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PREVIEW

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**Commerce, credit and community: The transformation of  
economic relationships in Rhode Island, 1771-1850**

**Allen, Thomas Stuart, Ph.D.**

**Brown University, 1994**

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Ann Arbor, MI 48106

PREVIEW

Commerce, Credit and Community: The Transformation of  
Economic Relationships in Rhode Island, 1771 - 1850

Thomas S. Allen

B.A., Trinity College, 1984

A.M., Brown University, 1986

Thesis

Submitted in partial fulfillment of the requirements for the  
Degree of Doctor of Philosophy  
in the Department of History at Brown University

May 10, 1994

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by

Thomas S. Allen

1994

PREVIEW

This dissertation by Thomas S. Allen  
is accepted in its present form by the  
Department of History as satisfying the  
dissertation requirement for the degree of  
Doctor of Philosophy.

Date. *27 Sept 93* . . . . . *Gordon S. Wood* . . . . .  
Gordon S. Wood

Recommended to the Graduate Council

Date. *4 October 1993* . . . . . *Naomi Lamoreaux* . . . . .  
Naomi Lamoreaux

Date. *Oct. 5, 1993* . . . . . *Howard P. Chudacoff* . . . . .  
Howard Chudacoff

Approved by the Graduate Council

Date. *10-13-93* . . . . . *Kathryn T. Ypsich* . . . . .

Vitae

Thomas S. Allen

Address:

King Road

Foster, R.I. 02825

(401) 647-3433

Education

Ph.D. Brown University History in Progress

Providence, R.I.

A.M. Brown University History 1986

Providence, R.I.

A.B. Trinity College History 1984

Hartford, CT.

Fields include: Early American History;  
American Urban and Social History; Early Modern England, 1500 - 1783; Modern Britain, 1760 to the Present.

Dissertation Title: "Commerce, Credit and Community: The Transformation of Economic Relationships in Rhode Island, 1771 - 1850"



Teaching Experience:

Spring, 1990: Teaching Assistant, Vietnam: America's Longest War, Brown University.

Fall, 1989: Grader, Early American History, Wheaton College.

Spring 1989: Teaching Assistant, American History, 1877 to the Present, Brown University.

Fall, 1988: Teaching Assistant, American History 1763 to 1877, Brown University.

Spring, 1988: Teaching Assistant, American History 1877 to the Present, Brown University.

Fall, 1987: Teaching Assistant, American History 1763 to 1877, Brown University.

Spring, 1987: Teaching Assistant, History of the Early Republic, Brown University.

Fall, 1986: Teaching Assistant, The Era of the American Revolution, Brown University.

Teaching experience includes leading undergraduate discussion sections, grading undergraduate papers and examinations and delivering an occasional lecture.

Other Professional Experience:

Spring 1990, Researcher for a television documentary, "Decision 1790." Responsibilities included providing the historical material on which the script for a half-hour program was based, reviewing the script for the accuracy of its contents and preparing a teacher's guide to be distributed to area schools with video tapes of the program.

Spring, 1992, Researcher for a television documentary, "A State Divided: Rhode Island's Civil War."

#### Awards and Fellowships:

Visting Fellow, John Carter Brown Center,  
Summer 1993

Research Fellowship, Brown University, Fall  
1989

#### Professional Memberships:

American Historical Association

#### Published Material:

"Teacher's Guide to 'Decision 1790,'" Rhode  
Island Council for the Humanities.

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liberal scholar. I only hope that the end that he reads here is sufficient reward for his exertions on my behalf. It was my parents who first inculcated in me a love of history and that, if for nothing else, I am profoundly grateful. The fact that they also fed and housed me from birth to adulthood is, I suppose, worthy of my thanks. To Sarah, who has more or less taken me from that point onward, enough can never be said.

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PREVIEW

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## Introduction

In 1784, Gideon Arnold, a farmer from Warwick, Rhode Island, was called before the Kent County Court to answer a complaint for debt. The plaintiff in the case charged that Arnold had borrowed "Forty-Three & one half Silver Spanish Milled Dollars," for which sum he had given his note promising to pay the principal of the loan, and its interest, "on or before the Twenty fifth day of December" 1783. Although repeatedly reminded of it, Arnold had failed to honor this obligation, forcing his creditor to bring suit to recover the money.<sup>1</sup>

Debt, the object of the action against Arnold, was hardly an unusual condition in eighteenth century America. It was an inseparable part of trade, and America's was unquestionably a trading society in the eighteenth century. This was true not only of such entrepots as New York, Philadelphia, Boston, or Newport, where a large number of people made their living from a vigorous commerce between the states, Europe and the West Indies, but also of inland, farming communities. Few members of America's eighteenth century society, even its farmers, had the resources to supply them-

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<sup>1</sup> William Tibbits vs Gideon Arnold, Case No. 10, File Papers, Kent County, Court of Common Pleas, January Term, 1784.



selves with the essentials, and certainly not with the amenities of life. Individuals depended on one another for foodstuffs and other necessities, as well as for the smallest of luxuries. Each person was, perforce, a trader, if not by avocation, then by necessity.<sup>2</sup>

At a time, too, when cash was in short supply and such financial institutions as banks and credit agencies nonexistent, personal credit was indispensable to trade. It was credit that supplied farmers, merchants, and artisans with the means to conduct international commerce and local exchange. As a consequence, personal debt, the reciprocal of credit, was an inescapable condition of life for most people in eighteenth century America.

