 205).

Business organized and allied itself with the Republican Party in response to this surge of labor activity, initially through groups such as the Citizens Association (Foner 1988; Weibe 1967: 66-72, 78). The professional classes, which had already organized under state-level voluntary associations in the antebellum era, now joined national federations such as the American Medical Association, the Bar Association, and so on (Weibe 1967: 114-123). Indeed, quite a number of scholars identify the post-Civil War
era as the height of the American experience with voluntary associations (Kaufman 2002: 4, Skocpol 2003; Weibe 1967; Putnam 2000; Beito 2000).

The United States moved through the Gilded Age with a civil society well-stocked to organize Americans around “big class” identities: capital, labor, farmers, and the professions. Ethnicity remained relevant to politics, but theories of scientific racism served to convince European-Americans that these differences were less important than their shared white skin (Painter 2010; Saxton 1990). As few other identities were thrust to the forefront, it was during this period that party affiliation would become strongly patterned by something resembling modern concept of “big class.”

**The Distinctiveness of the Civil Society Approach to Party Politics**

The above analysis demonstrates the ability of social movements to popularize new political identities, introduce new issues to the political agenda, to seriously constrain the policy options open to party leaders, and to reorient the axes of political contestation. Perhaps most consequential is the sequence observed several times by which a movement reinforces itself with an organizational infrastructure, before establishing itself as a viable major party (the Republicans) or becoming absorbed by major parties in exchange for that party’s support on favored issues (Antimasons, Working Men, Free Soilers, Liberty Party, Nativists). It is also interesting to note that one of the earliest social movements, the Antimasons, introduced a procedural innovation to the American party system—the party convention—that, once adopted by the major
parties, institutionalized a means to keep parties “open systems” vulnerable to movement influence.

Among the clearer conclusions here is against a “reflection” model of politics, as is proffered by many voter-centric theories of political behavior. For one thing, such models fail to explain how a political system can become oriented around an issue like slavery when, just a decade earlier, vanishingly few voters identified as abolitionists. Similarly, such a model would have likely predicted that the political agenda of the 1860s would have become oriented most squarely around a nativist agenda. The fact that it did not is in part due to choices made by leaders of the Republican Party.

Party leaders remain powerful figures in this narrative, but the power they wield is limited and particular. They are at the “commanding heights” of civil society largely because their “scan” (to borrow a term from Useem 1984) is broader than that of social movement leaders. Party leaders are distinct from other actors in civil society because they are committed to considering a wider array of interests and policies than are other groups. In this sense, parties are peak organizations, but much of their power derives from their mandate to coordinate coalition building. When a social movement is able to credibly withhold support from a political party, suddenly movement leaders and party leaders look more similar: they both make appeals to voters and interest groups in a crowded field of other policy-oriented and identity-oriented social movements. In that sense, if movements are able to claw back enough power from parties, party leaders are reduced to the status of one of many movement leaders. As in the birth of the Republican Party, it is not always clear which movement leaders will manage to climb out of civil society and back into “the state.”
What are we to make of a civil society approach to party politics in the late 20th and early 21st century, when many scholars have argued that there has been a decline in voluntary associations in civil society (Skocpol 2003)? There may be something to the argument that the observed decline in voluntary associations has privileged party leaders over civil groups. However, we should be careful not to define civil society so narrowly that we miss the power of diffuse social movements such as Black Lives Matter (BLM). The BLM movement forced Democratic presidential candidates in the 2016 cycle to go on the record strongly supporting criminal justice reform. The Democratic National Committee even invited BLM activists inside the primary process in order to host a town hall on racial justice (Patterson 2015). Racial attitudes turned out to be a more important factor in presidential vote choice in 2016 than in 2012 (Schaffner, MacWilliams, and Nteta 2017).

At the same time, we should not define parties so broadly that we lose sight of the extent to which they are interpenetrated by social movements. Parties are open-systems, and the primary system acts as an interface between movements and the official party organization. The Tea Party may be symbiotic with the institutional Republican Party (Skocpol and Williams 2012), but it is nonetheless an external social movement. Localities where weather was good at initial coordinating events in 2009 also saw higher turnout in the 2010 elections and more conservative voting by members of Congress (Madestam et al. 2013). This is further evidence that social movements can be most effective when they work through political parties (Amenta, Bonastia, and Caren 2001).

The 2016 presidential elections were also notable for the failure of the view that “the party decides” (Cohen et al. 2008). Donald Trump (who lacked any sort of formal
affiliation with the Republicans) and Bernie Sanders (who, technically, remains outside the Democratic Party) had unanticipated success within the primary system. These “movement” primary campaigns successfully constrained the policy choices open to party leadership by scuttling elite consensus on trade and immigration. Once again, it is worth noting the origins of the modern nominating system: the party convention was an innovation of the Antimason movement and the primary system was an innovation of the Progressive movement. Parties are open systems because social movements institutionalized their influence on party politics.

A civil society approach to party politics and coalition formation is powerful but flexible, as it neither takes identities as givens, nor grants elites outsized powers. It eschews a naïve model of politics based on rational individuals knowing their preferences, while also eschewing a model of elite power that can verge on conspiratorial. Rather, it champions a model that is explicitly historical—and thus path-dependent and susceptible to contingency—yet which clearly identifies organizational actors and mechanisms of social change. Much as economic sociology has endeavored to present a view of the corporation as a social actor and not a purely economic one, a civil society approach to parties folds these political organizations back into the social: they are merely one kind of organized actor among many competitors in the broad field of civil society.
Chapter 4

The Creation of Class Politics in 19th Century America

Abstract: What determines the social bases of political parties? While theoretical explanations for the social bases of political behavior abound, data limitations have largely restricted such studies to the post-war era. This temporal limitation restricts variation in observable social structure, thus limiting the ability of analysts to assess this question. To address this gap, I introduce novel data on occupation and ethnicity for over 20,000 Massachusetts state legislators in the 19th century. This allows me to find the “best fit” model for the social bases of party affiliation in four distinct periods in Massachusetts’ political history. First, I create a hierarchical measure of “economic position” that ranges from “occupation” (at its most disaggregated) to “class” (at its most aggregated). I then fit a series of logistic regression models on party affiliation, while using the Bayesian Information Criterion to determine how best to operationalize “economic position” in each period. I show that the Massachusetts political system transitioned from a system of occupational cleavages to proto-class cleavages between the First Party System (1795-1826) and Second Party System (1835-1854). The Civil War and Reconstruction Era (1855-1877) was characterized by the emergence of an ethnic cleavage, but near-modern class divisions emerged as the strongest predictors of legislators’ party affiliations for the remainder of the Third Party System (1878-1893). Combined with historiographical accounts of the 19th century, these analyses suggest that the sorting of similar occupations into parties required the intervention of party actors and intermediary organizations such as unions and professional associations.
Federalists have always called themselves the *best blood*—where there is presumed to be *best*, that there must be *worst* follows . . . [M]echanics and farmers, of course, are the worst.

- William Duane (1807), *Politics for American Farmers*

How do economic and social position relate to the primary cleavages of electoral politics? Earlier political sociologists took it for granted that electoral politics was an extension of class struggle (Anderson and David 1943) or the natural translation of divisions in society into lines of political contention (Lipset and Rokkan 1967: 5). However, this consensus was called into question in the 1990s, when social scientists found evidence of a decline in class voting across advanced industrial economies (Franklin, Mackie, and Valen 1992; Clark, Lipset, and Rempel 1993; Nieuwbeerta and De Graaf 1999; Weakliem and Heath 1999; Evans 2000: 410).

To explain this development, some sociologists and political scientists pointed to fundamental demographic shifts in the composition of the electorate. As the working class shrank and incomes rose, they argued that cultural issues and identities—religious, nationalist, regionalist, gender-based, etc.—had replaced or overwhelmed the class identities (Inglehart 1990; Piven 1992; Laclau and Mouffe 1985; van der Waal, Achterberg, and Houtman 2007; Brady, Sosnaud, and Frenk 2009; Sosnaud, Brady, and Frenk 2013). Even analysts who attributed the birth of classes to the top-down work of political parties became dismissive of the viability of class analysis in advanced societies, arguing that too many non-class identities and non-economic issues had begun to occupy the electorate (Pakulski and Waters 1996: 680). Nonetheless, some theorists argue that a relatively parsimonious set of class categories continues to satisfactorily explain the

In this article, I will not attempt to adjudicate the extent to which traditional forms of class voting have declined in modern societies. Instead, I will build off a tradition in this literature that changed the question from the degree of class-party affiliation to the question of how to explain variation in the structure of class-party affiliation. Sociologists working in this literature suggested that the decline of class-party affiliation was an artifact of how that concept was measured (Grusky and Sørenson 1998; Weeden and Grusky 2005). Drawing on Durkheim, who argued that the occupation is the “center of moral life” (1958 [1893]: 7), they argued that disaggregation of larger class categories into occupations increases the observed strength of the statistical relationship between occupation (“micro-class”) and party affiliation. Such a disaggregation shows that “the site of production” still reigns supreme as the basis of American politics, even though the structuring of the relationship between the site of production and political activity has dramatically altered.

In the previous chapter, I have generalized this insight beyond the institutionalization of occupations to cover the shape and density of civil society. The “civil society approach” posits that political parties compete with other actors in civil society for control of the political field. The susceptibility of citizens to party appeals depends heavily on how individuals in the political field are organized (i.e. vertically by patronage relationships versus horizontally by shared occupational characteristics) and by the salience of identities in this field, as generated by social movements (e.g. “abolitionist” or “dry”). Unlike voter-centric accounts of class and party affiliation (e.g.
Campbell 1960), I do not assume that voters independently read their political interests from shared conditions of work (or from any of their other identities). Unlike party-centric accounts, I understand parties to be in competition with other actors in civil society for the ability to organize contention in the political field.

In this chapter, I formally assess the predictions developed in my earlier historiographical chapter through quantitative analysis of 19th century Massachusetts in four political epochs: the First Party System (1795-1824), the Second Party System (1835-1854), The Civil War and Reconstruction (1855-1877), and the Gilded Age (1878-1893). The civil society approach generates four distinct sets of expectations concerning the structure of class representation (Carnes 2013) across this period. These expectations can best be summarized as the claim that as the 19th century progresses, class identities will become more central to party affiliation. To assess the extent to which classes, ethnicities, and occupations were associated with each of these parties, I fit logistic regression models on a unique dataset of almost 20,000 Massachusetts state legislators. I then use the Bayesian Information Criterion to analyze variation in best-fit models across these four periods. Synthesizing best-fit models with historiographical treatments of these periods allows me to historicize the social bases of party affiliation in a way that studies limited to late 20th century parties cannot.

I find considerable variation in the patterning of “sites of production” to political affiliations across the 19th century. The First Party System (1795-1826) is best described as a complex system of occupational cleavages reflective of a more traditional civil society (Formissano 1983), whereas Massachusetts’ Second Party System (1835-1854) shows that party affiliation began to reflect a neater approximation of interest-based
cleavages as industrialization progressed, class-spanning unions began to develop (Wilentz 1984), and the parties began to actively shape political conflict (Formissano 1983). The Civil War interrupted this process of class articulation by emphasizing the ethnic dimension of the party system. Irish-Americans and African-Americans lined up on opposite sides of the party system, an ethno-racial cleavage that would hold for the rest of the century. However, economic cleavages reassert themselves in the late 19th century, which is the first period for which the Erikson and Goldthorpe (1992) inspired “big class” model fits party membership better than more detailed measures of class. Taken together, these findings support a civil society-based approach to explaining variation in the social bases of party affiliation.

**Sociological Accounts of Class and Politics in the 20th Century**

Because of the academic and popular interest in understanding the class basis of contemporary politics (e.g. Frank 2004), much of this literature has pursued a narrowly empirical agenda (Evans 2000: 411-414). Studies aim foremost to prove or repudiate claims about the diminishing class basis of voting in contemporary society. However, as a whole these studies have not been able to adjudicate between the competing theoretical explanations for relationships between class and political behavior. One reason for this is that high-quality data on class and party affiliation are available for limited geographical areas and periods. Quantitative contributions to this literature have therefore been constrained to study mature party systems in wealthy, industrialized nations. There simply has not been enough variation in underlying political and economic conditions to
allow study of the fundamental processes driving the relationship between class and political behavior.

When social theorists do attempt to incorporate 19th century history into such theories, they are confronted with a vast and conflicting historiographical literature on this issue. The class basis of early American politics was championed by historians throughout the first half of the 20th century (Beard 1913; Beard 1915; Beard and Beard 1921; Schlesinger 1945) before coming unfashionable at mid-century as historians underwent their own “cultural turn” (Hartz 1955; Benson 1961; Bailyn 1967; McCoy 1980). Historians have reached conflicting conclusions in part because they have taken several methodological approaches to gauging the class and ethnic basis of American parties. Most simply, some historians take contemporary accounts and party rhetoric seriously (Schlesinger 1945). Other historians have counted the number of bankers and manufacturers in the highest echelons of leadership of both major parties. Finding a near-equal distribution of economic elites at the tops of both parties, these historians dismiss the class basis of the parties (McCormick 1966; Pessen 1969). Quantitative historians have looked at bivariate correlations between the distribution of votes in counties and the demographic characteristics of those counties (Benson 1961; Formissano 1983: 280-283; Sellers 1991). This latter approach remains influential, though it suffers from omitted variable bias and the ecological fallacy (Robinson 1950). Despite serious methodological shortcomings, these pieces inform influential general histories of the era (e.g., Wilentz 2005; Howe 2007).

These historiographical traditions have influenced even sociologists’ understandings of the 19th century (e.g. Roy 1997; Perrow 2002). Schlesinger’s (1945)
work represents the pinnacle of the class interpretation of the Age of Jackson among academic historians: political parties represented distinct interests, and electoral processes mediated their influence in the policy process. During this period, political sociologists took it for granted that electoral politics was an extension of class struggle (Anderson and David 1943) and pluralist models of politics were developed (Key 1949; Truman 1951; Dahl 1961). However, from the 1960s onward historians worked to tear down the self-serving façade of Jacksonian rhetoric by arguing that Democratic voters and politicians were just as elite as those of the Whigs (Benson 1961; Pessen 1969) and Republicans (Wiebe 1967). These works influenced not only social scientific accounts of 19th century America (e.g. Perrow 2002), but also the direction of social scientific understandings of party politics. Political theory moved toward models that depicted the Second Party System as electoral machines assembling coalitions more through the power of patronage than principle and policy (Aldrich 2012). Despite significant methodological flaws, these historical studies have allowed sociologists to state that the era of class politics in the United States excludes the antebellum era (Clark, Lipset, and Rempel 1993: 297; Pakulski and Waters 1996: 676; Grusky and Weeden 2008: 66).

This too-neat splitting of American history leads to the pat conclusion that class politics is possible only in fully industrialized economies--and also tends to support the claim that class politics must decline in a “post-industrial” economy (Pakulski and Waters 1996). Such claims unreasonably privilege the role of exogenous economic and technological forces in shaping electoral coalitions over the role of other forces that are more proximate to citizens’ experiences and political behavior (Katzenelson and Zolberg 1986). In the following, I discuss several of these factors in more detail. While early 19th
century America and 21\textsuperscript{st} century America obviously differ in profound ways, this discussion shows how in some regards the social structure of the pre-industrial United States bears a closer resemblance to post-industrial social structures as discussed by Pakulski and Waters (1996) than either does to the quintessential “industrial” social structure. The point of this exercise is not to claim that the industrial era was an anomaly, nor to elide differences between modern and traditional societies. Rather, the discussion shows that reliance on macro-concepts like “pre-industrial,” “industrial,” and “post-industrial” are of questionable value in certain types of research as they tend to obscure more careful consideration of the myriad social processes implicated by such descriptions.

Factors Influencing the Social Bases of 19\textsuperscript{th} Century Party Systems

Although few studies explicitly test which factors are responsible for class-party affiliations, the literature as a whole has nonetheless produced a rich set of possible mechanisms. I will describe these, roughly in the order of the party systems for which they first apply or which they best describe, starting with factors predicting an occupational basis for the First Party System (1795-1286). By an “occupational basis,” I simply mean that occupations within a given class (for example, carpenters and cordwainers) will differ in either the intensity of their affiliation with a political party or even support opposing parties. Why would this happen? Note that a complex occupational basis such as the one found in this study is unlikely if the mechanisms described by Goldthorpe, Llewellyn, and Payne (1980: 40) and Breen (2004) are in
operation: spontaneous reactions by individuals to the conditions of their employment. If this were the case, there would be no reason for shoemakers and hatters, nor hardware store proprietors and grocers, to differ in their political behavior.

*Intermediary Organizations:* The importance of voluntary associations and social movements to the organization of political contestation has already been discussed at length in the previous chapter. Here, I briefly recap that argument with a special focus on the works of Weeden and Grusky (2005). Weeden and Grusky explain the decline of traditional class categories through reference to changes in the intermediary organizations that constitute civil society. For example, they note that the late 20th century was characterized by the weakening of unions and political parties, two intermediary organizations that tended to create class consciousness (Weeden and Grusky 2005: 1733; see also Evans and Tilley 2012). As unions declined, civil society was populated by intermediary organizations focusing on issues “orthogonal” to traditional class concerns (Weeden and Grusky 2005: 1734). These new intermediary organizations are generally more top heavy, and so do less to mobilize support and structure political contention than did older voluntary associations (Skocpol 2003). In this diminished version of civil society, occupations rank among some of the most “institutionalized” identities, which accounts for the increase in within-class variation in political affiliation. In highlighting organizational intermediaries, Weeden and Grusky (2005) provide a plausible variable that could explain variation in occupation and party affiliation across countries, regions, and historical periods.
The early 19th century then bears some resemblance to the de-unionized civil society of the 21st century. To the extent that workers did belong to voluntary associations in the early 19th century, these tended to be occupation-specific associations rather than class-wide unions. These associations provided a means for members of occupations to defend collective interests but also to form shared identities (Polletta and Jasper 2001) as they celebrated the values and traditions of their craft (Wilentz 1984). Of course, a major difference between the First Party System and 21st century party system is that the former was embedded in an economy where artisans and laborers were more likely to be part of a patronage network than a workers’ association.

Furthermore, there was substantial variation in the density and span of voluntary associations across the 19th century. The Second Party System emerged during a period when workers increasingly tried, with only partial and temporary success, to establish class-spanning unions (Dawley 1976; Wilentz 1984; Neem 2008). Similarly, around mid-century the professions began organizing limited, local professional associations (Neem 2008). The Third Party System was characterized by an even greater success in the establishment of national class-spanning organizations like the Knights of Labor, the Farmers’ Alliances, the American Medical Association, the American Bar Association, and so on (Wiebe 1967). Accordingly, the importance of intermediary organizations in civil society leads to the expectation that the First Party System will have a more complex occupational structure than will the Second Party System, which will have a more complex occupational structure than will the Third Party System.
Party Organizations: John Levi Martin (2009) argues that the First Party System was based on patronage pyramids: party leaders form ties to local elites, who form ties with others in their communities. This argument is consistent with much of the historiography, which locates early 19th century political structure in local relations (Formisano 1983). In a patronage-based system, resources and votes flow up while patronage appointments and political favors flow down. Such structures would tend to prevent the formation of parties based on class or other shared identities. Patronage ties would most likely manifest themselves in these analyses through controls for place, as they tend to connect local clients with local patrons.

To the extent that patronage networks would reinforce any kind of economic basis to the party system, it would likely reinforce an occupational basis. This is because before the disintegration of the craft system, mid-level patrons were often prosperous masters reaching down to others in the same craft. Indeed, masters and apprentices within the same occupation still often lived within the same home (Johnson 1978; Scranton 1983), and many towns were dominated by a single craft (Dawley 1976). Patronage pyramids might tend to connect a master with several journeymen or apprentices with similar occupational backgrounds. Thus patron-client relationships in the context of craft production and guilds would tend to solidify occupational affiliations with certain parties.

Law and Regulation: Regulation is among the many factors identified by Pakulski and Waters (1996: 285-286) for the “fragmentation of class” in the post-industrial era. State regulation creates protected groupings with interests that are narrower than those of class interests. Whether or not this accurately describes the 20th century, it does have high
plausibility for the First (and perhaps the Second) Party System. Local government was an active site of regulatory activity that created narrow interests, through local laws distributing the right to sell certain goods in the market or establishing a monopoly on providing service along certain transportation routes (Handlin and Handlin 1947 [1969]; Novak 1996). Furthermore, until midcentury the majority of corporations were formed by special acts of the legislature (Hurst 1970). It was only in the second half of the century that general incorporation laws began to unite corporations as a community of interest in relationship to the state legislature. Massachusetts passed a general incorporation law for industrial corporations in 1851.

While some scholars have argued that courts in the antebellum era tended to expand the rights of private property (Horwitz 1977), these were particularistic decisions rooted in ancient common law traditions. These rulings tended to benefit particular mill owners over particular yeoman farmers, not the capitalist class over the working class. It was not until the second half of the 19th century that the Supreme Court began to seriously create a legal bulwark against the ability of populist parties to use legislative powers to interfere with corporations and private capital (Wiebe 1967; Horwitz 1992). Thus law and regulation also predicts that the complexity of the occupational basis of party affiliation will decrease from the First to Second to Third Party Systems.

**Property:** Pakulski and Waters (1996: 285-286) argue that increased rates of small property ownership in the post-industrial era blur lines between propertied and non-propertied categories. This same logic applies to the early 19th century: Craft production still dominated American industry, and artisans occupied a liminal position between
capital and labor (Lauritz Larson 2010). At this time, most artisans owned their tools and a workshop and could retire with a ‘competency’ (Scranton 1983: 69-70, 84; Johnson 1978; Wilentz 1984; Licht 1995). Furthermore, Republican ideology celebrated the nation’s large population of landowning yeoman farmers (McCoy 1980) and independent craftsmen (Shankman 2004). Republican ideology venerated the independence made possible by ownership of productive property. Such values would have made artisans and yeoman identify all the more strongly with their occupations, as it was their identity as a bricklayer, a blacksmith, or a smallholder that gave them worth as independent men in a republican political system.

These republican identities were threatened by the concentration of wealth associated with the industrialization and incorporation of the economy. Incorporation was a key factor in the movement of artisans and laborers toward the Democratic Party of the Second Party System (Chapter 5). Master craftsmen in the Jacksonian era, who owned a small workshop and employed a handful of journeymen, still spoke of themselves as “small capitalists.” But the Market Revolution drove most of these master craftsmen to work for wages (Lauritz Larson 2010), and those that did remain independent increasingly realized that they were not capitalists in the same sense as factory owners were. The concentration of economic power only increased with the advent of railroads and the rise of trusts and holding companies (Roy 1997; Perrow 2002). Furthermore, the flow of immigrants into Massachusetts during the mid and late 19th century increased the proportion of propertyless residents (Handlin 1941 [1991]). Again, we have conditions that point toward class-based parties arising only around the time of the Second Party System.
Race, Ethnicity, Sex, and Religion: Antebellum politics structurally excluded formal political participation of women, precluding an electoral cleavage that is of increasing importance to the modern party system (Brady, Sosnaud, and Frenk 2009). This exclusion should, on the whole, strengthen the economic basis of party membership. However, racial and ethno-religious identities were still able to challenge the primacy of class and occupational identities at times during the 19th century.

Irish Catholics were the most important ethnic minority group in 19th century Massachusetts, and they demonstrated a marked affinity for the Democratic Party (Benson 1961; Ignatiev 1995). Contra Benson (1961), the Irish Catholic cleavage is not expected to manifest itself until the Third Party System—nor is the Irish Catholic cleavage expected to explain away the affiliation of artisans and labor with the Democrats. The Democratic Party of the Second Party System had been formed before the first great waves of Irish Catholic immigration to Massachusetts. While those Irish with the right to vote did gravitate toward the Democrats, they were not yet numerous enough able to establish themselves in the state legislature (Formisano 1983: 297). The Civil War was an upheaval of the political system significant enough to temporarily wipe out the class basis of the parties, but also cleared room in the Democratic Party for the burgeoning Irish Catholic population to establish itself in the state legislature.

