This lesson explores the emergence of manufacturing (and the Market Revolution it ignited) in the United States by focusing on the establishment of the SUM in Paterson, New Jersey. Alexander Hamilton intended the SUM to serve as a model of how the American economy should develop. Hamilton found a more direct way to realize his dreams of development and manufacturing—\textit{the Society for Establishing Useful Manufactures}, which set out to establish a large manufacturing complex along the Passaic River at the present site of Paterson, NJ. The SUM won its charter just before Hamilton issued his famous report on manufactures to Congress. Hamilton was neither an officer nor a shareholder in the society, although he was among its enthusiastic supporters. Although this early attempt to establish a manufacturing town was \textit{initially unsuccessful}, Paterson would later emerge as a major industrial center.

**Objectives:** After learning about Alexander Hamilton and the SUM and analyzing primary source documents, you will be able to:

1. Describe the SUM.
2. Explain the SUM’s significance to Alexander Hamilton’s economic theories and to the history of American industrialization.
3. Analyze debates about the proper course of American economic development.

**Activity 1** We will read Alexander Hamilton’s “\textit{Report on Manufactures},” and the Charter of the SUM. As a group you are to answer the questions below.

1. Why didn’t Hamilton buy into the common argument that agriculture was the sole path to national strength and maintenance of the republic?

2. Why did Hamilton believe that the development of manufactures was crucial to American political, as well as economic, development?
   
   General reason – Division of Labor –
   
   Machinery – Types of Workers -
   
   Miscellaneous -

3. How do you explain Hamilton’s statement that one of the advantages of manufactures is “women and Children are rendered more useful”?

4. Based on your reading of the SUM charter, how does this new corporation fit into Hamilton’s vision of the nation’s economic future as elaborated in his “\textit{Report on Manufactures}?"

5. What benefits or “encouragement” did the SUM derive from New Jersey? Make a bulleted list.
Activity 2 ➔ Group analysis of Democratic-Republican critique.

In groups you are going to read and analyze A Democratic-Republican Critique of the SUM Charter by “Clitus” (a classical reference: Clitus was a military commander under Philip of Macedonia and later Alexander the Great who saved Alexander’s life in battle).

In these groups students should list Clitus’ criticism of the SUM and imagine how Hamilton might have answered these complaints. Afterwards, each group will present their findings to the class.

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<th>Democratic-Republican Criticism</th>
<th>Possible Hamiltonian Response</th>
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A Democratic-Republican Critique of the SUM Charter, 10 November 1791.

Copy of a letter from a gentleman in New-Jersey, to his friend in the Legislature of that State, now sitting in Trenton.

I received your letter dated the 4th …and I am to acknowledge the favor you did me in your candid relation of the demands of the gentlemen who mean to establish manufactories in this state [i.e. the SUM], and as I know you wish to be informed of the sentiments of some of your constituents, I think it a duty I owe to my fellow citizens, to give you my opinion on these matters…

Charters are generally restricted …[and] if these gentlemen [desire] to prosecute any mechanical business they think proper they will bear down by their large capital, all the mechanical branches of the same species in the United States; this in time will have a very fatal effect on the revenue of the public; as the mechanics are at present a very large and valuable part of the community; and [pay] large sums in … government taxes, which, when they are crushed, must fall on the landed interest [i.e. become a burden on society].

But let us turn our eyes to the kingdom of France, and we will see the most enlightened philosophers, statesmen, and patriots, perhaps that ever graced the universe, who are truly the guardians of the rights of man:—that by their united study for more than two years, have… forever abolished all incorporate bodies whatsoever, as being injurious to the public weal [i.e. the public good].

Lottery is a species of gaming that wise men have written against and have laid it down, as having a fatal tendency on the morals of the community, and that they should not be granted, but on the greatest … it …stagnates trade, prevents just debts being paid, and is hurtful to the families …

That cutting canals, to facilitate navigation, is a most noble intervention and ought to be prosecuted wherever there is … [the possibility of improving] transportation; but if any such matter is contemplated, why should it not be the property of the United States, or the state of New-Jersey, to which the gentlemen apply for unbounded right to cut canals, where they please. Suppose they were empowered to cut a canal from Sandpink to the head of the South river or to the Millstone, and open an inland navigation from Philadelphia to New York, which is thought practicable; would not this destroy hundreds of acres of good meadow on the Sandpink? By cutting a canal of twenty feet wide for miles together, would it not ruin many of our worthy fellow-citizens without proper compensation? Its course might necessarily go through several good farms, orchards, gardens, &c. and all this to be under the sanction of a law, made for the purpose of individuals [i.e. the SUM], who want to aggrandize[increase] their property by a … toll…

Suppose their stock to be a million and a half of dollars, which I have been … it is likely to amount to, which by their request may be used in any lucrative branch of manufactory if they are not restricted; This sum is perhaps greater than the united capital of all mechanics in America, which, by being divided into many thousands of small sums, in the hands of honest, industrious men, for the subsistence of their families, enables them to pay their taxes cheerfully and consume great quantities of dutiable articles [i.e. things that can be taxed]; but these gentlemen come forward with their aggregate stock [large grouped money] and modestly ask an exemption from all taxes. O heaven! Can the human mind be so blinded and callous through avarice [greed]? Many of the mechanics suffered great losses in the late war, paid heavy taxes and served faithfully in the militia, and have been obliged through necessity, to sell their hard earned certificates [war bonds] for half a crown in the pound [at lesser value], to some of the very men who now come forward … I would ask why they suffered every species of misery to establish the present government, but to enjoy an equal share of its privileges and immunities with their fellow citizens, which they will not do, if at any time a part of the community are exempted from taxes…

I wish not, Sir, to be understood that I am against reasonable encouragement being given to the company. I think under proper restraint they may be very useful to the community to general and out to be encouraged, as far as reason and good policy may admit.

Clitus
Source: Philadelphia General Advertiser, 24 November 1791. 1