Aligned in political opposition to Irish-Americans were old-stock Yankees and the relatively small black population. Fourteen African-American men—all Republicans—served in the Massachusetts state legislature between 1867 and 1902 (after which no African Americans served until 1947). Yankee affinity for Whigs and
Republicans was strongest among those who belonged to the perfectionist sects that pursued abolition, prohibition, and other reform movements (Benson 1961; Sellers 1991; Carpenter and Schneer 2015). This is expected to manifest itself in the affinity of moralistic occupations (non-Catholic religious figures and teachers) to prefer the reformist parties that supported state intervention on moral issues (i.e. Whigs and Republicans). Similarly, occupations associated with vice—innkeepers, grocers (Formisano 1983: 298), brewers, and tobacconists—are expected to align themselves with the Democrats, who were generally much more tolerant of high living (Pessen 1969). This moralistic cleavage is expected to first occur in the Second Party System, because during the First Party System the respectable classes exerted social control through personal influence rather than through political action (Johnson 1978; Formisano 1983: 312). Finally, Baptist ministers are expected to affiliate with Democrats during the First and Second Party Systems, because Baptists and Democrats both objected to mandatory tax support for established Congregationalist churches (Formisano 1983: 280-300).

Data, Methods, and Analytical Approach

Class Voting versus Class Representation

Massachusetts’ legislators provide an ideal test case for theories of party development in early America. Strictly speaking, this article analyzes class representation, not class voting (Carnes 2013). Class and party affiliation among
legislators is worth studying in its own right. These men were the party “activists” responsible for writing and voting on state legislation during a period when the most consequential legislation tended to occur at the state level, including corporate policy and bankruptcy law. State legislatures were also responsible for electing United States Senators.

However, there is reason to believe that party affiliation among legislators tells us something about party affiliation among the electorate at large. Rational choice theories of legislatures often assume that legislators are a class of their own. Because their primary interest is reelection, their policy positions come to align with the interests of the (median) voter in their district (Aldrich 2012). In such a world, the class background of legislators is less relevant than the class composition of the electorate. However, this analysis of legislators qua legislators does not apply here, because few legislators expected to be re-elected and serve more than one or two single-year terms. Before 1861, 47.3% of Massachusetts’ legislators served only a single year, 23.8% served two years, and 10.0% served three years. Less than 10% of legislators served for six years or longer. Thus for the vast majority of these men, their policy preferences and material interests remained those of their primary occupation. Those men who served long enough to develop the interests of a politician generally identified their primary occupation as a politician or related occupation: lawyer, journalist, or government official. Workers, artisans, and farmers were thus even less likely to lose touch with their primary interests qua workers, artisans, and farmers.

Rather than elect “professional” representatives whose interests were aligned with their constituents via electoral mechanisms, voters elected representatives who directly
embodied their interests. For example, Massachusetts’ shoe industry elected owners of shoe firms to represent them in the state legislature, only coming to rely on professional representatives in the late 19\textsuperscript{th} century (Davis 1951). These men were “representative” in the older, literal sense of the term (Bailyn 1967). The constant churn of legislators through the legislature (over 20,000 men in 100 years) implies that the majority of these men were not political elites, such as those dozen or so party leaders whose biographies have been studied by historians like Pessen (1969). Rather, state legislators are representative of the most organized constituencies in their respective communities. When a shoemaker appears as a Democratic legislator in these data, this conveys information about the political orientation of shoemakers in that electoral district. Unlike studies based on vote counts aggregated at the county level, individual-level data allay concerns about the ecological fallacy (Robinson 1950). Unlike studies based on a dozen party leaders, the sample is large enough to allow statistical inference from multivariate models.

\textit{Measuring Fit versus Measuring Change}

Ever since Clark and Lipset’s (1991) discovery of a downward trend in the Alford Index (Alford 1963), the class and party literature has unfolded as a search for new models and alternative operationalizations of the class-party relationship (Hout, Brooks, and Manza 1995; Weeden and Grusky 2005). These models rest on significantly different theoretical assumptions, but the literature has not investigated these differences for several reasons. As already noted, because these studies use data from a relatively short
period of time, there is not enough variation in underlying political and economic characteristics to assess what factors make a given theory applicable to a time period. By introducing data spanning the 19th century, I am able to observe much more dramatic shifts in the political environment than have occurred since the advent of high quality survey data like those typically used in these studies.

A second reason for the neglect of the role of underlying conditions on class voting is that, spurred by the provocative claim of a “dying of class” (Clark and Lipset 1991; Pakulski and Waters 1996), most studies have aimed at resolving the question of whether or not there are discernable trends in class-party affiliation. Of course, to measure change, one must use an unchanging measuring instrument (Smith 2005: 1). This leads researchers to choose an operationalization of class, and then show the trend across time in this operationalization. However, my aim here is not to measure change in the degree of class-party behavior, but in kinds of class-party behavior. As such, I take a different approach to modeling than most other contributions to this literature. Here, I show how the best-fitting operationalization changes across historical periods (Grusky and Weeden 2008: 65).

Data and Methods

In this paper, I aim to clarify the bases of the Massachusetts party system through use of newly available data. This unique dataset contains over 20,000 state legislators who served in Massachusetts between 1795 and 1893. For most of these observations, we know party identification, occupation(s), place of birth, year of birth, county of electoral
district, and ethnicity (inferred from surnames). The timespan of these data (1795-1893) allow me to observe the rise and fall of four party systems: the First Party System, or Federalists versus Republicans (1795-1824); the Second Party System, or Whigs versus Democrats (1835-1854) the Civil War/Reconstruction-era Democrats versus Republicans (1855-1877); and finally, the Third Party System, again Democrats versus Republican (1877-1893).

Class and Occupation: Detailed data on occupations allow me to classify legislators by the class and interest groups to which they belong: e.g., financial, mercantile, manufacturing, artisan, agricultural, etc. Class groupings are similar to those used in Goldthorpe et al. (1980) and Erikson and Goldthorpe (1992), except that changes have been made to accommodate the time period. For example, farmers are represented as a single class group rather than distinguishing between farm owners and farm laborers. It is difficult to make such distinctions in the data, but fortunately it is unlikely that many farm laborers would have been elected to the state legislature in this period.

The most important deviation from 20th century schemes is that I prioritize “attitude toward international trade” over income as a determinant of party choice. This is in part a practical decision: I cannot measure legislators’ wealth or income. However, most contemporary class schema do not rely on measures of income (Manza and Brooks 2008). While income has been shown to have an independent effect on vote choice in 20th century elections, this association is primarily mediated by voters’ evaluations of the size of the federal government and the nature of the welfare state (Brooks and Brady 1999). These were not income-related issues in the 19th century. Furthermore, 19th century taxes
were based on tariffs and excises, not income tax. Attitudes toward taxes, then, are likely to be driven more by sector and occupation than by income. This is not to say that income was unimportant in 19th century America. Rather, once occupation is accounted for, income’s importance is much diminished relative to the contemporary political scene. My prioritization of international trade over income manifests itself among workers in my decision to distinguish mariners from artisans and industrial workers. The former (obviously) have much to gain from increased international trade, while industrial and craft workers generally could only lose.

“Big” sectoral interest groups are as follows: Farmers, artisans (skilled and semi-skilled workers), laborers (unskilled workers), mariners, financiers/bankers, merchants, manufacturers, retail and service proprietors, professionals, managerial/“upper” white-collar employees, clerical/“lower” white-collar employees, government employees, and government officials. Each of these interest groups is composed of occupational groups, which are too numerous to be listed separately here. Tables 4.1-4.3 breakout the occupations most commonly found within the larger interest groups. Figure 4.1 displays trends in the percentage of representatives coming from each big interest group until 1860.
### Table 4.1. Most Common Occupations in the Artisan Class

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Percentage</th>
<th>Occupation</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Maker</td>
<td>0.163</td>
<td>35 Dyer</td>
<td>0.002</td>
</tr>
<tr>
<td>2 Carpenter</td>
<td>0.111</td>
<td>36 Finisher</td>
<td>0.002</td>
</tr>
<tr>
<td>3 Builder</td>
<td>0.089</td>
<td>37 Gilder</td>
<td>0.002</td>
</tr>
<tr>
<td>4 Smith</td>
<td>0.084</td>
<td>38 Trimmer</td>
<td>0.002</td>
</tr>
<tr>
<td>5 Wright</td>
<td>0.083</td>
<td>39 Wool sorter</td>
<td>0.002</td>
</tr>
<tr>
<td>6 Tanner</td>
<td>0.067</td>
<td>40 Carder</td>
<td>0.001</td>
</tr>
<tr>
<td>7 Machinist</td>
<td>0.065</td>
<td>41 Carver</td>
<td>0.001</td>
</tr>
<tr>
<td>8 Mason</td>
<td>0.037</td>
<td>42 Corder</td>
<td>0.001</td>
</tr>
<tr>
<td>9 Miller</td>
<td>0.030</td>
<td>43 Hanger</td>
<td>0.001</td>
</tr>
<tr>
<td>10 Engineer</td>
<td>0.029</td>
<td>44 Nailer</td>
<td>0.001</td>
</tr>
<tr>
<td>11 Hatter</td>
<td>0.025</td>
<td>45 Packer</td>
<td>0.001</td>
</tr>
<tr>
<td>12 Painter</td>
<td>0.024</td>
<td>46 Plasterer</td>
<td>0.001</td>
</tr>
<tr>
<td>13 Cutter</td>
<td>0.022</td>
<td>47 Plater</td>
<td>0.001</td>
</tr>
<tr>
<td>14 Printer</td>
<td>0.022</td>
<td>48 Upholsterer</td>
<td>0.001</td>
</tr>
<tr>
<td>15 Butcher</td>
<td>0.020</td>
<td>49 Boiler</td>
<td>0.001</td>
</tr>
<tr>
<td>16 Cooper</td>
<td>0.019</td>
<td>50 Brewer</td>
<td>0.001</td>
</tr>
<tr>
<td>17 Tailor</td>
<td>0.017</td>
<td>51 Burner</td>
<td>0.001</td>
</tr>
<tr>
<td>18 Currier</td>
<td>0.017</td>
<td>52 Clicker</td>
<td>0.001</td>
</tr>
<tr>
<td>19 Baker</td>
<td>0.014</td>
<td>53 Cobbler</td>
<td>0.001</td>
</tr>
<tr>
<td>20 Contractor</td>
<td>0.011</td>
<td>54 Colorer</td>
<td>0.001</td>
</tr>
<tr>
<td>21 Joiner</td>
<td>0.010</td>
<td>55 Crimper</td>
<td>0.001</td>
</tr>
<tr>
<td>22 Jeweler</td>
<td>0.010</td>
<td>56 Engine builder</td>
<td>0.001</td>
</tr>
<tr>
<td>23 Foundry man</td>
<td>0.009</td>
<td>57 Fuller</td>
<td>0.001</td>
</tr>
<tr>
<td>24 Cordwainer</td>
<td>0.008</td>
<td>58 Furnace man</td>
<td>0.001</td>
</tr>
<tr>
<td>25 Distiller</td>
<td>0.007</td>
<td>59 Glassworker</td>
<td>0.001</td>
</tr>
<tr>
<td>26 Dresser</td>
<td>0.006</td>
<td>60 Goldbeater</td>
<td>0.001</td>
</tr>
<tr>
<td>27 Potter</td>
<td>0.006</td>
<td>61 Moulder</td>
<td>0.001</td>
</tr>
<tr>
<td>28 Caulker</td>
<td>0.005</td>
<td>62 Sawyer</td>
<td>0.001</td>
</tr>
<tr>
<td>29 Tallow chandler</td>
<td>0.005</td>
<td>63 Textile Worker</td>
<td>0.001</td>
</tr>
<tr>
<td>30 Armorer</td>
<td>0.003</td>
<td>64 Turner</td>
<td>0.001</td>
</tr>
<tr>
<td>31 Binder</td>
<td>0.003</td>
<td>65 Warper</td>
<td>0.001</td>
</tr>
<tr>
<td>32 Saddler</td>
<td>0.003</td>
<td>66 Weaver</td>
<td>0.001</td>
</tr>
<tr>
<td>33 Graver</td>
<td>0.003</td>
<td>67 Iron Master</td>
<td>0.0001</td>
</tr>
<tr>
<td>34 Bricklayer</td>
<td>0.002</td>
<td>68 Stapler</td>
<td>0.0001</td>
</tr>
</tbody>
</table>

**Notes**—N = 1,752. Occupations are not mutually exclusive. These occupational categories are themselves summaries of more detailed descriptions. E.g., “maker” includes block makers, bonnet makers, boot makers, box makers, brick makers, and so on.
Table 4.2. Most Common Occupations Among Manufacturers and Merchants

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Percentage</th>
<th>Occupation</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Other manufacturer</td>
<td>0.355</td>
<td>1 Merchant</td>
<td>0.812</td>
</tr>
<tr>
<td>2 Boot and shoes</td>
<td>0.242</td>
<td>2 Dealer</td>
<td>0.073</td>
</tr>
<tr>
<td>3 Shipbuilder</td>
<td>0.058</td>
<td>3 Trader</td>
<td>0.059</td>
</tr>
<tr>
<td>4 Cotton</td>
<td>0.042</td>
<td>4 Lumber</td>
<td>0.031</td>
</tr>
<tr>
<td>5 Wool</td>
<td>0.040</td>
<td>5 Dry goods</td>
<td>0.016</td>
</tr>
<tr>
<td>6 Iron</td>
<td>0.035</td>
<td>6 Real estate</td>
<td>0.015</td>
</tr>
<tr>
<td>7 Paper</td>
<td>0.033</td>
<td>7 Importer</td>
<td>0.011</td>
</tr>
<tr>
<td>8 Chairs and Furniture</td>
<td>0.022</td>
<td>8 Auctioneer</td>
<td>0.010</td>
</tr>
<tr>
<td>9 Clothier</td>
<td>0.021</td>
<td>9 Broker</td>
<td>0.004</td>
</tr>
<tr>
<td>10 Metal Founder</td>
<td>0.014</td>
<td>10 Ship chandler</td>
<td>0.004</td>
</tr>
<tr>
<td>11 Sawmill</td>
<td>0.014</td>
<td>11 Lumber</td>
<td>0.004</td>
</tr>
<tr>
<td>12 Scythes</td>
<td>0.011</td>
<td>12 Speculator</td>
<td>0.003</td>
</tr>
<tr>
<td>13 Foundry</td>
<td>0.009</td>
<td>13 Supercargo</td>
<td>0.002</td>
</tr>
<tr>
<td>14 Leather</td>
<td>0.009</td>
<td>14 Business</td>
<td>0.002</td>
</tr>
<tr>
<td>15 Gristmill</td>
<td>0.009</td>
<td>15 Shipping Owner</td>
<td>0.002</td>
</tr>
<tr>
<td>16 Other mill</td>
<td>0.007</td>
<td>16 Boots and shoes</td>
<td>0.002</td>
</tr>
<tr>
<td>17 Soap</td>
<td>0.006</td>
<td>17 Exporter</td>
<td>0.001</td>
</tr>
<tr>
<td>18 Yarn and Twine</td>
<td>0.003</td>
<td>18 Jobber</td>
<td>0.001</td>
</tr>
<tr>
<td>19 Quarry</td>
<td>0.003</td>
<td>19 Shipper</td>
<td>0.001</td>
</tr>
<tr>
<td>20 Furnace</td>
<td>0.002</td>
<td>20 Victualler</td>
<td>0.001</td>
</tr>
<tr>
<td>21 Forge</td>
<td>0.002</td>
<td>21 Whale chandler</td>
<td>0.001</td>
</tr>
<tr>
<td>22 Refiner</td>
<td>0.002</td>
<td>22 Grain and flour</td>
<td>0.001</td>
</tr>
<tr>
<td>23 Fulling mill</td>
<td>0.002</td>
<td></td>
<td></td>
</tr>
<tr>
<td>24 Gas</td>
<td>0.001</td>
<td></td>
<td></td>
</tr>
<tr>
<td>25 Mining</td>
<td>0.001</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes--. Numbers are for 1,159 manufacturers and 1,952 merchants. Note that there is significant diversity among “Other manufacturer,” including a shuttle manufacturer, a silk manufacturer, a sleigh manufacturer, a snuff manufacturers, and a sword manufacturer. Merchants, however, overwhelmingly described themselves without specialization in any commodities.
Table 4.3. Most Common Occupations among Service & Retail and Lower Management

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Percentage</th>
<th>Occupation</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innkeeper</td>
<td>0.412</td>
<td>Clerk</td>
<td>0.414</td>
</tr>
<tr>
<td>Storekeeper</td>
<td>0.179</td>
<td>Agent</td>
<td>0.159</td>
</tr>
<tr>
<td>Grocer</td>
<td>0.148</td>
<td>Bookkeeper</td>
<td>0.117</td>
</tr>
<tr>
<td>Publican</td>
<td>0.119</td>
<td>Superintendent</td>
<td>0.083</td>
</tr>
<tr>
<td>Seller</td>
<td>0.063</td>
<td>Overseer</td>
<td>0.055</td>
</tr>
<tr>
<td>Country store</td>
<td>0.017</td>
<td>Accountant</td>
<td>0.048</td>
</tr>
<tr>
<td>Stagecoaches</td>
<td>0.011</td>
<td>Foreman</td>
<td>0.021</td>
</tr>
<tr>
<td>Marketman</td>
<td>0.011</td>
<td>Station agent</td>
<td>0.021</td>
</tr>
<tr>
<td>Stable keeper</td>
<td>0.011</td>
<td>Bank clerk</td>
<td>0.014</td>
</tr>
<tr>
<td>Stationer</td>
<td>0.011</td>
<td>Notary</td>
<td>0.014</td>
</tr>
<tr>
<td>Hardware</td>
<td>0.009</td>
<td>Registrar</td>
<td>0.014</td>
</tr>
<tr>
<td>Peddler</td>
<td>0.009</td>
<td>Reporter</td>
<td>0.014</td>
</tr>
<tr>
<td>Retail</td>
<td>0.009</td>
<td>Secretary</td>
<td>0.014</td>
</tr>
<tr>
<td>Tobacconist</td>
<td>0.009</td>
<td>Forwarding agent</td>
<td>0.014</td>
</tr>
<tr>
<td>Undertaker</td>
<td>0.009</td>
<td>Depot master</td>
<td>0.007</td>
</tr>
<tr>
<td>Salesman</td>
<td>0.006</td>
<td>Administration</td>
<td>0.007</td>
</tr>
<tr>
<td>Stone ware</td>
<td>0.003</td>
<td>Station master</td>
<td>0.007</td>
</tr>
<tr>
<td>Stage livery</td>
<td>0.003</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Watches</td>
<td>0.003</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes--. There are 352 members of the service and retail interest and 145 members of lower management.
Figure 4.1. Occupational Representation in Massachusetts State Legislature

Notes: The Y-axis is not constant across graphs.

Irish Ethnicity: There are two sources of information on legislator ethnicity: surnames and reported place of birth. While place of birth is a more certain indicator of Irish ethnicity than is a surname, native-born citizens may nonetheless still identify (and be identified) with their Irish background. Accordingly, I control for both surname-based measures of ethnicity and birthplace. Note that these two measures are very highly correlated until the late 19th century, when native-born Irish-Americans begin to appear in the legislature. Figure 4.2 displays trends in the presence of Irish legislators across the 19th century.
In order to infer the ethnicity of legislators from surnames, I use Bayes’ Theorem. Bayes’ Theorem states that:

\[ P(A|B) = \frac{P(B|A) \times P(A)}{P(B)} \]

Bayes’ Theorem could therefore be used to infer the probability that a given legislator was of Irish heritage, by plugging the following quantities into Equation 1:

\[ P(\text{Irish}|\text{Surname}) = \frac{P(\text{Surname}|\text{Irish}) \times P(\text{Irish})}{P(\text{Surname})} \]
In order to obtain these quantities, I draw on the historical censuses of the United States and Ireland. The Irish Census tells me $P(\text{Surname}|\text{Irish})$, or the probability that a resident of Ireland had a given surname. The United States Census tells me $P(\text{Surname})$, or the probability that a resident of the United States has a given surname. The United States Census also provides $P(\text{Irish})$, or the probability that a resident of a given county is Irish. Note that because of imperfections in the data, this formula does not provide a measure neatly bounded by 0 and 1, as a probability should be. Nonetheless, the Bayes measure is highly correlated with Irish birth (see Figure 4.3), indicating strong external validity as an indicator of Irish ethnicity. I standardize these variables so that they are not mistaken as probabilities.

**Figure 4.3 Irish Birth and Irish Ethnicity, 1850-1880**

![Irish Representation in Massachusetts, 1850-1880](image)

*Notes*—The summary values displayed in these graphs are highly correlated ($r > .90$).
Table 4.4 lists the “most Irish” and “least Irish” surnames as measured by Bayes Theorem. For comparison, it also displays the most/least Scottish and English names in the sample too. Because a surname that scores highly on “Irishness” may also score highly on, for example, “Scottishness,” in some models I control for Scottishness and Englishness along with the Irishness variable.

**Table 4.4. Distinct Ethnic Surnames in Sample as Ranked by Bayes’ Theorem**

<table>
<thead>
<tr>
<th>Least Irish</th>
<th>Most Irish</th>
<th>Least Scottish</th>
<th>Most Scottish</th>
<th>Least English</th>
<th>Most English</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dunham</td>
<td>Fennelly</td>
<td>Merrill</td>
<td>Mair</td>
<td>Doty</td>
<td>Barnicoat</td>
</tr>
<tr>
<td>Whitman</td>
<td>Browne</td>
<td>Pomeroy</td>
<td>Meldrum</td>
<td>Hoyt</td>
<td>Swinnerton</td>
</tr>
<tr>
<td>Osborn</td>
<td>Egan</td>
<td>Griswold</td>
<td>McKenzie</td>
<td>Folsom</td>
<td>Hunking</td>
</tr>
<tr>
<td>Barrows</td>
<td>Healy</td>
<td>Cheney</td>
<td>Scollay</td>
<td>Wolcott</td>
<td>Dench</td>
</tr>
<tr>
<td>Pease</td>
<td>Duggan</td>
<td>Morse</td>
<td>Ruthven</td>
<td>Kellogg</td>
<td>Davies</td>
</tr>
<tr>
<td>Luce</td>
<td>Maguire</td>
<td>Whitaker</td>
<td>Moar</td>
<td>Blaisdell</td>
<td>Hopkinson</td>
</tr>
<tr>
<td>Dodge</td>
<td>McCarthy</td>
<td>Miner</td>
<td>Leggate</td>
<td>Conklin</td>
<td>Scammell</td>
</tr>
<tr>
<td>Coffin</td>
<td>Devereux</td>
<td>Osgood</td>
<td>Thomson</td>
<td>Durfee</td>
<td>Lamprell</td>
</tr>
<tr>
<td>Newcomb</td>
<td>Canning</td>
<td>Wilder</td>
<td>Brackenridge</td>
<td>Whittier</td>
<td>Bagnall</td>
</tr>
<tr>
<td>Fisk</td>
<td>Higginson</td>
<td>Stacy</td>
<td>McLellan</td>
<td>Shumway</td>
<td>Firth</td>
</tr>
<tr>
<td>Myrick</td>
<td>Keating</td>
<td>Lyman</td>
<td>Melville</td>
<td>Swett</td>
<td>Chaloner</td>
</tr>
<tr>
<td>Paddock</td>
<td>Carew</td>
<td>Clapp</td>
<td>Ritchie</td>
<td>Dunlap</td>
<td>Rayner</td>
</tr>
<tr>
<td>Fitch</td>
<td>Bedlow</td>
<td>Hines</td>
<td>Ballantine</td>
<td>Chapin</td>
<td>Southgate</td>
</tr>
<tr>
<td>Hathaway</td>
<td>Fowley</td>
<td>Taft</td>
<td>Salmond</td>
<td>Estes</td>
<td>Hinks</td>
</tr>
<tr>
<td>Wing</td>
<td>Ballantine</td>
<td>Cooley</td>
<td>McKay</td>
<td>Farnum</td>
<td>Punchard</td>
</tr>
<tr>
<td>Fellows</td>
<td>Tyrrell</td>
<td>Hubbard</td>
<td>Manson</td>
<td>Kimball</td>
<td>Collingwood</td>
</tr>
<tr>
<td>Pool</td>
<td>Kenny</td>
<td>Sawyer</td>
<td>Hay</td>
<td>Ingalls</td>
<td>Silvester</td>
</tr>
<tr>
<td>Howland</td>
<td>Martyn</td>
<td>Ware</td>
<td>Forbes</td>
<td>Marble</td>
<td>Druce</td>
</tr>
<tr>
<td>Hager</td>
<td>Boott</td>
<td>Longley</td>
<td>Forrester</td>
<td>Loomis</td>
<td>Symons</td>
</tr>
<tr>
<td>Cobb</td>
<td>Joyce</td>
<td>Briant</td>
<td>Napier</td>
<td>Thurber</td>
<td>Wyles</td>
</tr>
<tr>
<td>Root</td>
<td>Mullin</td>
<td>Ranney</td>
<td>Selkirk</td>
<td>Myrick</td>
<td>Dowse</td>
</tr>
<tr>
<td>Knowlton</td>
<td>Rossiter</td>
<td>Dudley</td>
<td>Borland</td>
<td>Slocum</td>
<td>Pearse</td>
</tr>
<tr>
<td>Hamlin</td>
<td>Goulding</td>
<td>Lincoln</td>
<td>McIntyre</td>
<td>Calhoun</td>
<td>Newmarch</td>
</tr>
<tr>
<td>Boydhen</td>
<td>McMaster</td>
<td>Cushman</td>
<td>Adam</td>
<td>Winegar</td>
<td>Larkcom</td>
</tr>
<tr>
<td>Haskell</td>
<td>Sullivan</td>
<td>Dunlap</td>
<td>Bruce</td>
<td>Hazen</td>
<td>Marland</td>
</tr>
<tr>
<td>Simpkins</td>
<td>Dowse</td>
<td>Carpenter</td>
<td>Dodds</td>
<td>Chaffee</td>
<td>Palfrey</td>
</tr>
<tr>
<td>Alden</td>
<td>Rea</td>
<td>Graves</td>
<td>Sproat</td>
<td>Pattee</td>
<td>Higginson</td>
</tr>
<tr>
<td>Woodbury</td>
<td>Spelman</td>
<td>Tyler</td>
<td>Gunn</td>
<td>Comstock</td>
<td>Minns</td>
</tr>
<tr>
<td>Fish</td>
<td>Blaney</td>
<td>Dunham</td>
<td>Davidson</td>
<td>Shattuck</td>
<td>Tickner</td>
</tr>
<tr>
<td>Wilder</td>
<td>Brett</td>
<td>Fisk</td>
<td>Dickson</td>
<td>Bolles</td>
<td>Broad</td>
</tr>
</tbody>
</table>
Other Controls: The most important set of controls are indicator variables for each Massachusetts’ county.17 Politics were—and remain—highly correlated with place. This is not just because of concentration of particular industries into places, but also due to rivalries between patron networks (Martin 2009) and towns (Benson 1961; Formisano 1983).

Birth cohort allows for me to test claims that the Republican Party was seen by ambitious young men as a good place to get a start without being in the shadow of older, established Federalists (Perrow 2002). However, note that in a political system without income taxes there may be less of an expectation for citizens to become more conservative with age.

The inclusion of dummy variables for each year controls for changes affecting all legislators, allowing the model to detect trends in occupational alignments with parties net of overall popularity of parties (Brooks et al. 2006: 95). Year fixed effects help to account for shifts in party representation due to panics, wars, and national elections.

To analyze these data, I first use logistic regression. Analyses of class voting that use indices such as the Alford Index or which use OLS regression have been found to be biased by changes in the relative size of classes or the absolute popularity of parties (Thomsen 1987; Evans 2000: 407). To assess conservatively which level of disaggregation of class interests best fits each period, I use the Bayesian Information Criterion (BIC) (Raftery 1995). BIC has a well-known tendency to prefer parsimony, and so suggestions by BIC to disaggregate class and interest groups are taken as serious indications of the complexity of the occupational basis of the party system. I begin with

---

17 Note that before 1820, Maine was a part of Massachusetts. Thus, models for the First Party System include indicator variables for counties currently in Maine.
models that regress party affiliation on the 13 “big interest” groups discussed above. I then systematically disaggregate the big interest groups to determine whether BIC prefers finer occupational details: for example, government employees are disaggregated into police/military and clerical government positions. Police/military can further be disaggregated into (obviously) police and military. For other interest groups like manufacturers, the disaggregation process is driven by data availability that reflects the prominence of industrial sectors in the Massachusetts economy. For example, Massachusetts had a booming shoe and boot industry, allowing for the easy disaggregation of shoe and boot manufacturers. However, Massachusetts lagged as a site for quarrying and mining, and so the few instances of these “manufacturers” remain coded as a “Manufacturing, Remainder” group for even the most disaggregated of models.

Findings

Table 4.5 displays outcomes for model selection driven by the Bayesian Information Criterion (BIC). For the First and Second Party Systems, I first ran a baseline model that contained controls for “big interest groups:” mariners, the professions, retail and service, agriculture, artisans and labor, government employees, lower white-collar employees, banks and finance, manufacturers, and government officials. For example, consider manufacturers. The single largest concentration of manufacturers in Massachusetts was the 24% of manufacturers who reported involvement in boot and shoe making (see Table 4.2 above). I therefore compared BIC for a model controlling for
“manufacturing interest” with a model controlling for “boot and shoe manufacturers” and “manufacturing interest other than boot and shoe manufacturers.” BIC preferred this added control for both the First and Second Party Systems. I then tried breaking out additional types of manufacturers. BIC never preferred this for the Second Party System, but did indicate that Paper Manufacturers should be broken out for the First Party System.

Table 4.5. Decomposition of Big Interest Groups in Best-Fit Models

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Mariners</td>
<td>Occupations</td>
<td>53.0</td>
<td>No decomposition</td>
<td>-5.5</td>
</tr>
<tr>
<td>Professions</td>
<td>Occupations</td>
<td>168.1</td>
<td>No decomposition</td>
<td>-8.2</td>
</tr>
<tr>
<td>Retail &amp; Service</td>
<td>Occupations</td>
<td>23.2</td>
<td>No decomposition</td>
<td>-0.5</td>
</tr>
<tr>
<td>Agricultural</td>
<td>Occupations</td>
<td>12.4</td>
<td>No decomposition</td>
<td>-9.6</td>
</tr>
<tr>
<td>Artisans &amp; Labor</td>
<td>Big Occupations</td>
<td>26.2</td>
<td>Break out smiths, cordwainers, tanners, engineers</td>
<td>32.9</td>
</tr>
<tr>
<td>Government Employees</td>
<td>Big Occupations</td>
<td>31.7</td>
<td>No decomposition</td>
<td>-0.2</td>
</tr>
<tr>
<td>Lower White Collar</td>
<td>No decomposition</td>
<td>-14.2</td>
<td>No decomposition</td>
<td>-8.7</td>
</tr>
<tr>
<td>Banks and Finance</td>
<td>No decomposition</td>
<td>-13.1</td>
<td>Break out treasurers</td>
<td>5.5</td>
</tr>
<tr>
<td>Manufacturers</td>
<td>Break out shoe and paper manufacturers</td>
<td>38.4</td>
<td>Break out shoe manufacturers</td>
<td>22.7</td>
</tr>
<tr>
<td>Government Officials</td>
<td>No decomposition</td>
<td>-6.9</td>
<td>Break out postmaster</td>
<td>11.9</td>
</tr>
</tbody>
</table>

Notes--. BIC for the undecomposed model is 11151.9 for the First Party System and 8227.7 for the Second Party System. If “Diff.” is negative, this represents the amount (in terms of BIC) by which the simplest decomposition made model fit worse.

>a Collapse scholars, educators, and artists

>b BIC prefers no decomposition, but I have divided occupations by their involvement in vice (alcohol and tobacco). This only reduces BIC’s assessment by 1 point, but is strongly preferred by AIC. It also makes theoretical sense.

>c BIC is indifferent to breaking out regulators, but AIC prefers this.
For the First Party System, the best-fit model did not want any decomposition of lower white-collar workers, those who work in banks and finance, nor for government officials. As already noted, very little decomposition was wanted for manufacturers. However, extreme decomposition to the occupational level was preferred for mariners, the professions, those working in retail and services, agricultural workers, artisans and laborers, and low-level government employees.

Table 4.6 displays findings from this best-fit model for the First Party System. This table reveals the messy occupational structure underlying the First Party System. This messiness is consistent with the case presented above: the First Party System was organized vertically by localized patronage relationships, and so members of the same occupation (even in the same town) could easily find themselves affiliating with different parties. Still, there are some intuitive findings here. Lawyers—that is, gentlemen—show a marked disposition for the more elitist Federalist Party. Similarly, ship owners—who would have suffered from Jeffersonian embargoes and restrictions on trade—also affiliate with the Federalists. It is also interesting to note that “other service and retail” is significantly associated with the Federalists, but that this relationship only adheres after innkeepers (whose living relies on vice) are moved from the larger category. It is also worth noting that in models where “big interest groups” are not decomposed to the extent that BIC prefers, bankers and merchants are significantly associated with the Federalist Party (which is well attested to in the historical literature).
Table 4.6. OLS Regression Models using “Goldthorpe” Classes for First-Third Party Systems and Civil War/Reconstruction Era (Jeffersonian Republican/Democrat = 1)

<table>
<thead>
<tr>
<th></th>
<th>1PS Coef.</th>
<th>1PS SE</th>
<th>2PS Coef.</th>
<th>2PS SE</th>
<th>Civil War Era Coef.</th>
<th>Civil War Era SE</th>
<th>3PS Coef.</th>
<th>3PS SE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labor</td>
<td>.053</td>
<td>.033</td>
<td>.050</td>
<td>*</td>
<td>.024</td>
<td>.009</td>
<td>.017</td>
<td>.096</td>
</tr>
<tr>
<td>Agricult.</td>
<td>.057</td>
<td>.030</td>
<td>.098</td>
<td>***</td>
<td>.024</td>
<td>-.012</td>
<td>.017</td>
<td>-.094</td>
</tr>
<tr>
<td>Capitalists</td>
<td>-.015</td>
<td>.030</td>
<td>-.088</td>
<td>***</td>
<td>.023</td>
<td>-.030</td>
<td>*</td>
<td>-.058</td>
</tr>
<tr>
<td>Petty Bourgeois</td>
<td>-.055</td>
<td>.055</td>
<td>.044</td>
<td>.039</td>
<td>.125</td>
<td>**</td>
<td>.044</td>
<td>.028</td>
</tr>
<tr>
<td>Upper Service Class</td>
<td>-.010</td>
<td>.034</td>
<td>-.078</td>
<td>**</td>
<td>.027</td>
<td>-.033</td>
<td>.018</td>
<td>-.109</td>
</tr>
<tr>
<td>Lower Service Class</td>
<td>.040</td>
<td>.052</td>
<td>.013</td>
<td>.042</td>
<td>-.007</td>
<td>.045</td>
<td>-.040</td>
<td>.055</td>
</tr>
<tr>
<td>Birth Year</td>
<td>.000</td>
<td>.001</td>
<td>.005</td>
<td>***</td>
<td>.001</td>
<td>.001</td>
<td>.010</td>
<td>***</td>
</tr>
<tr>
<td>Irish Surname</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>.590</td>
<td>***</td>
<td>.047</td>
<td>.082</td>
</tr>
<tr>
<td>Born in S. Ireland</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>.490</td>
<td>***</td>
<td>.034</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>2,634</td>
<td>7,829</td>
<td>3,934</td>
<td>2,222</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R²</td>
<td>.232</td>
<td>.189</td>
<td>.322</td>
<td>.279</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes--. OLS coefficients are displayed for ease of interpretation, but significance levels remain unchanged if a logistic regression model is used. All models include indicator variables for county and year, as well as controls for whether the term was for the House or Senate. 1PS and 2PS models control for being foreign born, but there are not enough cases to allow for analysis by country of birth.

* p < .05
** p < .01
*** p < .001 (two-tailed).

The occupations that are significantly associated with Jeffersonian Republicans are, in some cases, harder to explain. Fishermen align with Jeffersonian Republicans, which may be explicable through the tendency of these humble producers to live in “peripheral” towns that are resentful of the wealth and power concentrated in Boston. Likewise, the affiliation of Baptist religious officials with Republicans is expected, as reform churches were resentful of the Congregationalist establishment that, at this point,
was still being upheld by the Federalist Party. The affiliation of Judges, Law Enforcement, Other Government Employees, and Shoe Manufacturers is also surprising. *Ad hoc* explanations consistent with historiography could be hazarded, but I will abstain and instead emphasize the general “disorganization” of the occupational basis of the First Party System.

Moving on to the Second Party System, Table 4.7 shows that the occupational structure underlying state politics has simplified by the 1830s. While BIC prefers a detailed occupational structure for First Party System, it prefers simplification to “big interests” or “proto-classes” for the Second Party System. Most intuitively, artisans support the Jacksonian Democrats. In fact, BIC only preferred that Smiths and Cordwainers be entered into the model separately because they favor Democrats even more so than the average artisan. Farmers also lean heavily toward the Democrats, while merchants, bankers, and professionals favor the National Republicans/Whigs. Again, the increasingly structured economic basis of party affiliation is consistent with an account that highlights the increased mobilization of economic groups in civil society during this era.
Table 4.7. Best-Fit Logistic Regression Model for First Party System (Jeffersonian = 1)

<table>
<thead>
<tr>
<th>Category</th>
<th>Coef.</th>
<th>SE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fisherman</td>
<td>2.135</td>
<td>*(1.023)</td>
</tr>
<tr>
<td>Farmer</td>
<td>0.290</td>
<td>(0.156)</td>
</tr>
<tr>
<td>Innkeeper</td>
<td>0.190</td>
<td>(0.377)</td>
</tr>
<tr>
<td>Grocer</td>
<td>-1.288</td>
<td>(0.818)</td>
</tr>
<tr>
<td>Storekeeper</td>
<td>0.936</td>
<td>(0.795)</td>
</tr>
<tr>
<td>Other Service and Retail</td>
<td>-3.436</td>
<td>*(1.638)</td>
</tr>
<tr>
<td>Other Artisan</td>
<td>-0.406</td>
<td>(0.340)</td>
</tr>
<tr>
<td>Carpenters/Wood Workers</td>
<td>0.516</td>
<td>(0.328)</td>
</tr>
<tr>
<td>Smiths</td>
<td>0.597</td>
<td>(0.401)</td>
</tr>
<tr>
<td>Leather Workers</td>
<td>-0.728</td>
<td>(0.488)</td>
</tr>
<tr>
<td>Cordwainers</td>
<td>1.099</td>
<td>(0.796)</td>
</tr>
<tr>
<td>Masons</td>
<td>1.424</td>
<td>*(0.672)</td>
</tr>
<tr>
<td>Millers</td>
<td>-0.054</td>
<td>(0.518)</td>
</tr>
<tr>
<td>Bakers, Butchers, etc.</td>
<td>1.439</td>
<td>(1.016)</td>
</tr>
<tr>
<td>Military</td>
<td>0.342</td>
<td>(0.744)</td>
</tr>
<tr>
<td>Law Enforcement</td>
<td>2.006</td>
<td>*(0.885)</td>
</tr>
<tr>
<td>Other Government Employees</td>
<td>1.256</td>
<td>*(0.521)</td>
</tr>
<tr>
<td>Weighers, Inspectors, etc.</td>
<td>-0.426</td>
<td>(0.378)</td>
</tr>
<tr>
<td>Shoe Manufacturers</td>
<td>3.232</td>
<td>*** (0.970)</td>
</tr>
<tr>
<td>Paper Manufacturers</td>
<td>-2.103</td>
<td>(1.228)</td>
</tr>
<tr>
<td>Other Manufacturers</td>
<td>0.512</td>
<td>(0.291)</td>
</tr>
<tr>
<td>Education, Scholars, Artists</td>
<td>0.029</td>
<td>(0.365)</td>
</tr>
<tr>
<td>Non-Baptist Religious Official</td>
<td>0.016</td>
<td>(0.372)</td>
</tr>
<tr>
<td>Baptist Religious Official</td>
<td>2.849</td>
<td>*** (0.723)</td>
</tr>
<tr>
<td>Doctors, Dentists, etc.</td>
<td>0.790</td>
<td>** (0.305)</td>
</tr>
<tr>
<td>Druggist</td>
<td>-1.965</td>
<td>(1.355)</td>
</tr>
<tr>
<td>Technical Professions</td>
<td>-0.188</td>
<td>(0.812)</td>
</tr>
<tr>
<td>Judges</td>
<td>1.807</td>
<td>*(0.835)</td>
</tr>
<tr>
<td>Lawyers</td>
<td>-0.830</td>
<td>*** (0.242)</td>
</tr>
<tr>
<td>Sea Captains</td>
<td>0.499</td>
<td>(0.381)</td>
</tr>
<tr>
<td>Skilled Mariner</td>
<td>1.111</td>
<td>(0.822)</td>
</tr>
<tr>
<td>Unskilled Mariner</td>
<td>0.092</td>
<td>(0.606)</td>
</tr>
<tr>
<td>Ship Owner</td>
<td>-3.368</td>
<td>*** (0.748)</td>
</tr>
<tr>
<td>Banking, Insurance, etc.</td>
<td>-0.689</td>
<td>(0.510)</td>
</tr>
<tr>
<td>Merchants</td>
<td>-0.202</td>
<td>(0.173)</td>
</tr>
<tr>
<td>Journalists</td>
<td>0.144</td>
<td>(1.154)</td>
</tr>
<tr>
<td>Government Officials</td>
<td>0.529</td>
<td>(0.360)</td>
</tr>
<tr>
<td>Clerical Workers</td>
<td>1.448</td>
<td>(0.969)</td>
</tr>
<tr>
<td>Canals and Steamships</td>
<td>-0.082</td>
<td>(1.060)</td>
</tr>
<tr>
<td>Independently Wealthy</td>
<td>0.151</td>
<td>(0.671)</td>
</tr>
<tr>
<td>N</td>
<td>9749</td>
<td></td>
</tr>
<tr>
<td>Pseudo R²</td>
<td>.245</td>
<td></td>
</tr>
</tbody>
</table>

Notes: -- Controls for House, Birth Year, Foreign Born, Year, and County not shown.
Table 4.7 also shows that manufacturers have moved toward their “natural” home in the Whig Party, alongside other representatives of capital like merchants and bankers. However, we once again see that shoe manufacturers favor Democrats. This relationship is perhaps explicable by the relatively small scale of shoe manufacturing during this period, such that it is hard to differentiate between a “manufacturer” and a “master craftsmen.” Dawley (1976: 47) stresses that shoemaking was concentrated in agricultural villages because it was a premier “putting-out” industry. So it is possible that master shoemakers retained emotional connections to republican agriculture more so than other industries did.

For the First and Second Party Systems, BIC-driven model selection indicated a preference for models that were more disaggregated than the baseline model described in Table 4.5. However, for the Third Party System (Civil War Era/Reconstruction and the Gilded Age) BIC indicated a preference for even more parsimonious models. These are displayed in Table 4.8, where I fit models for all four eras based on a six-class scheme. These models can be viewed as a Goldthorpe model modified for the 19th century. We see that the “big class” model has no predictive power for First Party System. It is not the preferred model for the Second Party System, but it does generate some intuitive results: Working Class and Agriculture go to the Democrats, while Capitalists and Upper Service Class go to the Whigs.
Table 4.8 Best-Fit Logistic Regression Model for Second Party System
(Democrat = 1)

<table>
<thead>
<tr>
<th></th>
<th>Coef.</th>
<th>SE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Postmaster</td>
<td>2.032</td>
<td>** (0.668)</td>
</tr>
<tr>
<td>Other Government Officials</td>
<td>-1.162</td>
<td>(0.888)</td>
</tr>
<tr>
<td>Shoe Manufacturers</td>
<td>0.632</td>
<td>* (0.254)</td>
</tr>
<tr>
<td>Manufacturers, other</td>
<td>-0.482</td>
<td>** (0.167)</td>
</tr>
<tr>
<td>Artisans, other</td>
<td>0.433</td>
<td>** (0.147)</td>
</tr>
<tr>
<td>Smiths</td>
<td>1.262</td>
<td>*** (0.343)</td>
</tr>
<tr>
<td>Tanners</td>
<td>-0.565</td>
<td>(0.369)</td>
</tr>
<tr>
<td>Cordwainers</td>
<td>1.539</td>
<td>*** (0.367)</td>
</tr>
<tr>
<td>Engineers</td>
<td>-0.456</td>
<td>(0.316)</td>
</tr>
<tr>
<td>Farmers and Agriculture</td>
<td>0.487</td>
<td>*** (0.130)</td>
</tr>
<tr>
<td>Retail and Services</td>
<td>0.428</td>
<td>(0.229)</td>
</tr>
<tr>
<td>Banking, Insurance, etc.</td>
<td>-1.118</td>
<td>* (0.475)</td>
</tr>
<tr>
<td>Merchants</td>
<td>-0.508</td>
<td>*** (0.148)</td>
</tr>
<tr>
<td>Professionals</td>
<td>-0.475</td>
<td>** (0.158)</td>
</tr>
<tr>
<td>Gov. Employees, Military, Law Enforcement</td>
<td>0.223</td>
<td>(0.302)</td>
</tr>
<tr>
<td>Clerical Workers</td>
<td>0.055</td>
<td>(0.335)</td>
</tr>
<tr>
<td>Canals, Railroads, etc.</td>
<td>-0.885</td>
<td>(0.680)</td>
</tr>
<tr>
<td>Mariners</td>
<td>-0.284</td>
<td>(0.252)</td>
</tr>
<tr>
<td>N</td>
<td>4551</td>
<td></td>
</tr>
<tr>
<td>Pseudo R²</td>
<td>.204</td>
<td></td>
</tr>
</tbody>
</table>

Notes--. Controls for House, Birth Year, Foreign Born, Year, and County not shown. Neither Irish Birth nor Irish Ethnicity were significant, but including the latter forces dropping many observations. Therefore they are excluded from the displayed model.

* p < .05
** p < .01
*** p < .001 (two-tailed).

The big class model is also not yet the preferred model for the Civil War Era. BIC prefers an incredibly sparse model here: it does not want any occupational controls for this era—only the variable indicating Irish Birth, in addition to the county variables and year fixed-effects. (Note that from roughly 1850-1880, Irish Birth and Irish ethnicity went hand in hand. See Figure 4.3 for more details.) The model indicates that those of Irish birth were nearly 60 percentage points more likely to support the Democrats than the Republicans. That said, the big class model does not score much worse than the “Irish Only” model in terms of BIC, and it does contain several statistically significant
coefficients for class groups. Table 4.3 shows that during the Civil War and Reconstruction, the petty bourgeoisie greatly favored the Democrats, while Capitalists and the Upper Service Class \((p = .071)\) preferred the Republicans. As BIC does not deem the “Irish Only” model to be vastly superior to the big class model, the richer big class model with a control for Irish ethnicity is preferable in terms of substantive and theoretical considerations. After the end of reconstruction, BIC finally indicates a clear preference for a big class model. The Working Class now goes even more strongly toward Democrats, though Agriculture has switched parties, joining Capitalists and Upper Service Class.

**Discussion**

First, this chapter has made a significant historiographical contribution. While it is fashionable to derogate the works of Charles Beard and Arthur Schlesinger by dismissing the populist appeals of the Democratic Party as mere rhetoric, these analyses have found substantial truth behind these classic works. The amount of variance explained by my models and the magnitude of the class effects is remarkably similar to those found by studies of contemporary democracies (Brooks, Niewbeerta, and Manza 2006). Indeed, if contemporary politics is said to be driven heavily by class cleavages, then so were the Second and Third Party Systems. The First Party System was not primarily organized by class cleavages, but these analyses have nonetheless picked up a limited occupational basis to party affiliation.
While the class structure seems to evolve toward the big classes theorized by Erikson and Goldthorpe (1992), these analyses raise doubts concerning Goldthorpe’s preferred explanation for the class patterning of political behavior. If classes act in unison due to similar reactions to similar conditions of work, then it is difficult to explain why the best-fit models contain such rich occupational schema. Masons and cordwainers did not differ from leather workers in their work environment in any way that would predict conflicting party affiliations. It seems much more likely that guilds and master-apprentice patronage relationships concentrated party affiliation within occupations in such a way that seems unexplainable from ideological principles or broad economic interests. Even ethno-racial cleavages have organizational dimensions: Organized labor played a significant role in creating an economic caste system that relegated black workers to low-skilled occupations while reserving occupations in the rapidly-expanding industrial sector to white workers (Ignatiev 1995; Saxton 1990).

The Second Party System is a transitional period: We see some evidence of the remnants of traditional social structures and the craft economy, but we also see evidence of the weakening of particularistic ties due to industrialization. The Second Party System, after all, was characterized by sporadic attempts to organize class-spanning unions (Wilentz 1984). The Third Party System saw the successful establishment of class-spanning unions (and also farmers’ groups, professional associations, and trade associations)--and also sees the most unified political behavior.

The variability of occupation-party alignments through the 19th century, then, suggests that the sorting of occupations to parties is not achieved through individual-level responses to shared conditions of work. Occupations with similar work conditions
differed in party alignment during the First and Second Party Systems, but not during the Civil War era and Gilded Age. Furthermore, the emergence of “big class” party alignments occurred without equivalent simplification of the underlying distribution of occupations. Rather, it seems that the rise of big classes proceeded apace with the rise of intermediary economic organizations. The span of these organizations (e.g. craft associations being united and replaced by multi-occupation unions; the rise of professional and trade associations) influences the occupational heterogeneity of party coalitions. political organizations (state and national parties adopting class rhetoric), the concentration of productive property, and the liberalization of the law. All helped to direct similar occupations into the same state- and national parties.

The question remains of whether the formation of these intermediary organizations is evidence of Goldthorpe’s similar responses to shared work conditions. In such a case, the preceding would simply have identified an intermediary variable that complicates rather than contradicts a Marxist account of class politics. The data analyzed in this chapter cannot answer this question directly. However, historiographical accounts of the formation of these organizations emphasize how much hard work preceded their creation, including the need to dissolve old bonds (Formisano 1983) and the centrality of institutional entrepreneurs to the creation of these organizations (Wilentz 1984). Similarly, historiographical accounts of party formation also stress institutional entrepreneurs and the importance of the continued management of parties by those who understand bureaucratic functioning (McCormick 1966; Aldrich 2012). For example, the Working Man’s Party collapsed because middle class members were more adept at manipulating bureaucratic machinery than were the working class members, eventually
causing the party to lose its appeal to workers (Wilentz 1984). Party-class affiliations also developed alongside new “technologies” for making class appeals during political campaigns (Formisano 1983: 245).

That is to say, 19th century American politics were class-based, but they were not so “naturally” or effortlessly. Concerted work was done to build the intermediary organizations and political practices that directed certain kinds of individuals to particular parties. Such work, as performed both by party and non-party actors, was central to the articulation of the class structure (de Leon et al. 2009). Politics could have been different: Other cleavages always lurked in the wings, including the ethno-religious cleavage that established itself during the Civil War. However, despite competition from other identities, class always remained central to the American party system.

This analysis of the historical context of class-party affiliation has an important implication for the study of class politics in any era. Even if the relationship between class and party is primarily explicable in terms of the “conditions of work,” this does not imply that the site of production is somehow inherently constitutive of major political divisions. Organizational intermediaries work to reproduce this relationship, and rival organizations work to try to peel away party supporters by emphasizing non-economic cleavages. In liberal democratic nations, then, the relationship between a citizen’s market position and political affiliation is ultimately inexplicable without reference to the variegated organizations that constitute civil society. The final picture is one that is more Madisonian than Tocquevillian (Kaufman 2002): civil society is not merely integrative. Citizens organize in civil society in such a way that structures and accentuates political cleavages.
Chapter 5

The Corporation as Early Social Policy: Democratization and Corporate Transformation in the Antebellum United States

Abstract: This article examines the development of the business corporation through the perspective of sociological theories of social policy. Despite widespread hostility to the corporate form after American independence, the business corporation flourished even in states under center-left control. To explain this, I use the theory of institutional politics to show that the growing power of artisans and other minor producers in the Democratic coalition encouraged party leaders to use charters to address popular distributional concerns: that corporations concentrated wealth and drove workers into wage dependency. Through multivariate analysis of time-series data on state chartering, I show that suffrage expansion and Democratic Party strength were associated with a pattern I call “egalitarian chartering”: corporations were made smaller, more common, and more accessible. These chartering patterns bespoke a fundamental institutional transformation, as Democrats repurposed corporate policy with the goal of preserving a class of small independent producers.
[T]he currency, the bridges, the artificial channels of commerce, the rivers themselves, mechanic industry, and even agriculture, have . . . been in part subjected to capital, acting through corporations. . . . It is the tendency of these measures, to degrade the many. The small farmer passes in the world for less than he did fifty years ago; the mechanic is not relatively what he once was. In the old times they were not called ‘the lower classes.’

- George Bancroft, 1834 (quoted in Formisano 1983: 222)

The history of the business corporation in America has generally been written from perspectives depicting the corporation as a managerial or entrepreneurial innovation designed to organize economic activity efficiently (Coase 1937; Chandler 1977; Williamson 1981; Wright 2014). Such accounts make only passing references to the distributional effects of the corporation and the political battles waged around issues of inequality and stratification. Yet recent work has found a “long steep rise in American inequality between 1800 and 1860, matching the widening income gaps we have lived through since the 1970s” (Lindert and Williamson 2016: 10). As George Bancroft’s quote above exemplifies, inequality was a pervasive theme in antebellum discussion of the corporation. In this study, I examine the consequences of this concern over corporate-driven inequality by using sociological accounts of social policy to explain patterns in early corporate development. I extend the theory of institutional politics (Amenta, Bonastia, and Caren 2001) to antebellum corporate policy through analysis of the effects of reform parties and suffrage laws on the distributional consequences of corporate chartering. In the early 19th century, Democratic legislatures favored patterns of corporate chartering that gave artisans and other middling interests the possibility to maintain traditional ways of life—to avoid becoming part of “the lower classes” by resisting the encroachment of wage labor. This extension of the theory of institutional politics to antebellum corporate policy shows how distributive politics unfolded in an era without a
strong administrative state, programmatic parties, and large tax revenues—the requisites of modern social policy (Amenta and Halfmann 2000; Amenta and Poulsen 2005).

In conceptualizing corporate policy as social policy, I also shed light on an important topic understudied by sociologists. While sociologists have investigated how massive corporations became the dominant mode of organizing economic activity in the late 19th century (Fligstein 1990; Roy 1997; Prechel 2000; Perrow 2002), they have paid less attention to the political groundwork laid for the corporation before the Civil War. It was this early period that witnessed the transformation of the corporation into a vehicle of private capitalism. Corporations were originally instruments of governance, brought into existence by the state in order to accomplish concrete public goods (Maier 1993; Novak 1996). In order to acquire corporate privileges, a group of men would have to petition their state legislature and ask it to pass a special law that would grant them a corporate charter. Legislatures could write valuable, personalized privileges into these charters, including limited liability, monopoly rights, the power of eminent domain, or even exemptions for employees from taxation and militia service (Maier 1993: 67). These privileges were justified by the corporation’s public nature. As a judge said in 1805, “It is difficult to conceive of a corporation established for merely private purposes” (Wood 2009:465). However, this attitude came to seem outdated to some politicians as the suffrage broadened and politics became more democratic (Shankman 2004). These politicians became concerned with how corporate policy affected the degree of market competition, the pervasiveness of wage labor, and the concentration of wealth in society.

I argue that increased attentiveness to these distributional implications of corporate policy was driven by the Democratic Party’s incorporation of artisans,
commercial farmers, and other minor producers into its coalition. Antebellum Americans called this assemblage of minor producers the “middling interests,” a term that might call to mind the modern “middle class.” However, whereas “middle class” evokes connotations of staid quiescence to the *status quo*, traditional elites in the early 18th century viewed the middling interests as transformative social actors: commercial, egalitarian, populist, and ultimately radical (Formisano 1983; Wood 1991; Calhoun 2012). As I argue, many of the changes occurring during the antebellum era can be explained by the entrance of these middling interests into a political coalition with the Democratic Party.

Social scientists consider political coalitions to be decisive causes of variation in social policy regimes (Esping-Andersen 1990; Swenson 1997: 105; Thelen 2014). Sociologists have also recognized that the electoral strength of left and center-left parties affects the distributional consequences of social policies (Hicks and Misra 1993; Huber, Ragin, and Stephens 1993; Amenta 1998; Brady 2003). Here, I extend these accounts to the realm of corporate evolution by showing how the Democrats came to embrace a more egalitarian corporate policy. Democrats were beholden to the middling interests because industrialization and white manhood suffrage had increased the number of artisans and other minor producers in the electorate. Because much of the antebellum era was marked by a well-balanced and competitive party system (Wilentz 1984; Keyssar 2000; McCormick 1966), short-term pressures to keep artisans within the party’s fold sensitized Democrats to artisans’ distributive concerns—including concerns that prevailing corporate policy would accelerate the commodification of labor. Under the influence of the middling interests, Democratic state legislatures used their chartering powers to
protect artisans and other producers from the worst effects of markets for labor and capital.

In the early 19th century, before industrialization and mass suffrage, Jeffersonian Republicans could pursue a course of 
reluctant chartering, turning to the corporate form only when a public works project required an unusually large amount of capital. By the 1830s, Jacksonian Democrats confronted an economy already densely populated by business corporations. I hypothesize that Democrats addressed the concerns of artisans competing with these corporations in three ways. Democrats diluted corporate privileges by increasing the supply of charters; they democratized corporations by permitting corporations to begin operating with lower capital requirements; and they capped corporate growth by writing stricter capitalization limits into those charters. Together, these trends in chartering rendered the corporate economy less threatening to members of the Democratic coalition fearing capital concentration and wage dependency. To my knowledge, this article is the first to demonstrate such patterns in corporate chartering using multivariate analysis of corporate charters, party strength in state legislatures, suffrage laws, and other economic and demographic variables. I conclude by discussing the implications of this research for sociological theories of distributive politics, especially in regard to the apparent “exceptionalism” of the United States. First, however, I lay out existing theoretical perspectives on American corporate development.

Theoretical Treatments of the Corporate Form in the Early United States
In the early national era, state governments faced a depressed economy and severe fiscal crises (Lindert and Williamson 2016). Despite considerable public investment in transportation (Roy 1997), private capital would need to play a large role in building the nation’s infrastructure. Yet demand for infrastructure can only provide a general impetus for investment, not explain the legal form it takes. Why did state legislatures increasingly channel American economic activity into the corporate form? Several theoretical orientations offer explanations for the rise of the business corporation in early America.

*Industrialization and Development:* Berle and Means (1932) saw the “Corporate Revolution” as analogous to the Industrial Revolution. Just as the Industrial Revolution allowed for the efficient concentration of labor under one management, the Corporate Revolution allowed for the concentration of capital under one management. Economic historians specializing in early 19th century corporate history emphasize the efficiencies the corporate form offered entrepreneurs in an industrializing nation (Bodenhorn 2003; Sylla and Wright 2013; Wright 2014: 80-115). Legal scholars have been profoundly influenced by economic theories, and those working in the “instrumentalist” literature present developments in corporate law during this period as part of a general reorientation of American jurisprudence toward growth and development (Hurst 1970; Horwitz 1977).

Economic theorists expect chartering activity to increase apace with other indices of industrial development, such as the nation’s productivity and urbanization (Bogart and Majewski 2011). Economic development leads to greater demand for corporate privileges among entrepreneurs (Wright 2014: 26-27), in part because “only large firms could
profitably innovate this arrangement” (Davis and North 1970: 49). For Alchian and Demsetz (1972: 784), “the emergence of central power [like in early 19th century textile mills] expanded the scope of productive activity in which the firm enjoyed a comparative advantage as an organizational form.” Again, increased productivity is expected to raise the desirability of the firm, which in turn would lead to an increased rate of demand for charters. Regardless of party affiliations, legislators are expected to grant charters to those who request corporate charters because of their “practical acceptance of the corporate device as a socially useful instrument of economic growth” (Hurst 1970: 47).

Similarly, economic theorists would expect that industrial and technological development should lead to larger corporations (Landes 1969: 2), especially when that development is clustered tightly around power sources such as running water (Coase 1937: 397). Hurst (1970: 24) writes that new productive technologies, the transportation revolution, and the growth of industry “invited large-scale enterprises … [and] brought the need of a new order of business direction.” Technological developments throughout the 19th century made large, managerial firms more efficient than networks of smaller firms organized by arm’s length, market relationships (Chandler 1977). Economic arguments are bolstered by studies showing that early corporations did, in many circumstances, provide adequate institutional solutions to the principal-agent problems associated with large organizations (Hilt 2006; Hilt 2008; Wright 2014: 116-151). Because increased economic activity is expected to amplify the returns to large enterprises through economies of scale and opportunities for vertical integration, economic theorists expect a positive relationship between economic development and demand for larger charters (Hurst 1970: 24; Wright 2014: 80-115).
**Institutional Diffusion:** Sociologists have documented the diffusion of institutions across states, even in situations where the institution being diffused carries little rational or material benefit over other alternatives (Dobbin et al. 2007). For example, Meyer et al. (1977) find that educational policies diffused across nations without relation to economic, social, or political development. Rather, once policies reach a certain density, they become taken for granted and adopted regardless of need (Tolbert and Zuker 1983).

Diffusion often occurs through a “follow the leader” process, where states mimic other notable states (Haveman 1993). Theories of corporate diffusion, then, have generally focused on the initial adoption of the corporate form (for business and non-business reasons) in post-Revolution New England. These explanations rely on cultural availability: New Englanders had long used corporations as communal solutions to communal problems (Maier 1993; Kaufman 2009). The familiarity of the corporation likely does explain why early Americans turned to them so readily to establish churches, schools, and other organizations in civil society, even to the point of passing laws that allowed anyone to acquire a charter for non-business corporations through a simple administrative procedure (Kaufman 2008).

However, diffusion processes also rely on the “psychological proximity” (Rose 1993) of adopters to innovators, which is determined by perceived socio-cultural and institutional similarities (Strang and Meyer 1993; Soule and Zylan 1997). In some cases, then, culture may have hampered corporate diffusion instead of aiding it. Yankees, Southerners, and residents of the Mid-Atlantic often understood themselves as belonging to different cultures (Baltzell 1996 [1979]; Fischer 1989). Even as late as Reconstruction,
one Southerner saw railroads and factories as signs of the “superiority of Yankee civilization” (Foner 1988:418). To the extent that cultural explanations can explain patterns of corporate chartering, culturally similar states are likely to be the most important sources of influence. This leads to a prediction of regional diffusion, with states being influenced by neighboring states’ chartering patterns (Ramirez et al. 1997). This focus on neighboring states also captures another potential mechanism for diffusion: competition with one’s neighbors for scarce resources (Wright 2014: 26).

*Corporate Chartering as Early Social Policy*

To explain how patterns in corporate chartering changed from the relatively elitist Jeffersonian era (1800-1815) to the more populist era following the election of Andrew Jackson in 1828, I turn to the theory of institutional politics. I argue that the Jackson’s Democrats undertook what I call “egalitarian chartering,” which was a pattern of corporate chartering that was intended to make corporations smaller and more accessible to artisans and other middling interests. To do so, I conceptualize Democratic corporate chartering as social policy, just as other sociological accounts of social policy have expanded beyond an initial focus on welfare spending (Amenta, Carruthers, and Zyland 1992; Skocpol 1992) to include studies on tax expenditures (Steinmo 1993; Martin 2008), poverty rates (Brady 2003), and education and family policy (Huber and Stephens 2014). As shown in the George Bancroft quote that begins this piece, Democratic voters and politicians were explicitly concerned by corporate policy’s effects on social stratification and economic inequality—the same problems addressed by contemporary social policy
(Esping-Andersen 1990: 3). The editors of the Democratic Globe expressed this concern succinctly in an editorial addressed “To All Democrats or Working Men:”

Suffer no act to be passed … if it tends in the smallest degree, to give legal advantages to capital over labor; if it have that effect, it must necessarily increase the natural inequality in society; and finally, make two distinct classes: namely – masters and slaves (Remini 1984: 341).

State legislatures had traditionally conferred valuable corporate privileges to politically connected men in the expectation that these elite entrepreneurs would use corporate privileges to undertake works that would further the public interest: for example, the construction of a bridge across the Charles River (Lauritz Larson 2010: 24). However, many Americans began to see this “public interest” understanding of chartering as unbearably elitist. Even if elites did use exclusive privileges to further the public interest, those who had to compete with them in the market without such privileges felt the situation to be unjust. For example, the radical agrarian Thomas Skidmore argued in The Rights of Man (1829: 180) that charters allowed privileged businessmen to drive others out of business:

It would manifestly be an inroad upon the fair principles of trade, to allow the lenders, by means of a charter, or any other process, to combine themselves together, for the purpose of destroying their own competition; and thus enabling them, to obtain more of the borrowers, than they otherwise could. . . . [Such combinations] are all conspiracies for extorting more from the community than they could otherwise obtain.

Skidmore then described the recipients of corporate privileges as the moral equivalents of a man who would “way-lay his customer … with a pistol at his breast” (180) in order to extort a higher profit than he could obtain from the market. Even the moderate political
economist Henry Charles Carey (1848:2) described the recipients of corporate privileges as:

… the class of men who live by taxes imposed upon the labour of others, and thus compel their neighbors to plough their way through mud or sand, and to live in half-built houses, that they may ride in coaches and live in palaces.

Americans saw “special charters” and “exclusive privileges” as policies that determined the distribution of wealth in the nation. At its worst, elitist corporate policy not only exacerbated wealth inequality, but it actively sorted the American population into two classes: independent artisans would become wage laborers if capitalists with exclusive privileges were allowed to drive them and other small producers out of the market. Conversely, the middling interests hoped that an egalitarian corporate policy—one which made exclusive privileges into generally available privileges—would retard the progress of wage labor by allowing small and independent producers to remain small and independent producers.

Democrats sought to make corporate policy more egalitarian by increasing the role of product markets in the distribution of rewards while decreasing the role of status and patronage ties. Democrats believed that supporting small producers’ access to product markets would ensure their independence from labor markets. Artisans during this period saw the market “as a bulwark of propertied independence against the onslaught of wage labor and finance capital” (Sklansky 2011: 200). Egalitarian chartering also tended to protect borrowers from the worst effects of financial markets, as limited liability allowed them to access credit without fear of imprisonment for inability to pay debts. Like modern welfare states, egalitarian corporate chartering can therefore:
… be fruitfully analyzed in terms of the ways and the extent to which it affects the relative roles played by politics and markets in a society. Markets and politics are seen as institutionalized, partly alternative, partly overlapping strategies or arenas for the mobilization of resources, the distribution of rewards, and the steering of society. (Korpi 1989: 312)

Democratic corporate chartering satisfies Esping-Andersen’s (1990: 3) definition of social policy as policy that addresses economic inequality and social stratification. Democratic chartering was attuned to the role corporate policy played in exacerbating inequalities and in sorting the population into capitalist and working classes. Similarly, Democratic corporate chartering satisfies Amenta’s (1998: 40) definition of social policy as “state policy responses to basic societal risks to employment, income, and economic security.” Egalitarian chartering practices gave artisans the chance to avoid wage labor, while limited liability clauses allowed producers to access credit without fear of imprisonment. In this way, corporate charters conferred protection from financial and labor markets. Democrats pursued a corporate policy that they hoped would lead to a more equitable distribution of rewards for white, male artisans.

*Political Coalitions and Institutional Change:* As this study is among the first to consider social policy at the dawn of mass politics and industrialization, the existence of similarities between the politics of egalitarian chartering and that of later welfare state policy strengthens the identification of egalitarian chartering with early social policy. In order to assess this claim, I turn to the theory of institutional politics (Amenta, Bonastia, and Caren 2001), which incorporates many of the forces identified by welfare scholars into a single theoretical framework. Scholars in this tradition have found that social
policies are more generous when interests mobilize to lobby receptive political parties in favorable structural conditions (Amenta, Bonastia, and Caren 2001). In terms of the present study, this translates to a prediction that corporate policy will be more egalitarian when artisans and other middling interests mobilize to lobby the Democratic Party in states with expanded suffrage. That is, states with broader suffrage and higher levels of Democratic legislative strength will enact a more egalitarian corporate policy.

Welfare state scholars have identified center-left party strength (Amenta 1998) and coalitions with labor (Esping-Anderson 1990) as among the factors that determine the generosity of distributive social policy in the 20th century. While one must be careful when applying left-right labels to early 19th century political parties (Calhoun 2012), for the purposes of this study I consider the Jeffersonian Republicans and antebellum Democrats to be “center-left” parties. Unlike the labor parties of Europe, the Democrats were a cross-class coalition with many leaders drawn from rising entrepreneurs (Pessen 1969). Nonetheless, the Democratic coalition attracted artisans, farmers, workers, and other small producers (Licht 1995: 56; Eyal 2007). Democrats received support from unions (Wilentz 1984: 219; Neem 2008: 159) and other working-class voluntary associations (Bridges 1984: 75-76; Wilentz 1984: 329-330). Democrats were associated with support for the Revolutions of 1848 (Eyal 2007) and they were the natural home for European liberals and revolutionaries forced into exile (von Skal 1908: 28; Benson 1961: 173-174), even drawing a radical German communist into the party (Wilentz 1984: 354). Much more than the Whigs, Democrats presented themselves as the friends of labor (e.g. Remini 1984: 341).
Welfare state scholars have also found that increased party competition leads left parties to be more responsive to demands from the mass electorate for social policy (Pampel and Williamson 1988; Amenta and Carruthers 1988). In the competitive elections of the era (McCormick 1966), populist social movements and third parties such as the Working Men had greater influence on party politics than they do today (Heaney and Rojas 2015:29). This presented a problem for Democratic politicians, as corporations had been embraced by the commercial wing of the Democratic Party, but not by artisans and farmers. While legislatures might avoid fracturing their coalition over some issues through political horse-trading, this was not an option for charters because a single legislature might take dozens of votes on special charters each year. Making special concessions to artisans each time a vote was taken on a special charter would be too costly, and so the Democrats needed a more permanent solution to the corporate dilemma. In order to hold together their coalition, Democratic party leaders would need to engage in a “creative synthesis” (Noel 2013) of labor’s and capital’s seemingly conflicting demands by adapting the corporate chartering system inherited from the Jeffersonian era to the new partisan environment.

This was not a matter of appeasing the median voter, as Downs (1957) would have it. Rather, this is an instance of what David Karol (2009: 18) calls “coalition maintenance”:

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18 General incorporation laws allowed Democrats to transform corporations from a reoccurring issue to a one-time vote, and so their passage is explainable by the theoretical framework laid out above. Indeed, 19th century general incorporation laws were functionally similar to the chartering pattern that I associate with Democratic legislatures: they democratized corporations and diluted the privileges of existing corporations, but also tended to impose strict limits on capitalization (Hurst 1970: 29; Lamoreaux 2014).
Elected officials respond to new demands by groups already ensconced within their party coalition. Typically, social or economic changes will convince a group’s leadership that traditional policies no longer serve their interests.... Party leaders may not accede to all of a group’s demands, but they will be constrained to maintain a sufficient differential between themselves and the opposition on the issue to motivate the group in question to remain loyal.

Like other scholars of social policy (e.g. Korpi 2006), then, I understand the solicitation of labor’s vote though generous social policy to be something other than deference to the policy preferences of the median voter (Downs 1957). Parties do more than translate citizens’ existing preferences into policy (Chen 2007:1760-1761; Mudge and Chen 2014). Parties forge long-term electoral alliances from various interest groups (Esping-Andersen 1990; De Leon et al. 2009; Bawn et al. 2012; Schlozman 2015). In the process, party actors develop political ideologies as they “struggle to make sense of their position in a largely unwished-for web of alliances” (Martin 2015:29). Parties engage in “creative synthesis” (Noel 2013) by constructing novel policy programs and ideologies from the varied demands of the party’s diverse coalition members.

When manufacturers petitioned Democratic legislators for corporate charters, this presented a prima facie conflict with the demands of the anti-charter labor movement. How could party leaders keep both groups within the party coalition? The Democratic leadership came down decisively on the side of charters—the Democrats, after all, were not a radical laborite party, but a cross-class coalition (Swenson 1997) that championed capitalist development. However, Democrats could at least mollify anti-charter workers and artisans by addressing the distributional concerns that animated anti-charter thought. In this way, workers, artisans and other minor producers successfully constrained the policy space available to Democratic politicians. The egalitarian corporate policy that
emerged was a novel synthesis of artisan republicanism and market capitalism: a repurposing of corporate policy as early social policy. The egalitarian corporation was just one thread of the free market ideology that legitimated and held together the Democratic coalition (Noel 2013)—the ideology that made democracy safe for capitalism (Sellers 1991).

*Institutional Conditions for Modern Social Policy:* Why was corporate policy an attractive vehicle for early social policy? The United States of the Jacksonian era had low taxing and administrative capabilities. While modern social policy requires significant expenditures and state capabilities (Skocpol and Finegold 1982; Amenta 1998), corporate chartering did not: private citizens willingly supplied the corporate system with capital and managerial labor. Similarly, antebellum parties were heavily reliant on patronage. While patronage parties oppose modern “programmatic” social programs because non-discretionary programs reduce opportunities for party leaders to dispense patronage (Amenta 1998: 23), the Democratic embrace of corporations actually increased patronage opportunities. Democratic legislators could grant charters to wealthy (often Democratic) manufacturers, but also to rising (often Democratic) artisans in such a way that rewarded party loyalists while signaling a commitment to equal economic rights. Charters could still be granted selectively to political adherents, but this patronage doubled as labor-friendly social policy because corporate privileges allowed chosen artisans to pool their capital and compete with wealthier capitalists. Finally, to assuage the concerns of artisans and laborers who received no charters, legislatures could limit corporate capitalization to a smaller size than their Whig opponents did. This was patronage politics crossed with
early social policy: Democrats rewarded partisans with valuable corporate privileges while remaining mindful of how chartering patterns affected overall levels of market competition, income inequality, and labor commodification.

In the section that follows, I situate this theoretical framework in historical context in order to show that Democrats used corporate policy as an early form of social policy. The expansion of the suffrage in the 1810s and 1820s increased the political power of artisans and laborers. As party competition increased during the Jacksonian era, the Democratic Party was sensitized to labor’s producerist demands for egalitarian corporate policy. Extending sociological accounts of the distribution of social and economic rights by political parties (Amenta et al. 2005) to the realm of corporate chartering, I hypothesize that democratization (suffrage expansion) and center-left party strength are associated with more egalitarian patterns in corporate chartering.

**The Jeffersonian Coalition: Reluctant Chartering in an Anti-Corporate Electorate**

Jeffersonian Republican chartering practices in the years 1800-1815 provide an important baseline against which to compare the chartering practices of the Jacksonian era. Jeffersonian policy options were constrained by cultural and political factors, as the extension of the corporate form into economic life evoked a variety of critiques in the electorate. Americans steeped in classical republicanism associated the corporate form with feudalism, monarchy, and aristocracy (Wood 1991), seeing the corporation as more “a production of the dark ages preceding the sixteenth century than of the present enlightened age” (Davis 1917a: 430). Jeffersonian Republicans saw the corporation as an
anti-democratic force, inasmuch as it represented the transference of sovereignty from elected representatives to corporate bodies insulated from direct democracy. Massachusetts’ Republican Attorney General said in 1802: “The creation of a great variety of corporate interests … must have a direct tendency to weaken the powers of government” (Wood 2009: 463). This fear was well founded: colonists had valued corporate charters precisely because they granted Americans autonomy from Parliamentary oversight (Kaufman 2008). After independence, some elites intended to use charters to remove economic and municipal governance from democratic oversight (Schocket 2007). In such a context, Republicans feared that corporate chartering would allow “some foolish and wanton assembly [to] parcel out the commonwealth into little aristocracies, and so overturn the nature of our government without remedy” (Davis 1917b: 444-446).

Because Jeffersonians saw corporations as threatening to republican governance, they initially sought to suppress the chartering of corporations altogether. Yet even Jeffersonian Republican corporate policy was attuned to issues of stratification: Jeffersonians disapproved of manufacturing in particular because they believed that industrialization would lead to the development of an impoverished working class, like that of Europe (McCoy 1980). However, because of imports lost due to the Embargo Act of 1807, the Non-Intercourse Act of 1809, and British blockades during the War of 1812, even Republican legislatures felt pressure to support domestic manufacturing (McCoy 1980:226-231). Because Jeffersonians were still basically skeptical of the corporate form, they were more likely to use their chartering powers when projects needed large amounts of capital. This “reluctant chartering” is observable in models below that show
Jeffersonian Republican strength is associated with fewer, but larger, textile manufacturing corporations (the most common kind of early manufacturing corporation—see Figure 5.1).

**The Era of Good Feelings: An Expanding Electorate**

The War of 1812 severely weakened the Federalist Party outside of New England, leaving the rest of the states to be fought over by loose factions within the Republican Party. Welfare state scholars have found that decreased party competition leads parties to be less responsive to demands from the electorate for egalitarian social policy (Pampel and Williamson 1988; Amenta and Carruthers 1988). However, during the Era of Good Feelings (roughly 1816-1827), another force for egalitarian social policy counteracted the collapse of party competition.

Importantly, the theory of institutional politics also predicts that social policy becomes more egalitarian as the polity becomes more democratized. The extension of the suffrage beyond property owners during this period (Keyssar 2000) was important in this regard. Contestation for the mass electorate would soon become a permanent part of American politics. Relaxed property requirements for suffrage increased the political power of artisans and other middling interests (Wilentz 1984:400), whose critique of corporations derived from the same valorization of independent producers that underlay the Jeffersonian vision of a republic of independent farmers (Shankman 2003). Artisans and other small producers in early America demanded that politicians pursue policies of anti-commodification: policies that would retard the progress of wage labor.
It was clear to artisans that corporations and labor commodification were connected. Corporations would create vast inequalities of wealth and reduce the ability of artisans to compete in the market. By the late 1820s, the Workingmen’s Party (later absorbed by the increasingly labor-oriented Democratic Party) issued a call to “abolish all banks and chartered monopolies” in order to protect artisans and other laborers from “capitalist exploitation” (Sellers 1991:287). A letter writer in 1827 complained that incorporated mills would “throw hundreds of useful mechanics out of work” (Wright 2011b: 158).

As democratization led to artisans and laborers becoming a more powerful force within the electorate, the theory of institutional politics predicts that politicians became more receptive to their demands for social policy (Amenta et al. 2005: 520). Up to this point, corporate privileges remained out of the reach of most citizens (Hilt and Valentine 2012). According to one author in 1827, corporations involved “exclusive privileges [which] in the nature of things, the great mass of the people cannot exercise” (Wright 2011b: 160). Legislatures would need to find a way to allow favored artisans to share in corporate privileges; as a Loco-Foco editor wrote, “The humblest citizens [should be allowed] to associate together, and wield … a vast aggregate of capital … in competition with the capitals of the purse-proud men who now almost monopolize certain branches of business” (Hofstadter 1943:352). Corporate privileges could be extended to the middling sorts through the clause in special charters that set minimum authorized capital, which represented how much stock must be subscribed to before the business began to operate. Labor advocates realized that a low minimum would make it easier for less wealthy
citizens to incorporate (Benson 1961: 102). Therefore the theory of institutional politics predicts that:

**H1:** White manhood suffrage is associated with lower minimum authorized capital limits for manufacturing charters.

However, not all artisans had access to the political or economic resources needed to incorporate. These artisans feared that incorporated competitors would push them from being independent producers into wage labor, as is evident in an 1835 resolution of the journeyman cordwainers of Newark: “We entirely disapprove of the incorporation of Companies … inasmuch as we believe their tendency is to eventuate and produce monopolies, thereby crippling the energies of individual enterprise, and invading the rights of smaller capitalists” (Howe 2007: 558). As Formisano (1983:177) argues, giant factories “cast a long shadow across the psyches of many workers and farmers who never set foot in them. They were the face of the Industrial Revolution, and their mass suggested the power of their owners.” Wright (2014: 112) notes that when a few large corporations dominated a labor market, as was the case in Lowell, Massachusetts, those corporations could use monopsony power to keep wages low. As an editor proclaimed in 1845, “[T]he combined, incorporated, and protected capital can starve out the workers” (Wright 2014: 112). I therefore hypothesize that politicians in states with white manhood suffrage made corporate charters seem less threatening to non-recipients by placing stricter limits on corporate size. The special charter system allowed legislatures to specify the types and value of property corporations could own. The most common size restriction was a simple limit on the capital stock of a corporation. Lower authorized
limits would address concerns that ever-larger corporations would use their market power to drive artisans and smaller businessmen into dependency on ever-shrinking wages.

**H2:** White manhood suffrage is associated with lower maximum authorized capital limits for manufacturing charters.

**Jacksonian Democrats and Egalitarian Chartering**

The presidential election of 1828 precipitated the dissolution of the old Republican Party and the birth of the “Second Party System.” This system was characterized by competitive elections between two major parties, eventually called the Democrats and the Whigs (McCormick 1966). The Democratic Party moved firmly to the left on economics after the Panic of 1837, an event that seemed to align the party’s governance with its longstanding populist rhetoric (Davis 1970: 157; Ershkowitz and Shade 1971: 613). Thus I expect the Democratic Party embrace of “egalitarian chartering”—making corporations smaller and more accessible—to be most notable after the Panic of 1837. In effect, during this period the Democrats operated as the center-left party in the American political system.

Center-left/left party strength are important concepts in many prominent theories of social policy (Pampel and Williamson 1988; Korpi 1989; Amenta and Halfmann 2000). Democrats were a center-left party in that Democratic policy was influenced by middling producers and workers and because they espoused a philosophy of liberal egalitarianism (for white males) while opposing the hierarchism of their political opponents. Labor was an influential coalition member because workers, artisans, and other producers could plausibly threaten to bolt the coalition and join third parties such as
the Workingmen’s Party and the Equal Rights Party, i.e. Loco-Focos (Trimble 1921; Harvard Law Review 1989). Party leaders alienated labor at their own risk: In the 19th century, social movements were more threatening to the major parties than they are today (Heaney and Rojas 2015:29), in part due to a higher likelihood that they would form third parties (Schlozman 2015:27). Artisan groups had tried to leave the Democratic coalition and organize third parties and other independent political bases before, and they might try to again (Benson 1961:33-35; Pessen 1969:222-223; Wilentz 1984). For example, in 1834 the Loco-Foco editor William Legget “advised voters to support only those candidates pledged to oppose any further bank charters. That fall, the Democratic candidates took Legget’s pledge, and won election with workers’ support” (Sklansky 2011: 212). Given the competitiveness of elections in this period (McCormick 1966), Democrats could ill afford to lose the support of labor.

Labor groups used this leverage to push Democratic policy, including corporate policy, leftward. For example, the Loco-Focos advocated for an end to the special charter system, stating as their goal “to bring back the Democratic party to the principles upon which it was originally founded . . . those heaven-born principles which had been so long trodden under the foot of Monopoly [i.e. corporations]” (Trimble 1921:709). Labor’s influence can further be seen in the frequency with which the Democrats made appeals to liberal egalitarianism and the desire to destroy distinctions of class (although reinforcing those of race). “Aristocrat” was the typical term of abuse of Jeffersonian Republicans and Jacksonian Democrats for Federalists, National Republicans, and Whigs alike. Indeed, these more conservative parties stood for the maintenance of traditional class hierarchy in American society (Appleby 1984; Saxton 1990).
Democratic liberalism highlighted the role of special charters and exclusive privileges in reinforcing class hierarchy. Andrew Jackson was among those who saw the ill effects of corporations as flowing out of their exclusiveness. In his Farewell Address, he declared that “monopoly and exclusive privileges” enabled corporations “to engross all power in the hands of the few” (Sellers 1991: 347). However, such convictions meant that not all Democrats wanted to abolish the corporation. After all, liberal egalitarianism also dangled the possibility of incorporation in front of every white male. As the “anti-monopoly Democrats of New York” (1835) noted in a speech against the special charter system, currently “such legislative favors belong only to the wealthy and respectable among our citizens.” However, should “mechanics’ ideas of justice” (6) prevail, charters would become available generally. Similarly, a Democratic legal writer proclaimed:

I believe it will be readily conceded that [corporations] have about them nothing vicious but their exclusive origins; and that if they could be freely assumed by all, without license, no reasonable ground be left for hostility to them. They would then be perfectly compatible with equality of rights and freedom of trade. (Blau 1954 [2003]: 223)

The waxing power of artisans and other middling interests in the Democratic coalition therefore leads to the expectation that Democrats would work to democratize the corporation. In some states, Democrats democratized the corporation by supporting general incorporation laws. In others, Democrats addressed the inequalities created by the previous decades’ chartering by using corporate policy to produce distributive outcomes closer to those preferred by the middling interests. First, Democrats would need to pass enough charters to dilute corporate privilege and counteract their highly inegalitarian effects.
**H3:** Democratic strength is not associated with lower rates of manufacturing chartering relative to their political opponents. Democratic strength is associated with a higher rate of chartering than the Jeffersonian Republicans.

Aside from the rate of chartering, I also hypothesize that Democratic Party strength is associated with patterns in the size of charters very similar to those associated with white manhood suffrage. As a prominent Democratic journalist and political economist wrote of corporations, “Sometimes the extent of their capital or of their credit, gives them a control of the market … They can afford to throwaway enough money in the contest to ruin the individual trader, and then they have the market to themselves” (Gouge 1833:41). Because Democrats were concerned by large corporations’ potential to push independent producers out of the market:

**H4:** Democratic strength is associated with lower maximum authorized capital limits for manufacturing charters.

I also hypothesize that Democrats made manufacturing charters accessible to successful artisans by allowing for lower minimum capitalization requirements. Lower capital requirements would satisfy the call of a Loco-Foco editor for a law that allowed:

…not merely “fifty dollar men,” but twenty dollar men, and one dollar men, [to] place their means in the joint funds of an association to some great enterprise. Such a law would be the very measure to enable poor men to compete with rich. As it is … acts of incorporation are chiefly procured by the rich and for the rich (Leggett 1840: 90).

**H5:** Democratic strength is associated with lower minimum authorized capital limits for manufacturing charters.
I make no such hypotheses for transportation charters. Unlike manufacturing corporations, transportation corporations did not present direct competition or incorporation opportunities to most artisans or laborers. Also, transportation charters tended to require more capital and administrative oversight than manufacturing charters. Scholars have identified tax revenues and administrative capabilities as important predictors of generous social policy (Hicks and Misra 1993; Amenta 1998). As early American states lacked both of these, resource-intensive transportation charters were a less attractive vehicle for early social policy than manufacturing charters. Because institutional politics would predict dissimilarities in transportation and manufacturing chartering patterns, I do not expect to find that white manhood suffrage or Democratic Party strength is associated with egalitarian patterns in transportation chartering. This contrast with patterns in manufacturing chartering would further support the identification of Democratic corporate chartering with early social policy.

Democrats repurposed manufacturing chartering as a social policy that would support an independent producer class by staving off the commodification of labor, thereby flipping the populist critique of the corporation into an argument for the corporation. This was not an effort to court the mythical median voter, who comes equipped with existing, knowable preferences. Rather, it represented an act of creative synthesis intended to reinforce and legitimize the alliance of capital, labor, and “middling” producers in the Democratic coalition. Democrats were chartering an urban-industrial landscape dotted with small manufacturing companies that paralleled the
Jeffersonian vision of a nation of small, independent farmers scattered through the countryside (McCoy 1980).

White manhood suffrage redirected left-leaning parties from efforts to suppress the corporate form to the effort to democratize it. No longer was the debate over whether corporations should be chartered in order to accomplish a specific public good. Influenced by artisans and other small producers, Democrats refocused the electorate on the question of how corporate policy could be used to achieve a more egalitarian distribution of capital and greater degrees of competition within markets.

Data and Methods

My outcomes variables are based on special charters from Sylla and Wright’s (2013) collection of special business charters in the antebellum United States. This herculean undertaking involved coding measures on 22,419 antebellum charters from 1790 to 1860. This sum likely represents the population of antebellum special business charters, which can be found in state session laws. I processed these data to calculate the number of corporations chartered by state legislatures during each legislative year. I then disaggregated these into counts by corporation type. In this article, I focus on textile manufacturing charters and transportation charters (including turnpikes, canals, navigation companies, bridges, docks, and harbors). Transportation corporations were among the most common and important type of early business corporations, while also representing the public interest tradition in corporate chartering. Unlike manufacturing corporations, however, transportation companies did not compete directly with workers
and artisans. Economic historians have established that textile manufacturing during this period was viable over a variety of organizational forms and sizes, from networks of small workshops to the giant corporations of Lowell (Scranton 1983). This variation in possible organizational form implies that a legislature’s decision to grant a charter to a textile manufacturer—and the legislature’s decision on the size of said charter—is interpretable as a political outcome and not as an outcome determined solely by economic forces. Figure 5.1 displays trends in average rates of transportation, textile manufacturing, and general manufacturing chartering by year.

**Figure 5.1. Average Number of Charters Issued by States in the Union Since 1804**

![Graph showing trends in average number of charters issued by states in the Union since 1804.](image)

*Notes*. This figure displays the average number of charters issued by states in the Union since 1804. By keeping the sample constant throughout this period, variation is attributable to period effects rather than sample-composition effects. The decline in chartering rates in the 1850s is in large part due to the spread of general incorporation laws.

Source: Author’s coding of Sylla and Wright (2013) charters database.
To measure corporate size, I use logged *minimum authorized capital* and *maximum authorized capital*. These limits are written directly into charters, and thus obtainable through state session laws. Minimum capital requirements represent the value of stock that must be subscribed to before the business begins to operate. Maximum capital limits represent limits to corporate growth.

*Explanatory Variables:* I use records of state legislative sessions to determine when legislatures sat and when the session adjourned. I use these session dates in order to associate charters with the legislature that passed them. To measure *Average Center-Left Party Strength*, I take the average percentage of seats controlled by Jeffersonian Republicans or Democrats in the upper and lower chambers of state legislatures (Burnham 1992; Dubin 2007). I interact this variable with four period dummies (discussed below), so that I can separately estimate the effects of center-left party strength for the eras of Jefferson, Good Feelings, Jackson, and the period from the Panic of 1837 to the Civil War.

To account for voting rights and the democratization of the polity (Amenta and Halfmann 2000), I also include two indicators for state-level suffrage laws as reported in Keyssar (2000). *Taxpayer suffrage* indicates that a state has abolished property requirements in order to vote, thus enfranchising artisans and other urban classes. *White Manhood Suffrage* indicates that the state has abolished even the taxpayer requirement, opening the suffrage to most adult, white, male citizens. White manhood suffrage increases the influence of workers in electoral politics.
Control Variables: Unfortunately, few U.S. Census variables are consistently available for the antebellum period, so I use only total population, slave population, and urban population. I linearly interpolate data for years between Censuses. Slave population may be expected to have a positive effect on chartering rates, because slaves served as the basis of the South’s industrial labor force and could be owned by corporations (Licht 1995:36). Slave population in Southern states may also be indicative of gross agricultural produce. Thus, a large slave population may predict a higher demand for transportation corporations (to get commodities to market) and textile manufacturing corporations (to process raw materials, especially cotton).

To further account for economic/developmental theories, I control for industrialization through Davis’s (2004) annual index of U.S. industrial production. Because the American economy was so influenced by the British economy during this period, I also control for Crafts’ (1989) British industrial production index. High levels of British industrial activity would tend to depress demand for less efficient domestic manufactures. British industrial production is therefore expected to have a negative effect on American rates of chartering. However, as American industry develops, the domestic market should become less sensitive to British production. Therefore I include an interaction between the U.S. and British industrial production indices. As a broader measure of the size of the economy, I include gross domestic product per capita, which is an annual measure taken from the Maddison Project’s historical time series (Bolt and van Zanden 2013). Next, I use the Census variable urbanization. Urbanization is the percentage of the state’s population living in towns of 2,500 or greater. Bogart and Majewski (2011) identify urbanization as a major factor behind the adoption of
corporations. I also include indicators for business cycle peaks and panics, as identified by Bodenhorn (1993).

Further economic controls include the availability of capital through use of Sylla, Wilson, and Wright’s (2002) early American securities price database, which contains price time-series for hundreds of corporate bonds, state bonds, federal bonds, and municipal bonds. I used these to calculate annual and monthly price averages for each bond type. Bond prices in part represent the credit-worthiness of the four major types of debt issuers, i.e. state bonds are worth more when investors believe that state governments will pay their debts. However, some portion of fluctuation in bond prices is attributable to interest rates: when interest rates go up, average bond prices go down. Low bond prices therefore indicate that money has become more “dear” as capital has become scarcer. I use factor analysis to create a variable that captures this common factor in bond price fluctuations, which I treat as a proxy for interest rates (after multiplying the factor variable by negative one).\(^\text{19}\) I also account for availability of capital through the variable \textit{bank history}, which counts the number of banks chartered in-state in the previous decade. Banks have been identified as central actors in economic development and

\(^{19}\) The Kaiser-Meyer-Olkin measure of sampling adequacy rejected the inclusion of the federal bond series (KMO = .279), and so federal bonds were excluded from the final factor variable. In any case, the factor loading of federal bonds onto the factor variable based on all four bond series was quite low anyway (-.226, compared to .744, .846, and .863 for state, corporate, and municipal bonds respectively). This strengthens the case for identifying the final factor variable with interest rates, as the price of federal bonds is likely to be less strongly associated with interest rates than are the \textit{average} prices of the three other types of bonds. This is because variation in federal bond prices should be determined by the credit-worthiness of the federal government to a larger extent than variation in the \textit{average} municipal bond price is determined by the credit-worthiness of municipalities. Outside of a generalized panic situation, the credit-worthiness of different municipalities (some spendthrift, some sober) will balance each other, leaving the municipal bond price series more closely associated with interest rates than the federal bond series.

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industrialization (Gerschenkron 1962). Banks were often chartered to facilitate investment in local manufacturing ventures (Lamoreaux 1996).

As a final economic control, I account for manufacturing (transportation) companies chartered in the previous decade in the models predicting transportation (textile manufacturing) chartering rates. The American “transportation revolution” of the 1830s has been linked both to industrial takeoff (Rostow 1956) and political egalitarianism (Benson 1961). In models predicting textile manufacturing chartering rates, previously chartered transportation infrastructure might stimulate demand for additional charters. Similarly, in models predicting transportation charters, previously chartered manufacturing companies might stimulate demand for improved transportation infrastructure. Existing corporate infrastructure may also measure the strength of corporate interests, who have been implicated by organizational power theorists such as Perrow (2002).

To account for diffusion, as might be predicted by constructivist theories of corporate development, I use Sylla and Wright’s (2013) database to calculate average per capita rates of chartering, average maximum capitalization limit, and average minimum capitalization requirement for each state’s neighbors (Ramirez et al. 1997). These variables are lagged by one year to allow for diffusion. I also include a variable for manufacturing (transportation) corporations chartered in the previous decade in the model predicting textile manufacturing (transportation) charters. Local organizational density may help to legitimize a policy (Tolbert and Zucker 1983). Thus a state’s historical legislative patterns may be predictive of the continuation or even deepening of
that pattern. On the other hand, a legislature may view its state as being oversaturated with certain corporate types, and thus reduce rates of chartering.\(^{20}\)

To represent legal environments, I use dummy variables to control for the presence of a \textit{general incorporation law} and a \textit{limited liability partnership law} (Hamill 1999; Evans 1948). General incorporation laws should decrease the demand for special charters, but not nullify it. This is because petitioners could hope to gain unique privileges from the state legislature, while general incorporation laws were generally more restrictive during this period. The availability of limited liability partnerships (Hilt and O’Banion 2009), which provide some of the advantages of a corporation, has been suggested as an explanation for why states such as Louisiana were laggard incorporators (Sylla and Wright 2013).

I control for time through a linear time trend and through dummies representing political eras. These era dummies are used to create interaction terms with \textit{Average Center-Left Party Strength}. Periodization is necessary because dramatic changes in both the economy and the party system mean that \textit{Average Center-Left Party Strength} would not have a constant association with chartering activity during a sixty-year period. As such, I divide the antebellum era into the \textit{Jeffersonian Era} (1800-1815), the \textit{Era of Good Feelings} (1816-1827), the \textit{Early Jacksonian Era} (1828-1836), and the period from the Panic of 1837 to the election of Lincoln (1837-1860). The Jeffersonian era begins with

\(^{20}\) These variables are similar to lagged dependent variables, sometimes used to adjust for serial autocorrelation. Autocorrelation is not likely to be a major concern in models of the chartering process. Each year, a new set of petitioners confronts a (largely) new set of legislators (often elected annually), and between them they negotiate the number and size of charters appropriate to that year’s economic situation. Nonetheless, I fit Poisson models with lagged dependent variables (available upon request), and these produce estimates substantively identical to those presented below.
the election of its namesake and lasts through much of the First Party System, when Republicans competed with Federalists. The Federalist Party was seriously weakened by the War of 1812, leading to the “Era of Good Feelings,” a time when electoral politics began to revolve around competing Republican factions. For textile manufacturing charters I begin this era in 1816, which was the last presidential election wherein a Federalist candidate won electoral votes. For transportation charters I begin this era in 1817, as this is the year when President Madison’s veto of the Bonus Bill made transportation infrastructure a state-level issue (Sellers 1991). The Jacksonian Era begins in the year its namesake was elected president, which also saw the emergence of an immature party system (McCormick 1966). The Panic of 1837 hardened party divisions on economic issues. In this era, party machinery also evolved to a point that party leaders could exert more control over rank-and-file legislators (Davis 1970: 157; Ershkowitz and Shade 1971: 613).

I use fixed-effects Poisson regression with robust standard errors for count variable models (Cameron and Trivedi 2013). Poisson regression has certain advantages over negative binomial regression when being used with fixed-effects (Cameron and Trivedi 2009: 627); nonetheless, robustness to negative binomial models is considered. Fixed-effects account for unobserved time-invariant heterogeneity across states. This controls not just for region but also for historical legacies bequeathed by pre-Revolutionary experience with the corporate form (Kaufman 2008). For capital limits, I use OLS regression with state-level fixed-effects and robust standard errors. Because inter-industry differences in capital limits are considerable, I display models fitted exclusively on non-railroad transportation charters and textile manufactories, the most
common and important type of pre-Civil War manufacturing corporation. Table 5.1 with descriptive statistics is provided below.

**Findings**

Findings from the models displayed below largely support the institutional politics framework presented above. In the 1800s and 1810s, the left-leaning Jeffersonian Republicans had simply suppressed rates of corporate chartering. During the 1820s, states that extended suffrage to workers began to enact more egalitarian patterns of corporate chartering. As Jacksonians worked to reassemble the old Jeffersonian coalition into a new Democratic Party, state legislatures had to reconcile the new ubiquity of corporations in the American economy with the increased political strength of artisans and workers who were wary of corporations’ distributive effects. During this era, center-left party strength began to affect patterns in corporate chartering.

Table 5.2 shows results from regression models fit on annual state-level counts of textile manufacturing charters. Negative and statistically significant estimates for Republican strength in the Jeffersonian era and the Era of Good Feelings support the contention that Republicans were originally an anti-corporate party that issued fewer textile charters than their opponents. A number of economic factors have significant effects throughout the period. Higher slave populations were associated with higher rates of incorporation. Because these fixed-effect models capture only within-state variance, this suggests that Southern states incorporated more textile manufactories as their cotton production increased. A history of high rates of transportation chartering predicts high
Table 5.1. Descriptive Statistics

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</tr>
<tr>
<td>Tax Suffrage</td>
<td>.424</td>
<td>.495</td>
<td>0</td>
<td>1</td>
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<tr>
<td>White Manhood Suffrage</td>
<td>.470</td>
<td>.499</td>
<td>0</td>
<td>1</td>
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<tr>
<td>Incorporation Law</td>
<td>.275</td>
<td>.447</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Partnership Law</td>
<td>.566</td>
<td>.496</td>
<td>0</td>
<td>1</td>
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<tr>
<td><strong>Economic and Demographic Variables</strong></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest Rate</td>
<td>.203</td>
<td>.871</td>
<td>-1.661</td>
<td>2.412</td>
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<tr>
<td>Panic</td>
<td>.251</td>
<td>.434</td>
<td>0</td>
<td>1</td>
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<tr>
<td>Peak</td>
<td>.054</td>
<td>.225</td>
<td>0</td>
<td>1</td>
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<tr>
<td>U.S. Industrial Production</td>
<td>70.283</td>
<td>48.655</td>
<td>8.063</td>
<td>156.390</td>
</tr>
<tr>
<td>U.K. Industrial Production</td>
<td>17.679</td>
<td>7.207</td>
<td>5.480</td>
<td>30</td>
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<tr>
<td>GDP Per Capita</td>
<td>1768.973</td>
<td>258.584</td>
<td>1285.625</td>
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<td>18.059</td>
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<tr>
<td>Manufacturing History</td>
<td>39.771</td>
<td>53.523</td>
<td>0</td>
<td>301</td>
</tr>
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<td>Transportation History</td>
<td>86.403</td>
<td>101.057</td>
<td>0</td>
<td>684</td>
</tr>
<tr>
<td>Urbanization Rate</td>
<td>.061</td>
<td>.087</td>
<td>0</td>
<td>.338</td>
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<tr>
<td>Slave Population</td>
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<td>4.817</td>
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<td>Total Population</td>
<td>7.124</td>
<td>6.597</td>
<td>676334</td>
<td>38.024</td>
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<td><strong>Diffusion and Time Variables</strong></td>
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<td></td>
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<tr>
<td>Neighbors’ Manuf. Chartering Rate</td>
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<td>1.170</td>
<td>0</td>
<td>10.479</td>
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<td>Neighbors’ Trans. Chartering Rate</td>
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<td>2.211</td>
<td>0</td>
<td>24.647</td>
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<tr>
<td>Jeffersonian Era</td>
<td>.108</td>
<td>.311</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Era of Good Feelings</td>
<td>.083</td>
<td>.276</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Early Jacksonian Era (1828-1836)</td>
<td>.147</td>
<td>.354</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Year</td>
<td>1839.775</td>
<td>14.318</td>
<td>1804</td>
<td>1859</td>
</tr>
</tbody>
</table>

Notes--. Descriptive statics based on 785 state-year observations, except for the Republican/Democratic variables. Descriptive statistics for these four variables omit observations from outside the period in question (and which have values of 0). Observations are from the following states: Alabama, Arkansas, California, Connecticut, Delaware, Florida, Georgia, Indiana, Iowa, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Mississippi, Missouri, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, Tennessee, Vermont, Virginia, and Wisconsin.
Table 5.2. Fixed-Effects Poisson Regression Models for Textile Manufacturing Corporation Annual Chartering Rates

<table>
<thead>
<tr>
<th>Political and Institutional Variables</th>
<th>Coef.</th>
<th>SE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jeffersonian Republicans</td>
<td>-4.060</td>
<td>***</td>
</tr>
<tr>
<td>Era of Good Feelings Republicans</td>
<td>-3.781</td>
<td>**</td>
</tr>
<tr>
<td>Democrats, 1828-1836</td>
<td>.256</td>
<td></td>
</tr>
<tr>
<td>Democrats, 1837-1860</td>
<td>-.177</td>
<td></td>
</tr>
<tr>
<td>Taxpayer Suffrage</td>
<td>-.609</td>
<td></td>
</tr>
<tr>
<td>White Manhood Suffrage (Labor enfranchisement)</td>
<td>-.259</td>
<td></td>
</tr>
<tr>
<td>Incorporation Law</td>
<td>-1.162</td>
<td>**</td>
</tr>
<tr>
<td>Partnership Law</td>
<td>-.204</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Economic and Demographic Variables</th>
<th>Coef.</th>
<th>SE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Rate</td>
<td>.158</td>
<td>.089</td>
</tr>
<tr>
<td>Panic</td>
<td>-1.134</td>
<td>***</td>
</tr>
<tr>
<td>Peak</td>
<td>.943</td>
<td>***</td>
</tr>
<tr>
<td>U.S. Industrial Production Index</td>
<td>-.040</td>
<td></td>
</tr>
<tr>
<td>U.K. Industrial Production Index</td>
<td>-.218</td>
<td></td>
</tr>
<tr>
<td>U.S. x U.K. Industrial Production</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td>Gross Domestic Product Per Capita</td>
<td>.006</td>
<td>***</td>
</tr>
<tr>
<td>Bank Charter History in State</td>
<td>.001</td>
<td>.006</td>
</tr>
<tr>
<td>Manufacturing Charter History in State</td>
<td>-.000</td>
<td>.003</td>
</tr>
<tr>
<td>Transportation Charter History in State</td>
<td>.003</td>
<td>**</td>
</tr>
<tr>
<td>Urbanization Rate</td>
<td>1.319</td>
<td>4.994</td>
</tr>
<tr>
<td>Slave Population</td>
<td>.934</td>
<td>*</td>
</tr>
<tr>
<td>Total Population</td>
<td>-.242</td>
<td>***</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Diffusion and Time Variables</th>
<th>Coef.</th>
<th>SE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Neighbors’ Chartering Rate</td>
<td>.130</td>
<td>**</td>
</tr>
<tr>
<td>Jeffersonian Era</td>
<td>1.600</td>
<td>*</td>
</tr>
<tr>
<td>Era of Good Feelings</td>
<td>.731</td>
<td>.629</td>
</tr>
<tr>
<td>Early Jacksonian Era (1828-1836)</td>
<td>-1.585</td>
<td>**</td>
</tr>
<tr>
<td>Year</td>
<td>.135</td>
<td>*</td>
</tr>
</tbody>
</table>

H_0: Republicans – Democrats = 0
N (state-years) 670
Log Likelihood -896.7

Notes-- “Republicans – Democrats = 0” displays estimate of whether Jeffersonian Republicans and Democrats differ significantly in their chartering practices relative to the respective opposition parties.
SE = Robust standard errors adjusted for clustering on 20 states.
* P < .05 (two-tailed hypotheses).
** P < .01.
*** P < .001.
current rates of manufacturing chartering. States with neighbors who charter many manufacturing companies tend to charter higher rates of textile manufacturing companies. More charters were issued as GDP per capita increased, while fewer charters were issued in states with general incorporation laws. Finally, chartering rates follow the economic cycle. In short, after the initial reluctance of Republicans to grant corporate charters dissolved, chartering rates are more reliant on economic than political factors.

There are several perspectives from which to assess H3, which predicts that 1) Democrats have an increased willingness to charter corporations relative to their center-left Republican predecessors and 2) that Democrats have an equal willingness to charter corporations relative to their political opponents (usually Whigs). First, we turn to the linear combination test, which shows that Democrats were more willing to issue charters relative to their opposition than were Jeffersonians. That is, while Jeffersonians were much less willing than Federalists to issue charters, Democrats were approximately as willing to issue charters as were Whigs. Of course, absolute rates of chartering increased over time (Figure 5.1). Thus, the lack of a significant estimate for either of the Democrats variables suggest that Democrats acquiesced to higher absolute rates of chartering than the Jeffersonians did. Although one must interpret insignificant coefficients with due caution, these estimates are also consistent with the claim that Democratic chartering rates were similar to those of the Whigs and other political opponents. However, any similarities end there: Democrats balanced a permissive attitude toward chartering with restrictions on corporations through use of legislative control over capitalization minimums and maximums.
The political power of labor is fully apparent in Table 5.3, which displays models fit on the maximum capitalization limit and minimum capitalization requirements of textile manufacturing corporations. First, the significant and positive estimates for Jeffersonian Republican strength and minimum capitalization support the contention that Jeffersonians reluctantly embraced manufacturing charters: Jeffersonian legislatures only granted charters when large amounts of capital were required. The significant and negative estimates for both taxpayer suffrage and white manhood suffrage support H1 and H2: *ceteris paribus*, states with restrictive suffrage laws are estimated to issue charters that are two to three times as large as states with free suffrage. Meanwhile the significant and negative estimates for post-1837 Democratic strength support H4 and H5: Democrats accommodated the concerns of workers and artisans by chartering smaller manufacturing corporations. Point estimates for the early Jacksonian era are negative but insignificant. These models predict that if post-1837 Democrats were to increase their representation by only 10 percentage points, the average textile manufacturing charter would be around 8-10% smaller in terms of capitalization requirements and capitalization limits. The linear combination test indicates that Jeffersonian Republican and Democratic chartering practices significantly differ in terms of minimum capitalization requirements. Meanwhile, few economic factors significantly predict the characteristics of these manufacturing charters.
Table 5.3. Fixed-Effects Regression Models of Logged Maximum Capitalization Limits and Minimum Capitalization Requirements for Textile Manufacturing Charters

<table>
<thead>
<tr>
<th>Political and Institutional Variables</th>
<th>Max. Capitalization</th>
<th>Min. Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Coef.</td>
<td>SE</td>
</tr>
<tr>
<td>Jeffersonian Republicans</td>
<td>.378</td>
<td>.427</td>
</tr>
<tr>
<td>Era of Good Feelings Republicans</td>
<td>1.540</td>
<td>1.750</td>
</tr>
<tr>
<td>Democrats, 1828-1836</td>
<td>-.388</td>
<td>.343</td>
</tr>
<tr>
<td>Democrats, 1837-1860</td>
<td>-.821 *</td>
<td>.319</td>
</tr>
<tr>
<td>Taxpayer Suffrage</td>
<td>-1.531 *</td>
<td>.555</td>
</tr>
<tr>
<td>White Manhood Suff.</td>
<td>-2.278 **</td>
<td>.691</td>
</tr>
<tr>
<td>Incorporation Law</td>
<td>.433 *</td>
<td>.158</td>
</tr>
<tr>
<td>Partnership Law</td>
<td>-.215</td>
<td>.188</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Economic and Demographic Variables</th>
<th>Max. Capitalization</th>
<th>Min. Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Coef.</td>
<td>SE</td>
</tr>
<tr>
<td>Interest Rate</td>
<td>-.085</td>
<td>.099</td>
</tr>
<tr>
<td>Panic</td>
<td>-.213</td>
<td>.213</td>
</tr>
<tr>
<td>Peak</td>
<td>.100</td>
<td>.198</td>
</tr>
<tr>
<td>U.S. Industrial Prod.</td>
<td>-.007</td>
<td>.017</td>
</tr>
<tr>
<td>U.K. Industrial Prod.</td>
<td>.055</td>
<td>.105</td>
</tr>
<tr>
<td>U.S. x U.K. Ind.</td>
<td>.000</td>
<td>.001</td>
</tr>
<tr>
<td>GDP Per Capita</td>
<td>.000</td>
<td>.001</td>
</tr>
<tr>
<td>Urbanization Rate</td>
<td>5.644 *</td>
<td>2.346</td>
</tr>
<tr>
<td>Bank Charter History</td>
<td>.005 **</td>
<td>.002</td>
</tr>
<tr>
<td>Manuf. Charter History</td>
<td>-.002</td>
<td>.001</td>
</tr>
<tr>
<td>Transp. Charter History</td>
<td>-.003</td>
<td>.002</td>
</tr>
<tr>
<td>Slave Population</td>
<td>-.405</td>
<td>.544</td>
</tr>
<tr>
<td>Population</td>
<td>.085</td>
<td>.053</td>
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<tr>
<td>Manuf. Charter Count</td>
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<td>.004</td>
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<table>
<thead>
<tr>
<th>Diffusion and Time Variables</th>
<th>Max. Capitalization</th>
<th>Min. Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Coef.</td>
<td>SE</td>
</tr>
<tr>
<td>Neighbors’ Ave. Cap.</td>
<td>.065</td>
<td>.035</td>
</tr>
<tr>
<td>Jeffersonian Era</td>
<td>-2.498 **</td>
<td>.797</td>
</tr>
<tr>
<td>Era of Good Feelings</td>
<td>-1.284</td>
<td>.730</td>
</tr>
<tr>
<td>Early Jacksonian Era (1828-1836)</td>
<td>-.821 *</td>
<td>.323</td>
</tr>
<tr>
<td>Year</td>
<td>-.036</td>
<td>.058</td>
</tr>
<tr>
<td>Constant</td>
<td>77.467</td>
<td>105.416</td>
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</tbody>
</table>

H₀: Republicans – Democrats = 0 1.199  .634  2.430 ** .694  
N (charters) 939  939  
R²  .179  .368  

Notes--. “Republicans – Democrats = 0” displays estimate of whether the Jeffersonian Republican chartering differs significantly from Democratic chartering.
SE = Robust standard errors adjusted for clustering on 16 states.
* P < .05 (two-tailed hypotheses).
** P < .01.
*** P < .001.
Having established these patterns in the chartering of textile manufacturing corporations, I turn next to transportation charters. These models provide an important baseline against which to compare the models for manufacturing charters. Transportation charters were among the most common and most important of early corporations. However, as noted earlier, they were not ideal for patronage politics (Hicks and Misra 1993) nor did they represent direct competition to artisans. Therefore, the results in Tables 5.4 and 5.5 support the prediction that I would not find relationships between Democratic party strength/suffrage laws and patterns in transportation chartering. Rather, transportation chartering seems to be driven largely by economic factors. Also, the positive and significant coefficient for neighbors’ chartering rate suggests the sociological expectation that a diffusion process was operative (Kaufman 2008). The differences between the models for transportation and manufacturing charters strengthen the claim that Democratic chartering was influenced by the demands of artisans and labor for egalitarian social policy.

These findings have largely supported the institutional politics argument above: center-left party strength and suffrage laws played an integral role in shaping the use of corporate chartering as social policy. Jeffersonian Republicans initially suppressed the use of corporate charters, turning to them rarely and reluctantly. Once this initial ideological resistance was overcome, chartering rates were largely driven by industrialization and other economic factors. Entrepreneurial interests within the Democratic coalition responded to increasing prosperity in the same way as did entrepreneurial interests within the Whig coalition: They petitioned the state legislature
Table 5.4. Fixed-Effects Poisson Regression Models for Transportation Corporation Annual Chartering Rates

<table>
<thead>
<tr>
<th>Political and Institutional Variables</th>
<th>Coef.</th>
<th>SE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jeffersonian Republicans</td>
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<td>.512</td>
</tr>
<tr>
<td>Era of Good Feelings Republicans</td>
<td>1.047</td>
<td>.790</td>
</tr>
<tr>
<td>Democrats, 1828-1836</td>
<td>.546</td>
<td>.374</td>
</tr>
<tr>
<td>Democrats, 1837-1860</td>
<td>.411</td>
<td>.532</td>
</tr>
<tr>
<td>Taxpayer Suffrage</td>
<td>-.075</td>
<td>.243</td>
</tr>
<tr>
<td>White Manhood Suffrage (Labor enfranchisement)</td>
<td>-.670</td>
<td>.478</td>
</tr>
<tr>
<td>Incorporation Law</td>
<td>-.109</td>
<td>.203</td>
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<tr>
<td>Partnership Law</td>
<td>.161</td>
<td>.156</td>
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<table>
<thead>
<tr>
<th>Economic and Demographic Variables</th>
<th>Coef.</th>
<th>SE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Rate</td>
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<td>Panic</td>
<td>-.408</td>
<td>** 1.26</td>
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<tr>
<td>Peak</td>
<td>-.355</td>
<td>***.094</td>
</tr>
<tr>
<td>U.S. Industrial Production Index</td>
<td>.059</td>
<td>***.010</td>
</tr>
<tr>
<td>U.K. Industrial Production Index</td>
<td>.060</td>
<td>.060</td>
</tr>
<tr>
<td>U.S. x U.K. Industrial Production</td>
<td>-.002</td>
<td>***.000</td>
</tr>
<tr>
<td>Gross Domestic Product Per Capita</td>
<td>-.001</td>
<td>.000</td>
</tr>
<tr>
<td>Bank Charter History in State</td>
<td>.009</td>
<td>* .004</td>
</tr>
<tr>
<td>Manufacturing Charter History in State</td>
<td>.004</td>
<td>.003</td>
</tr>
<tr>
<td>Transportation Charter History in State</td>
<td>.001</td>
<td>.001</td>
</tr>
<tr>
<td>Urbanization Rate</td>
<td>4.741</td>
<td>3.877</td>
</tr>
<tr>
<td>Slave Population</td>
<td>.760</td>
<td>* .359</td>
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<td>Total Population</td>
<td>-.042</td>
<td>.042</td>
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</table>

<table>
<thead>
<tr>
<th>Diffusion and Time Variables</th>
<th>Coef.</th>
<th>SE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Neighbors’ Chartering Rate</td>
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<tr>
<td>Era of Good Feelings</td>
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<td>.733</td>
</tr>
<tr>
<td>Early Jacksonian Era (1828-1836)</td>
<td>.260</td>
<td>.544</td>
</tr>
<tr>
<td>Year</td>
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<td>.030</td>
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**H0:** Republicans – Democrats = 0

<table>
<thead>
<tr>
<th>Coef.</th>
<th>SE</th>
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</thead>
<tbody>
<tr>
<td>-1.689</td>
<td>* .778</td>
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</tbody>
</table>

N (state-years) 785

Log Likelihood -3420.3

Notes--. “Republicans – Democrats = 0” displays estimate of whether the “center-left” parties from these two eras differ significantly in their chartering practices. SE = Robust standard errors adjusted for clustering on 28 states.

* P < .05 (two-tailed hypotheses).
** P < .01.
*** P < .001.
Table 5.5. Fixed-Effects Regression Models of Logged Maximum Capitalization Limits and Minimum Capitalization Requirements for Transportation Charters

<table>
<thead>
<tr>
<th>Political and Institutional Variables</th>
<th>Max. Capitalization</th>
<th>Min. Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Coef.</td>
<td>SE</td>
</tr>
<tr>
<td>Jeffersonian Republicans</td>
<td>3.480</td>
<td>**</td>
</tr>
<tr>
<td>Era of Good Feelings Republicans</td>
<td>-.650</td>
<td></td>
</tr>
<tr>
<td>Democrats, 1828-1836</td>
<td>-.705</td>
<td>.415</td>
</tr>
<tr>
<td>Democrats, 1837-1860</td>
<td>-.442</td>
<td>.409</td>
</tr>
<tr>
<td>Taxpayer Suffrage</td>
<td>.069</td>
<td>.218</td>
</tr>
<tr>
<td>White Manhood Suff.</td>
<td>.047</td>
<td>.237</td>
</tr>
<tr>
<td>General Incorporation Law</td>
<td>-.077</td>
<td>.064</td>
</tr>
<tr>
<td>Partnership Law</td>
<td>-.140</td>
<td>.173</td>
</tr>
<tr>
<td>Economic and Demographic Variables</td>
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<td></td>
</tr>
<tr>
<td>Interest Rates</td>
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<td>*</td>
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<tr>
<td>Panic</td>
<td>.438</td>
<td>**</td>
</tr>
<tr>
<td>Peak</td>
<td>.133</td>
<td>.109</td>
</tr>
<tr>
<td>U.S. Ind. Prod.</td>
<td>.016</td>
<td>.009</td>
</tr>
<tr>
<td>U.K. Ind. Prod.</td>
<td>.101</td>
<td>.078</td>
</tr>
<tr>
<td>U.S. x U.K Ind.</td>
<td>-.001</td>
<td>.000</td>
</tr>
<tr>
<td>GDP Per Capita</td>
<td>.000</td>
<td>.001</td>
</tr>
<tr>
<td>Urbanization Rate</td>
<td>1.911</td>
<td>2.085</td>
</tr>
<tr>
<td>Bank Charter History</td>
<td>-.001</td>
<td>.003</td>
</tr>
<tr>
<td>Transp. Charter History</td>
<td>-.002</td>
<td>**</td>
</tr>
<tr>
<td>Slave Population</td>
<td>-.339</td>
<td>.336</td>
</tr>
<tr>
<td>Population</td>
<td>.062</td>
<td>**</td>
</tr>
<tr>
<td>Transport Count</td>
<td>-.001</td>
<td>.018</td>
</tr>
<tr>
<td>Diffusion and Time Variables</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Neighbors’ Ave. Cap.</td>
<td>-.046</td>
<td>.037</td>
</tr>
<tr>
<td>Jeffersonian Era</td>
<td>-1.583</td>
<td>.981</td>
</tr>
<tr>
<td>Era of Good Feelings</td>
<td>.990</td>
<td>***</td>
</tr>
<tr>
<td>Early Jacksonian Era (1828-1836)</td>
<td>.464</td>
<td>.248</td>
</tr>
<tr>
<td>Year</td>
<td>-.033</td>
<td>.024</td>
</tr>
<tr>
<td>Constant</td>
<td>69.627</td>
<td>42.470</td>
</tr>
<tr>
<td>H0: Republicans – Democrats = 0</td>
<td>3.922</td>
<td>***</td>
</tr>
<tr>
<td>N (charters)</td>
<td>5,008</td>
<td></td>
</tr>
<tr>
<td>R²</td>
<td>.170</td>
<td></td>
</tr>
</tbody>
</table>

Notes-- “Republicans – Democrats = 0” displays estimate of whether the “center-left” parties from these two eras differ significantly in chartering practices. SE = Robust standard errors adjusted for clustering on 26 states.

* P < .05 (two-tailed hypotheses).

** P < .01.

*** P < .001.
for more corporate charters. Chartering rates were also driven by diffusion processes, as predicted by Kaufman (2008).

The *distributional* aspects of corporate policy, however, are not well explained by economic factors. Suffrage expansion during the Era of Good Feelings set the stage for the populist political era to follow: Labor would become an integral component of the Democratic coalition during the Age of Jackson. Importantly, small producers had reason to worry that the domination of certain markets by corporations would drive independent artisans into wage-dependency. Democratic Party leaders hit upon a policy innovation that stayed true to their liberal governing philosophy while satisfying the labor and capitalist wings of the party. They made manufacturing corporations smaller, more common, and more accessible. The Democratic pattern of chartering held the coalition together by shearing off those qualities of the corporation most objectionable to artisan voters. These results show that expanded suffrage and center-left party strength are both predictive of more egalitarian social policy.

**The American Business Corporation**

This article has offered an account of the development of the corporate form in early America by conceptualizing the Democrat’s corporate policy as an early manifestation of social policy. Fear of wage dependency among key Democratic constituencies led Democratic politicians to make the business corporation more palatable to artisans and labor by shearing it of its exclusivity, placing stricter limits on its growth, and increasing the amount of competition in the market. This can be seen in the
relationship running from suffrage expansion and Democratic Party strength to rates of chartering and the size of charters. In essence, the Democrats were chartering a corporate America that neatly paralleled the Jeffersonian vision of an America populated by small, independent farmers: a nation evenly populated by a multitude of small, independent producers.

Tensions within the Democratic coalition played an important role in the career of the American business corporation. Because the Democratic coalition was a cross-class alliance (Swenson 1997) that included business interests, it would not allow the total suppression of the corporate form. Instead, Democratic leaders opted to make corporations less objectionable to artisans and other small producers. By assuaging labor’s fear of the distributional effects of the business corporation, these reforms democratized and domesticated a legal form that once smacked of feudalism and aristocracy. This was an act of “creative synthesis” (Noel 2013), a novel policy that successfully maintained the Democratic coalition. However, these same reforms destroyed the idea of a “well-regulated” public corporation (Novak 1996) in favor of the liberal, private corporation. Unlike their Jeffersonian predecessors, the Democrats did not ask whether granting a given charter was necessary to achieve a specific state-sponsored good. Rather, Democrats treated corporations as social policy by using charters to address distributive concerns and the degree of competition in the market. Democratic chartering patterns bespoke a qualitative transformation in understandings of the corporation: the corporation had ceased to be a creature of the state and had become a creature of the market.
Whether knowingly or not, then, the Democratic Party used corporate policy in a way that helped set the stage for the dominance of the private business corporation in the second half of the 19th century and beyond. As the century progressed, corporations established a broad legitimacy that they had struggled to attain in the first forty years of the United States. By the 1850s, former Whigs complained that Democrats had appropriated the Whig’s pro-corporate economic policy, as evidenced in this satire from a Whiggish newspaper:

[R]emember that the Whig party is dead and buried, so you haven’t got to fight agin [sic] that no more. And you must remember, too, that the Whig party has left considerable valuable property, and that the Dimocratic [sic] party is the natural heir to it. So you can take up the Bank, and the Tariff, and Internal improvements, and such kinds of notions, and use ‘em quietly for the benefit of the great Dimocratic party, and say nothing about it – Only you must take care to fix ‘em over into Dimocratic Bank, Dimocratic Tariff, and Dimocratic Internal Improvements, and then nobody won’t say a word agin ‘em. (Eyal 2007: 225)

To paraphrase Sellers (1991), the inheritors of Jacksonianism made the Democratic Party safe for corporate capitalism by making the corporation safe for “middling” Democratic artisans. Ironically, artisans’ efforts to maintain traditional ways of life required them to pursue radical policies (Calhoun 2012)—policies that in the long term undermined those ways of life. Perhaps a different path would have been taken if labor had been able to establish an independent party (Eidlin 2016). Instead, the Democratic Party was a center-left, cross-class alliance (Swenson 1997) that steered corporate policy toward a compromise acceptable to capital and labor. Democrats chartered corporations in a way that assuaged artisans’ immediate concerns about the concentration of wealth and the progress of wage labor, yet the long-term consequence of this policy was to pave the way
for the explosion of corporate growth and corporate dominance of the political process in the Reconstruction era and beyond.

But this was all in the future, and establishing such a claim would require further research on the feedback effects of antebellum Democratic chartering on the late 19th century. In this article, I have demonstrated the importance of institutional politics, parties, and labor strength in the transformation of the American business corporation. These findings suggest a basic similarity between the factors driving egalitarian corporate policy in the early 19th century and welfare state policy in the 20th century. Still, it is important to acknowledge how corporate chartering differed from modern social policy. Egalitarian chartering is thin social policy in an advanced industrial economy, where we start with staggering levels of inequality and a large, propertyless working class. One might paraphrase Anatole France to say that egalitarian corporate law, in its majestic equality, allows the rich and poor alike to found corporations. In retrospect, we can see that egalitarian chartering did little to slow the concentration of wealth (Lindert and Williamson 2016)—as social policy, it was insufficient to the task of preserving white egalitarianism in the face of rapid industrialization. That egalitarian chartering was a false start is evident in the fact that it bears little resemblance to American social policy of later eras, such as soldiers’ pensions or the Works Progress Administration (Skocpol 1992; Amenta and Halfmann 2000). In some ways, however, egalitarian chartering did foreshadow “welfare capitalism”—the provision of social policy through the employment contract that characterized the United States through much of the 20th century (Davis 2009; Mizruchi 2013). In both cases the association of social citizenship with access to corporations has two parallel effects. Egalitarian chartering and welfare capitalism both
channel political demands for social provision to private market actors and thus both weaken calls for the development of extensive state bureaucracies. Both tend to prevent the formation of a unified working class, although egalitarian chartering was especially pernicious in this regard. Democratic policy encouraged artisans and other minor producers to identify as (potential or actual) small capitalists rather than as permanent wage earners (see Eyal 2007: 30). From our perspective in the 21st century, then, it was shortsighted for the labor movement to lend its approval to egalitarian chartering.

However, egalitarian chartering seemed more plausible from the perspective of the early 19th century, when wealth inequality was historically low (Lindert and Williamson 2016), independent producers outnumbered permanent wage laborers, and elitist chartering practices were seen as driving these independent producers into wage dependency. As labor gained more experience with industrialization, unions, and mass politics—and as independent artisans increasingly became wage laborers—egalitarian corporate policy lost its populist luster. Nonetheless, the failure of egalitarian chartering as social policy should not lead historical analysts to dismiss the importance of labor in this era. Social change from below is difficult, especially in the absence of a labor party anchored by strong unions. Yet even if labor fails to achieve its first order preferences, it can nonetheless shape the development of economic institutions. As Korpi (1989: 313) notes, it is important to:

...remember that the frontiers of distributive conflicts can shift over time. What once were heated political issues may gradually come to be accepted by all interest groups, conflicts then shifting to new issues concerning the relative roles of markets and politics.
As in this case, labor’s political activities helped to achieve legislative compromises that relegated distributive conflicts over the chartering system to political backburners from which they never returned.

This study has used sociological theories of social policy formation to provide a novel explanation for important aspects of the transformation of the business corporation in the United States. The claim here is not that corporate chartering was functionally identical to modern welfare states, but that political configurations behind the modern welfare state are similar to those that led to demand for egalitarian social policies in the 19th century. Similarly, the motives behind corporate policy are never strictly economic, but also deeply social: in this case, Democrats used their chartering power to try to bring their vision of an ideal egalitarian society—one populated by (white) independent, property-owning producers. These findings show that 19th century America is not as exceptional as some theorists claim: The demand for egalitarian policy was there, and we see its imprint on the evolution of the business corporation. However, in the 19th century as in the 20th, understandings of the corporate form as a protection from the market channeled demands for social policy away from the state and toward private capital (Bratton 2017). That this aspect of corporate development has been overlooked is a reminder that much of economic history has focused on the developmental aspects (e.g. Horwitz 1977) or the efficiency aspects (e.g. Coase 1937; Alchian and Demsetz 1972; Williamson 1981) of economic institutions. Political and historical sociologists can usefully contribute to the study of economic history by addressing how political accommodations to distributional concerns have had unintended consequences for the development of economic systems. It remains for future research to reveal in what other
ways and under what other conditions egalitarian movements have cleared the way for capitalist development.
Chapter 6

Geographic Equity: The Distribution of Bank Charters in Jacksonian America

The difference between England and the United States, is simply this: in the former country, exclusive privileges are conferred on individuals who are called Lords; in the latter, exclusive privileges are conferred on corporations which are called Banks. The effect on the people of both countries is the same. In both the many live and labor for the benefit of the few.

- William Gouge (1833: 44)

For the majority of this dissertation, I have discussed manufacturing corporations and transportation corporations instead of chartered banks. Yet if Andrew Jackson is remembered for any economic policy, it was his attack on the Second Bank of the United States. Jackson’s preferences were well known: rather than a single bank chartered by the federal government, he would spread the treasury around to a number of state-chartered “pet banks” (so-called by Jackson’s detractors). Jackson had several motives for his war on the bank. It is true that the bank war was instigated by Jackson’s loathing of Nicholas Biddle and his political rivalry with Henry Clay. As this story has been told many times (e.g. Hammond 1957), I will not focus on it here. Rather, I’ll ask what Jackson’s national banking policy might lead us to expect to see in terms of state legislatures’ chartering of banks. That Jackson had personal and political motives for his bank policy doesn’t mean that his favored anti-banking rhetoric--fear of concentrated wealth and power---was any less than genuine. As such, I use fear of concentrated wealth as a heuristic to predict how state-level Democrats pattern the chartering of banking corporations.
Banks in Republican Thought

A world without banks is not a world without loans. Being in debt to any kind of lender was considered to diminish one’s independence, but some kinds of debt were more damaging than others. Banks were sources of impersonal credit, and thus were less detrimental to independence than loans from wealthy gentry. Gordon Wood (1991: 66-70) writes that loans from gentry were pervasive in colonial society, due to a scarcity of banks and a surplus of land. Whereas European gentlemen could collect rents from tenants, many fewer Americans were willing to rent farms when the price of land was so cheap. Thus in order to derive a passive (and therefore respectable) income, New World gentlemen lent money to “friends.” These loans created great chains of dependency that structured social relations in the colonies. Banks, as impersonal sources of credit, were more conducive to republican virtue than personal credit, even if bank debt was less virtuous than no debt at all.

Thus Jeffersonians’ commitment to Republicanism cut both ways. While purists may have regretted the chartering of any banks, there were ineluctable pressures to their creation. As discussed earlier in this dissertation, the need for infrastructure led legislatures to find ways to increase credit. One solution was to add banking functions to public works projects, where the bank’s profits funded the public works. The most famous such case was a charter granted to Aaron Burr and others for a water supply company in New York City. The bill’s drafters had granted the corporation banking powers via a single line at the end of the charter---a line which apparently went unnoticed by most legislators among the lengthy discussion over the city’s water. Republicans were
unhappy with this deception: Burr briefly lost office as a result of his chicanery (Hammond 1957: 157). While Burr’s case shows how many of these petitions were inspired more by the desire for banking privileges than for the public works, these hybrid organizations proved to be the leading edge of banking incorporations. (Hammond 1957: 148).

More relevant given the theoretical frame introduced in the previous chapter on manufacturing corporations, Jeffersonians were known to charter banks in order to “reduce the inequities of monopoly,” and some charters even made strictly partisan appeals to the legislature (Hammond 1957: 146-147). That is, if Federalists were granting profitable banking charters to their partisans, then how could Republicans afford to withhold charters from their loyalists? In this way, political competition meant that the “anti-bank” party of the early 19th century did not suppress, but rather accelerated, the development of the nation’s financial infrastructure.

Banks in Jacksonian Thought

The populism and egalitarianism of the Jacksonian era led to an expansion of demands from the left for banking privileges. Mechanics, artisans, and other middling voters found the Jeffersonian practice of letting the elite Aaron Burrs’ of the party enjoy banking privileges just as galling as the Federalist practice of letting their elites grow fat on banking profits. Accordingly, in 1836 Boston’s leading Democratic newspaper, the Morning Post, applauded an attempt by “some of our North-end traders and Mechanics” to secure “a bank of moderate capital becoming men of moderate means” (Lamoreaux
As Lamoreaux (1994) argues, banks were necessary engines of economic development in that they provided credit to entrepreneurs looking to increase the scale of their business. Without access to credit, “small capitalists” would fall behind better-capitalized competitors. In a period when apprentices and journeymen found it increasingly difficult to become masters, they realized they either had to raise the capital to form a company or become wage laborers (Harvard Law Review 1988). Because creditworthiness was based on reputation, personal connections with bank management were often necessary to get loans at good rates, if at all (Lamoreaux 1994). The control of scarce credit by elite merchants thus acted as a *de facto* restriction on small producers’ ability to incorporate, just as control of the chartering power acted as a *de jure* restriction (Hofstadter 1943: 585-587).

Accordingly, the distribution of bank charters was of great interest to the equal-rights artisans of the Jacksonian Democrats. As the *Lowell Advertiser* proclaimed in 1838:

> The democracy aim to protect the banks and bankers in all their legal and just franchises, and equal rights, as they do the merchant, mechanic, and farmer, but they will consent to no more exclusive, onesided legislation in favor of MAMMON (quoted in Lamoreaux 1994: 31).

Two issues are of interest here. First, as with manufacturing charters, artisans would have demanded smaller charters. As “A Citizen of Boston” wrote in 1837:

> The mechanics and men of small trade, whose wants are moderate and who in a great measure have hitherto been excluded from bank favors, can
if necessary, and they see fit, form companies by themselves for the establishment of branch banks, with small capitals, which will give them access to the principal bank for an equitable share of its loanable means (quoted in Lamoreaux 1994: 40).

Because the distribution of loans was contingent on personal knowledge of the borrower, geographical proximity to a bank was of heightened importance. As Theodore Sedgwick Jr. noted in 1835, there was significant geographical inequality in the distribution of banks:

Another remarkable feature of the present mode of banking is the distribution of legislative favors. In the city of New York we have twenty-three banks, with about twenty millions of capital. In Oneida, the second county of the state, there are but three . . . Onondaga, the third, has but two banks, and Genesee, the fifth, but one . . . While large entire counties, such as Cattaraugus, Tioga, Allegheny, and Delaware have not a bank within their limits. Some portion of these inequalities can be accounted for by the population not perfectly representing the ratio of trade; but there still remains more than can be explained, except by the natural tendency of monopoly and privilege to flow in narrow and partial channels (quoted in Blau 1954 [2003]: 228).

Of course, political divisions between the elite and the common man also had geographical correlates between the established seaboard cities and inland towns still in development. Jacksonian Democrats received a disproportionate amount of votes from these less developed districts (Benson 1961; Sellers 1991). This surely inclined Jacksonian Democrats to alleviate geographical inequality by paying attention to their constituents in smaller towns. Nor did it hurt that the typical American fear of concentrated power, be it economic or political (Hartz 1955; Dobbin 1994; Roe 1994), would encourage the granting of corporate privileges to those far from centers of power. Thus an impulse to increase access to the “means of incorporation” (Roy 1997) would
also require the greater geographical dispersion of banking corporations. This was Jackson’s pet bank policy written in miniature at the state level.

An even geographical distribution of bank charters would have updated the Jeffersonian ideal of a nation populated by an independent yeomanry. If each town had its bank, independent artisans could hope to form small businesses, and the nation would achieve an even distribution of independent businessmen. As Roger Taney (who was Jackson’s Attorney General, Secretary of the Treasury, and nominee for Chief Justice of the Supreme Court) put it: “There is perhaps no business which yields a profit so certain and liberal as the business of banking and exchange; and it is proper that it should be open as far as practicable to the most free competition and its advantages shared by all classes of society” (Hammond 1957: 338). Accordingly, I hypothesize that Jacksonian Democrats will charter banks in a geographically more diffuse pattern than Whigs.

**Data and Methods**

Independent variables and controls are the same as discussed in Chapter 5.

*Dependent Variables:* I created the following variables from the Sylla and Wright (2013) data described in the previous chapter. Most fundamental is *charter count*, which simply measures the number of charters passed by a state legislature during a single legislative year. Using the information on business type, I also created measures for bank charter count and transportation charter count. Note that the count for bank charters only includes
commercial banks, which were separate from (and seen as being more purely ‘economic’ than) savings banks.

I then used the location data for bank charters to calculate bank concentration using the Herfindahl-Hirschman index (HH index). The HH index is primarily used to measure concentration in industry. Unlike other concentration indices that are sensitive only to distribution, the HH index is also a function of fewness (Hirschman 1964: 761). This is important as the number of banks chartered from year to year is quite variable. The HH index scores a perfect monopoly (one firm controls 100% of market share) as a “1” and perfect competition (infinite firms controlling infinitesimal portions of market share) as approaching zero. The formula can be expressed as:

$$\text{HHI} = \text{Sum from } i = 1 \ldots N \text{ of } (s_i^2) \text{ where } s_i^2 \text{ is the square of the market share of firm } i.$$ 

In calculating the HHI index, I treat towns as firms and “charter share” as “market share.” So if Pennsylvania charters 10 banks in 1820 and gives 5 to Philadelphia and 5 to Pittsburgh, then the HHI index for that state-year will be .50. Note that the HHI index is inappropriate for transportation charters, as these tend to have highly unique locations (e.g. one road chartered in Alabama in 1829 ran from “Coosa river through the Creek nation to the line between Alabama and Georgia”).

To measure potential corporate size, I take the log of the maximum capitalization limits written into most charters. Corporations were once regularly subjected to limits on growth and capitalization in their charters. If a corporation were to hit this limit, its directors would either have to sell property or issue larger dividends. Furthermore, many
charters forbade corporations from owning land that was not directly related to their primary business ends (Davis 1913b).

Findings

Table 6.1 shows that my hypothesis receives strong support: Jacksonian Democratic legislative strength was associated with a broader geographic dispersal of banking privileges across towns. The estimated coefficient here is fairly sizable, indicating that Democrats made a larger number of towns a part of the developing corporate economy. An increase in Democratic strength by 50 percentage points is expected to lead to a decrease in the HH index by around 10 points (on a scale of 1 to 100).

Discussion

The Jacksonian’s diffuse chartering certainly did not put an end to the distrust of banks among Americans. Condy Raguet wrote that William Gouge’s popular polemic exposes “the mischiefs resulting from incorporating people to do what ought to be left to individuals to accomplish upon their personal responsibility” (Hammond 1957: 344), while the hard money Missouri Senator Thomas Hart Benton complained: “I did not join in putting down the Bank of the United States to put up a wilderness of local banks” (Hammond 1957: 365). It was no accident that Benton was nicknamed “Old Bullion.”

Nonetheless, it is important to consider the political economic effects of diffuse chartering. Experience with local banks could be transformational:
Table 6.1. Fixed-Effects Regression of Geographical Concentration of Chartered Banks

<table>
<thead>
<tr>
<th>I</th>
<th>Coef.</th>
<th>SE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jeffersonian Dem.</td>
<td>.685</td>
<td>.621</td>
</tr>
<tr>
<td>Good Feelings Dem.</td>
<td>-.055</td>
<td>.539</td>
</tr>
<tr>
<td>Jacksonian Dem.</td>
<td>-1.203</td>
<td>.316</td>
</tr>
<tr>
<td>Young America Dem.</td>
<td>-.344</td>
<td>*  .138</td>
</tr>
<tr>
<td>Interest Rate</td>
<td>-.091</td>
<td>.054</td>
</tr>
<tr>
<td>GDP Per Capita</td>
<td>.001</td>
<td>.001</td>
</tr>
<tr>
<td>Panic</td>
<td>.341</td>
<td>.234</td>
</tr>
<tr>
<td>Peak</td>
<td>-.136</td>
<td>.155</td>
</tr>
<tr>
<td>Urbanization</td>
<td>1.116</td>
<td>** .363</td>
</tr>
<tr>
<td>Slave Population</td>
<td>.051</td>
<td>.059</td>
</tr>
<tr>
<td>Incorporation Law</td>
<td>-.249</td>
<td>*  .104</td>
</tr>
<tr>
<td>Partnership Law</td>
<td>-.143</td>
<td>.105</td>
</tr>
<tr>
<td>Population</td>
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<td>.012</td>
</tr>
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<td>Jeffersonian Era</td>
<td>-.824</td>
<td>.730</td>
</tr>
<tr>
<td>Era Good Feelings</td>
<td>-.233</td>
<td>.708</td>
</tr>
<tr>
<td>Jacksonian Era</td>
<td>.401</td>
<td>.309</td>
</tr>
<tr>
<td>Year</td>
<td>-.019</td>
<td>.025</td>
</tr>
<tr>
<td>Area</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>Bank Count</td>
<td>-.193</td>
<td>*** .018</td>
</tr>
<tr>
<td>Constant</td>
<td>-.039</td>
<td>.713</td>
</tr>
<tr>
<td>N (state-years)</td>
<td>160</td>
<td></td>
</tr>
<tr>
<td>Log Likelihood</td>
<td>-60.806</td>
<td></td>
</tr>
</tbody>
</table>

Notes-- Regional dummies not displayed. SE = Robust standard errors. * p < .05 (two-tailed). ** p < .01. *** p < .001.
Persons who but a few years since had not dared to think of a bank, but as an engine of aristocratic power beheld almost with wonder their names inscribed in bank books as stockholders and depositors. ‘OUR BANK’ was in every mouth.\textsuperscript{21}

The strength of the corporate community of interest was surely bolstered not just by the number of banking corporations that were brought into existence by Jacksonian chartering practices, but also by their geographic dispersion. Now nearly every state legislator would have banking interests in his home district who would be threatened by general assaults on finance. And as these banks facilitated the growth of manufacturing corporations, these state legislators would also become relatively more beholden to corporate interests in general. Even at its most populist, the left-most party in American politics would forever more have a significant banking wing. It is perhaps at this point that Perrow’s (2002) and others’ “power theories” become most relevant to the trajectory of corporate development. When corporations would land on the political agenda in the future, the debates would be over corporations’ proper relationship to the state, labor, and to the competition. The existential question, for the most part, had been put to rest.

This chapter shows yet again that American economic development was embedded in the competition generated by the well-balanced party system and the egalitarianism of American political culture. While economic factors such as urbanization encouraged concentrated development of each state’s financial system, the strength of the egalitarian reform party militated a more dispersed distribution.

Contrary to an elite power explanation (Perrow 2002), there was no social ligament that bound together the future bankers of Oneida and Onondaga counties--other

\textsuperscript{21} http://dyottville-glass.com/dyott-forms-the-manual-labor-bank.html
than the loose bonds of shared political affiliation and shared political culture, which suggest a different kind of explanation. If anything, the chartering of independent banks in these counties represents the defeat of those elites who preferred that capital be centralized in a strong national bank or a dominant regional bank like the Suffolk Bank in Massachusetts (Bodenhorn 2003: 98-100). However, if successful, these bankers would soon establish themselves as local elites through loans, board interlocks, and co-incorporation with other businesses in the county. As such, politics and culture created antebellum America’s topography of power through its influence on corporate ecology. Theories that view corporate ecology as a byproduct of a unified elite steamrolling popular opposition have it precisely backwards.

Finally, what of inequality? As Chapters 5 and 6 show, Democrats successfully enacted a policy of egalitarian chartering, but did this activity help to create a more egalitarian society? The simplest answer is no: we need only a cursory review of economic trends in the late 19th century to see that wealth became more concentrated, the number of wage laborers increased, and corporations only grew bigger (Lamoreaux 1985; Lindert and Williamson 2016). In short, the Jacksonians were more successful in shaping the nation’s corporate ecology than they were in shaping the distribution of incomes. I discuss this disconnect further in the Conclusion, where I attribute egalitarians’ inability to slow the growth of inequality to anti-corporate forces’ inattention to coalition building and their embrace of outdated economic theory.
Chapter 7

Conclusion: Democratic Corporations and Corporate Democracies

What are the lessons to be gleaned from the ironic career of the American business corporation in the 19th century? There are no straightforward policy implications—which is not to say that there aren’t any political implications. The Democrat’s egalitarian chartering failed to achieve the egalitarian ends hoped for by its more idealistic proponents. Not only did the Democrats fail to slow down the increase in inequality in American society, but the post-bellum years would be marked by the highest levels of inequality yet experienced in the United States (Lindert and Williamson 2016). This policy failure shouldn’t surprise us: social policy has a steep learning curve, and the Jacksonian era first saw Americans trying to figure out how to use the political system to address many of the same dysfunctions of industrial capitalism with which we still struggle today. We should not forget that we have nearly two centuries more experience with the complex systems described by grossly inclusive terms like “industrialism” and “capitalism.” Though it took over a century of frustration, the American left would eventually turn toward the promise of an active state as a countervailing power to the concentration of corporate wealth.

So before considering the broader implications of this study, perhaps its best to start closer to the historical material itself. The consequences of egalitarian chartering may have been unintended, but that does not make them any less important. Democratic accommodation of the concerns of artisans seriously weakened anti-corporate sentiment within the Democratic coalition, to the point that the corporation ceased to be an active
political issue in the years leading up to the Civil War. The novelist Nathaniel Hawthorne, a Democrat, noted the convergence of the parties in his 1852 Life of Franklin Pierce:

The two great parties of the nation appear – at least to an observer somewhat removed from both – to have nearly merged into one another; for they preserve the attitude of political antagonism rather through the effect of their old organizations, than because any great and radical principles are at present in dispute between them. (Eyal 2007: 223)

Meanwhile, a Democrat wondered “if the whigs still have the impudence to claim, as heretofore, that the policy of internal improvements of that sort is exclusively whig?” (Eyal 2007:223). That is to say, there was something cannibalistic about the policy of egalitarian chartering: by coopting some egalitarians with charters and assuaging others with the assumed beneficence of the policy, the anti-monopolists eroded their own coalitional basis.

The anti-monopolists also discredited the ideology that later populists and progressives would need to recreate in order to bind together a new anti-corporate coalition at the end of the 19th century (e.g. Novak 2017). As we saw in the writings of William Leggett in Chapter 2, egalitarian forces had worked to undermine the older public interest conception of the corporation. In its place, they ushered in the egalitarian concept of corporate privileges as a universal right and the idea that the market was a better agent of corporate oversight than elected government. As shortsighted as this strategy seems from our 21st century vantage point, it again must be stressed that few in antebellum America could have anticipated how large corporations would grow in the years after the Civil War. Furthermore, Jacksonians eased active oversight of
corporations in the context of a legal system that seemed to provide sufficient checks on irresponsible corporate behavior. For example, corporations were still restricted to pursue only sanctioned lines of business and were forbidden from holding the stock of other corporations. These laws were “functional relative[s]” (Hurst 1970: 45) in that both forbade lines of activity that were seen as “just” a means of increasing revenue, and not as fulfilling the intent of the original charter. These restrictions--combined with the promise of fairly restrictive general incorporation laws (Lamoreaux 2014)--made the artisans’ liberal approach to corporate law seem reasonable.

Unfortunately for artisans, the liberalization of corporate law did not stop in the 1870s but culminated in the extremely lax general incorporation law of New Jersey in 1896 (Nader et al. 1976). The New Jersey law came into effect as the “Lochner Era” dawned in the Supreme Court, beginning a period of aggressive pro-corporate judicial activity that established laissez-faire principles through a philosophy of market naturalism (Sunstein 1987). These legal revolutions washed away whatever faint memories Americans still had of the original corporate form. In the world of Standard Oil and U.S. Steel, few could conceive of the Hamiltonian corporation--a limited, quasi-public instrument created to facilitate the achievement of community aims--nor the Madisonian ideal of a subordinate political body in a well-ordered, hierarchical polity.

What Could Have Been Different?

While Democratic struggles over the corporate form may have failed to seriously ameliorate economic inequality, they did achieve a more limited victory: they did tend to
increase equality from the perspective of formal economic rights. The extent to which workers would consider this a true victory for equality would seem to have decreased with time. By the late 19th century, few workers would be comforted by the knowledge that the law in its majestic equality gave all Americans, rich and poor alike, the right to pool their capital in giant corporations.

Any fair observer must recognize that, to some extent, the failure of this reform program was predetermined. Independent producers and small business were squeezed not just by economies of scale and the efficiency produced by the corporate form (Coase 1937; Alchian and Demsetz 1972; Chandler 1977; Hilt 2006) but also the irrationalities of market competition (Lamoreaux 1985). One can imagine various evolutionary paths for the American economy—some more along the lines described by Sabel and Zeitlin (1985), Scranton (1983), and Perrow (2002). More rigorous antitrust enforcement could have limited the size of the giant corporations that squeezed out smaller proprietors while public utility regulation could have placed railroads and other necessarily large firms under state control (Novak 2017). But these are differences of degree, not kind. Ultimately, most every developed country in the West has settled on corporate economies that look something like the American model (Djelic 1998; but see Hall and Soskice 2001). The Jeffersonian vision of a nation of independent proprietors was, ultimately, never realistic in the wake of the industrial revolution.

So what could have been different? I think it useful not to imagine a society without corporations, but one where corporations did not become autonomous sources of power. To imagine how the United States might have gone down this alternate path, it helps to think of the antebellum era as a time when workers looked to the market for
equality and liberation (Anderson 2017). This was an era when economy and society underwent rapid change, yet “the labor system in place in the United States after the Civil War was in its essentials unchanged since the late Middle Ages” (Orren 1991: 4). And yet, artisans were powerful and organized. If artisans had formed different coalitions and if different ideas about the nature of liberty had prevailed, labor might have focused its political influence on reforming the employment contract instead of escaping it: they could have pushed employment away from Anderson’s (2017) “private authoritarianism” and toward a model replete with workers’ rights. Instead, artisans focused on a radically reactionary path (Calhoun 2012): one which left intact the outsized powers granted to employers, one which allowed the firm to be analogized to the household of a master, thus legitimating the absolute authority over the apprentice. In a young country, such understandings became foundational to the culture as well as helping to establish precedents in state-level labor and corporate law. Great expenditures of political capital were spilled into the fight for shorter working days and the right to organize, but workers’ rights were always understood as exceptions to the employers’ complete control over his employees. Considering how this power is abused by employers in the era of the secret ballot (Hertel-Fernandez 2018), it is not hard to imagine how this power undercut labor’s political power in a period when employers could monitor the voting habits of their employees (Keyssar 2000).

Why did labor fail to capitalize on this golden moment in the formative years of the Republic? Perhaps workers failed to predict how degraded their work conditions would one day become. How could they foresee that one day, they could be forced from their jobs because they refused to wet themselves, because they drank Pepsi in a Coke
factory, or because their employer’s relative raped their daughter (Anderson 2017)? How could they foresee the disregard for their lives as evidenced in industrial tragedies like the Triangle Shirtwaist Fire? On the one hand, they couldn’t have foreseen these developments. On the other hand, they already had examples of the authoritarian nature of the employment contract in the treatment of Lowell girls and other female textile employees. They could see that the influx of Irish immigrants into eastern cities was coming at a pace so quick as to ensure the development of a permanent proletariat. They already had uncountable examples of how far capital might degrade labor in the treatment of the enslaved. But in each of these examples, the artisans’ sympathetic imagination was stymied by barriers of race, ethnicity, gender, and nativity. The political promise of Jacksonianism was the elevation of white men as a privileged class. Jacksonian workers would protect themselves by aspiring to independent proprietorship, by becoming working capitalists, as was their birthright. Believing that they would be protected by their ascriptive characteristics, Jacksonians turned to the market rather than to the law to enact their social rights. Their political project looked backward, rather than forward. They wanted the rights and privileges of the old elite, rather than to establish the rights and protections for the working class of the future.

In short, if workers had accepted sooner that the economy of the future belonged to amalgamation and capital, they might have fixed their political efforts on establishing their rights within the firm rather than on lionizing the market as their protector. I can only speculate what such a world would have looked like by looking at what demands were made by the most utopian—and, it seems, perspicacious—of labor advocates (Gourevitch 2015). Workers’ representatives on the board of directors? Union
infrastructure guaranteed in the text of charters? Institutionalized recourse for unjustified termination of contracts? Regardless of the particulars, these pathways closed as the power of capital became entrenched and benign understandings of the market became a touchstone of American culture, popular and elite.

**Democratization and Institutional Change**

My account of 19th century corporate evolution carries with it a theoretical argument that democratization is an essential factor in explanations of institutional change (in recent centuries, in any case). I have foregrounded politics over economic factors in this dissertation not in order to deny the importance of economic factors. Rather, I have made this decision based on the relative abundance of excellent works on corporate history written by economic historians (e.g. Bodenhorn 2003; Hilt 2006; Hilt 2008; Wright 2014) and by legal scholars operating from economic functionalist frameworks (e.g. Hurst 1970). As I have shown, the basic premises of these works are correct: economic factors were strong predictors of the demand for corporate charters. However, these economic factors did little to predict the size of charters, let alone the popular reception of these charters. This shows that even at a given level of economic activity, its politics that remain determinative of the distributional and cultural implications of economic systems.

Accordingly, I see this work as being in the spirit of much recent work in sociology that brings democratic politics back front and center to explain American political economy, even those aspects of American political economy that seem to be the
most “capital friendly” (Martin 2008; Krippner 2011; Prasad 2012). When I locate responsibility for economic policy outcomes in the early United States, I seem to occupy a curious middle ground between the revolution-or-bust pessimism of Marxists and the polyannishness of pluralists. Unlike Marxists, I see democratic political systems like that of the United States as being genuinely responsive to the demands of the enfranchised. Unfortunately, the enfranchised generally have trouble formulating and enacting coherent long-term strategies for their general welfare. I can’t say with the same glee as H.L Mencken that “Democracy is the theory that people get what they want, and deserve to get it good and hard,” but I do find this statement to be a useful heuristic. That is to say, I find the study of democratic processes useful to explain which policies are implemented and when, but less useful in explaining the ultimate consequences of these policies. This is because, with Prasad (2012) and Martin (2008), I see limited policy gains by populist movements as too easily redirected by elite counter-movements. Short of a well-organized labor party cum labor movement that can provide an adequate counterweight to organized capital, I would side with those elite theorists who predict that the wealthy will ultimately weather any political storm better than the poor, and that capital has more legs to stand on than labor.

That said, I have found elite-centered theoretical accounts of this period to be incomplete. Declaring corporations to be “independent variables” and labeling the United States as a “society of organizations,” as Perrow (2002) does, does not suffice as an explanation for why the United States ended up with this particular population of organizations. A fully specified argument requires consideration of the political process, which requires consideration of elite and popular interests—which inevitably requires
analysis of their ideologies. While Perrow often dismisses arguments from ideology by pointing out that one can find an ideology to justify any interest, it is equally true that one can find an elite who stands to benefit from most any feasible policy. The fact that J.P. Morgan might benefit from—or even advocate—a particular policy isn’t proof that Morgan’s interests were necessary or sufficient causes for that policy. This goes to Dobbin’s (1994) point that power explanations too often interpret prevailing policy in a state as proof that those who benefit from the policy had the most political power. Rather than think of the elite as irresistible political juggernauts, it is more useful to think of elites as those who occupy a superior structural position: they are better able to adapt to institutional transformations than working class movements are (e.g. Galanter 1974).

That is, we misunderstand the nature of elite power if we see elites benefiting from an institution as evidence that elites achieved their first-order political preferences. While the historical record is certainly replete with powerful interests using the political system to enact policies narrowly suited to their ends, indifference is also a luxury that structural power grants to true elites. In 1866, Cornelius Vanderbilt (at that point one of the richest men in America), could say:

I don’t care what law the legislature makes in reference to railroads, provided it is general, and applies to all roads. For if I cannot exist upon the same terms with the rest of them, I will retire and go out of the business (quoted in Stiles 2009: 435).

Given Vanderbilt’s fierce competitive drive and his inexhaustible capital reserves, Vanderbilt’s talk of retirement is surely not born from fear of competition. Rather, this is
the boasting of an old Jacksonian who knows he will dominate the competition in all situations short of the most draconian legal handicaps.

As such, I have approached the question of corporate origins with special attention to popular understandings of the corporate system. I have argued that after the adoption of white manhood suffrage, the American political system became more responsive to the policy demands of artisans and other independent producers. Accordingly, the nation’s democratic political system tended to generate policies that aligned economic institutions with these popular understandings of what constituted a good and democratic society. And, in truly republican fashion, common voters wanted policies that disrupted relations of domination and subordination among white men.

In fact, if we look for a moment beyond the anti-monopoly movement, any number of early American populist movements can be understood as being primarily aimed at freeing white men from relations of dependence and domination. The anti-slavery movement was always aimed more at the power of planters than at the rights of the enslaved. The anti-rent movement of the Hudson River Valley was intended to disrupt the power of landlords. In the Gilded Age, anti-trust and anti-railroad movements were aimed at breaking up the market power of capitalists. American labor unions are noted for taking adversarial stances toward employers rather than trying to win benefits from the state. Even the nativist movement can be understood in terms of disrupting the power of party machines and factory bosses. Perhaps most relevant to this dissertation, utopian movements in this period often incorporated as co-operative corporations, as this organizational form was believed to blend republican ideals of independence with modern ideals of rationalization and industry (Lipartito 2004).
In order to disrupt the power of employers, American social policy often had the aim of promoting access of small producers to product markets. This is the republican perspective from which I’ve discussed corporate policy, but we can also see this strain of republicanism manifest itself in several other areas. This perspective explains why artisans supported a tax policy that relied heavily on tariffs: they saw tariffs as allowing small producers to survive competition with European factories. American social policy also aimed to promote impersonal financial markets and easy credit in order to disrupt the particularistic power of individual creditors over debtors. These preferences can be seen in the Free Banking movement and the endless proliferation of banks, in borrower-friendly bankruptcy laws, and later in the populist movement to spur inflation by the free coinage of silver.

This republican focus on disrupting relations of dominance can even explain two policy areas that can be seen as exceptional if we use heuristics of American political culture as pro-market, anti-statist, or elite-dominated. The first possible exception is American land policy. The federal government was extremely active in using the military to expel American Indians from the West, and was then extremely generous in distributing these lands to white male heads of households. The federal government also created a remarkable postal system to stitch together these communities (Balogh 2009). The states then used their chartering powers to create transportation infrastructure. The explicit goal of all of this state activity—in the free territories, at least—was to use the racial redistribution of land in order to produce independent yeoman farmers, beholden to no one, of the type celebrated by Jefferson, Madison, and Jackson.
The second possible exception has been highlighted by Theda Skocpol (1992), who famously argued that the United States was a pioneer when it came to social spending for elderly, disabled, and dependent citizens. Notably, there was nothing culturally dissonant about an active state supporting those citizens who were understood as properly being dependent on others: women, children, the elderly, and the disabled. Because women and children couldn’t vote, they had no republican virtue to lose, and so their status as dependents was not threatening to republican visions of a good society.

In short, I believe that many trends in American economic development can be attributed to democratization empowering social groups that sought to elevate the power of independent producers. For those steeped in the republican tradition, there was no meaningful distinction between economic policy and social policy. All policy was properly evaluated in terms of its compatibility with democratic governance and a republican society. As I’ve shown, the Democratic Party did earnestly respond to the electorate’s republican commitments, but unfortunately, its policies pretty clearly had unintended consequences.

This is because Americans were sophisticated political theorists, but they had not yet internalized just how threatening unregulated corporations would be to republican ideals in the context of industrialized economies of scale. This popular tendency to view abstract market forces as less threatening to one’s independence than the very concrete interactions one has with the state has, I think, always been the key to the American brand of pro-capitalist populism. Indeed, so powerful is this tendency that Klein (2017: 22)

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22 American social thought has always fixated on particularistic relationships to the detriment of understanding systemic power, leading to what Wood (1982) has identified as an inclination to conspiratorial thought.
853-854) has argued that even a political theorist and champion of neo-republicanism as astute as Pettit (2012) succumbs to it, despite his explicitly leftist leanings. Despite everything that’s changed over the past 150 years, it’s telling that today’s Republicans still frame the repeal of the estate tax as an effort to aid “family farms” and “small businesses”—or translated into Jacksonian terms, those yeomen, artisans, and shopkeepers in whose name the modern corporation was formed.

As examination of the long-term consequences of any of these egalitarian policy episodes could show, social change from below is difficult—and in fact, impossible if egalitarian movements operate from the assumption that tweaking of the legal framework within which economic activity occurs might someday produce neutral markets conducive to egalitarian outcomes. This is to fetishize the promise of economic equilibriums, despite the clear fact that markets exist within political systems that have no equilibriums. Thus there can be no final legal or regulatory solution to the problem of inequality when the tendency of economic activity is toward concentration. The solution must be political: egalitarian forces need to organize bases of political power that allow them to intervene continuously in economic decision-making.

In this perspective, the shortcomings of the Jacksonian anti-monopoly movement are clear. Jacksonians focused on dissolving corporate power into markets rather than establishing their power over corporations. The former strategy dissipated the coalitional basis of the anti-monopolists, while the latter could have institutionalized it. Without a dedicated labor party supported by a stronger system of unions than existed during the Jacksonian era, the anti-monopolists fell apart and lost focus after a few partial policy victories. Indeed, American unions were on such precarious grounds in the early 19th
century that the labor movement nearly dissipated in the wake of each of the era’s financial crises. However underwhelming the anti-monopolists were as a utopian force, their activities demonstrate how important it is for analysts to account for the role of popular political activity in channeling economic forces and legislative compromises. After all, American elites were largely comfortable with the corporate form they had inherited from Britain: it was the democrats who precipitated institutional change.

**Corporate Privileges and the Development of the American State**

Much of this dissertation is focused on the corporation as explanandum, while culture and politics are presented as explananda. However, much recent work in the comparative-historical study of contentious politics (Tarrow 2012; Tarrow 2014) has emphasized the interdependent relationship between social movements, state building, and war. While war is far from a theme of this dissertation, Tilly’s (1990: 31) approach to war and state building is nonetheless informative here.

From the nineteenth century to the recent past ... all European states involved themselves much more heavily than before in building social infrastructure, in providing services, in regulating economic activity, in controlling population movements, and in assuring citizens’ welfare; all these activities began as by-products of rulers’ efforts to acquire revenues and compliance from their subject populations, but took on lives and rationales of their own.

In Tilly’s account, the state’s need to extract resources from society during times of war first leads to the build up of state capacity, and then to the expansion of rights. As this is primarily an account of hierarchical or “despotic” state power (Mann 1984), such
accounts overlook the United States, where the federal government’s relative lack of hierarchical power has been erroneously construed as evidence of a “weak state” (but see Novak 1996; Balogh 2009; Tarrow 2012: 89 on Tocqueville; Prasad 2016).

The United States presents an interesting twist on Tilly’s account of war and state building. The American Revolution left the United States with an anti-tax legacy, yet also created the demand for capital-intensive nation building. Indeed, in 1776, Continental Congress resolved on a motion of John Adams that local authorities:

…take the earliest measures for erecting and establishing, in each and every colony a society for the improvement of agriculture, arts, manufactures, and commerce, and to maintain a correspondence between such societies, that the rich and numerous natural advantages of this country, for supporting its inhabitants, may not be neglected. (Davis 1913b: 374)

Thus the war and independence left American political leaders turning to quasi-public corporations as the institutional solution to the problem of nation building that did not rely on extracting resources from its populace and subsidizing development through high expenditures of taxes. Rather than develop hierarchical power, the American state would increase its coordinative (or “infrastructural”) power through the granting of corporate rights and privileges (Mann 1984).

If the first War of Independence brought the Federalists to embrace the creative expansion of corporate rights, the “Second War of American Independence” brought the Jeffersonians along. The War of 1812 has rightfully been credited with forcing anticorporate Jeffersonian Republicans to reluctantly embrace the corporate form as a means to replacing manufacturing output lost due to trade disruptions. This removal of the last political bulwark against the spread of corporations led to the populist
mobilizations in the 1820s (see chapter 3). The sudden reversal of Republican elites on corporate charters mobilized opposition among those who feared falling behind those with special privileges. The “Free Bridge Party,” the “Working Men Party,” and others gave ideological impetus to movements that demanded the expansion of citizenship rights (Formisano 1983)—in this specific case, the right to incorporate—to all white men.

Jacksonian era populism thus provided the impetus for the states to develop a rational body of corporate law (“general incorporation laws”) more compatible with the modern liberal state. These laws superseded the particularistic special charters that had previously been viewed as natural outgrowths of state sovereignty over economy and society. The particularities of the state’s use of corporations also led to some of the first permanent regulatory bodies in the United States (canal boards, see Roy 1997) and finally, the birth of modern administrative agencies like the ICC (Dobbin 1994).

The antebellum history of the corporation, then, can be told as a political story of economic evolution or an economic story of political evolution. I have focused on the former, but the two, as always, are inextricable. While clearly there was more to the development of American economic rights than a narrative of corporate evolution can explain, I maintain that any such account must include the political forces mobilized in response to the spread of special charters during the 1820s. Jacksonian mobilization helped put an end to the neo-mercantalist state and helped popularize conceptions of a liberal state devoted to extending political and economic rights to all white male citizens.

The framing of equal rights for white male citizens as “universal rights,” of course, opened up the rhetorical space for later egalitarian movements that truly sought universal rights. At the same time, the conflation of universal rights with the rights of
white male citizens cemented a group identity that would animate reactionary movements in the centuries ahead. In this way, as in many others, the Jacksonian Era established the political and cultural contours of race, class, and populism with which we deal today. I continue to believe that the relative neglect of the antebellum era by sociologists is a detriment to the discipline. The presentist bias of the social sciences—not so much in the problems studied, but in the need to seek legitimacy through the production of legislature-ready policy proposals—leads to an overestimation of the efficacy of such policies. A historical vantage point necessarily introduces humility in this regard. We will continue to approach inequality like Sisyphus and his boulder if we allow narrower endeavors to crowd out the examination of how ingrained notions of liberty, fairness, and group identity structure the political coalitions that consistently reproduce that inequality.
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