Debt, of course, is no less familiar to modern Americans. Few of us can claim to be any more free of debt than were our eighteenth century ancestors, and most are as likely to use credit in some form to transact their daily business. There is a critical difference, though, between the economic experience of an eighteenth century farmer, and that of a modern American. In our own day, a debtor borrows money from a bank, or is allowed credit through some sort of institutional intermediary. In most instances, there is no

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<sup>2</sup> Bruce Mann, Neighbors and Strangers: Law and Community in Early Connecticut (Chapel Hill, NC: The University of North Carolina Press, 1987); Winifred Rothenberg, From Market-Places to a Market Economy: The Transformation of Rural Massachusetts (Chicago, IL: University of Chicago Press, 1992); Bettye Hobbs Pruitt, "Self-Sufficiency and the Agricultural Economy of Eighteenth-Century Massachusetts," William and Mary Quarterly, Third Series, Vol. XLI, No. 3 (1984), 333-364.

connection between the buyer and seller, or debtor and creditor, aside from the that of purely economic exchange. There is no implicit social obligation involved in such exchanges.

In the eighteenth century, such was not the case. The fact that Gideon Arnold was indebted to a fellow farmer and townsman, that he had "for value received," rendered his personal note to another individual, sets apart his experience from that of modern Americans. His world was one of multi-layered social bonds, of which his financial obligations were but one, albeit an important, part.

Trade, whether conducted at the local or international level, flowed through established conduits of social connection, friendship, kinship, and co-religion. Debt, was at least partly a social obligation. One owed more to a creditor than simply repayment; there was an element of reciprocity involved in eighteenth-century trade that went beyond mere economic contract. These characteristics of trade were the mark not only of a different economic system, but also of a different society and culture. By the early nineteenth century, economic culture was beginning to change. To understand this transition, and the differences between the nature of exchange between the two eras, is to obtain some insight, into changes in the character of American society in one of its most critical periods of development.

## Historiography

The notion that the early national period was a critical one in the development of modern society and culture is hardly new. As early as the 1820's, visitors to the United States remarked on the differences that they observed between this people, and that of Europe. While few of those who wrote of their experiences understood the extent to which American society in the early nineteenth century differed from that of even forty years earlier, all were well aware of the profound significance of the development of this society to the rest of the western world.<sup>3</sup>

More recently, historians have taken an interest in the social development of America during the early nineteenth century. Scholars who have investigated this period have found evidence to suggest that American society was reshaped during the pre-industrial era, that traditional social connections, the hierarchical bonds that had characterized eighteenth-century society, were replaced by new relationships, those of class, ethnicity and race. They have seen

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<sup>3</sup> Most of these observers were at best ambivalent, and at worst openly hostile to the democratic society that they found in America. The view of Alexis de Tocqueville is a good example of the former, and certainly the most balanced and objective account of American society in the early nineteenth century. For a less favorable view see Frances Trollope, Domestic Manners of the Americans (New York, NY: A.A. Knopf, 1949), and Basil Hall Travels in North America, in the Years 1827 and 1828, (Philadelphia, PA: Carey, Lea & Carey, 1829). Trollop's account of American society was particularly harsh. In later editions of her book, she reveals her unease that American democratic ideology was beginning to contaminate the society of her native Britain.

in this era the birth of a new and unique culture.<sup>4</sup>

Much of the attention of these scholars, particularly in recent years, has been engaged by economic changes in rural communities. This is partly due to the traditional importance of agriculture in the American psyche, as well as a new emphasis on the role of ordinary people in history. Farmers, of course, made up the bulk of the population of the United States until nearly the end of the nineteenth century, so changes in agrarian communities may well be said to be representative of the nation as a whole. The symbolic role of farmers, as models for a society of independent men and women, also makes their behavior a sort of barometer of American society.

This agrarian focus reflects, too, some accepted conventions about the role of farmers and of merchants in economic change. Whereas merchants are generally seen as the vectors or agents of these changes, and the world of modern capitalism as configured to their standards, farmers are often perceived and described as the passive, or, at best, reactive objects of economic change. It was America's farmers, not its merchants, who altered their behavior to suit a new economic environment, and it was rural communities, not urban entrepôts that were transformed by the development of a market oriented economy. Farmers responded to the demands or lures of newly emerged markets, but had little part in shap-

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<sup>4</sup> Gordon S. Wood, The Radicalism of the American Revolution (New York, NY: Alfred A. Knopf, 1992).

ing their own destiny.

Initially, therefore, much of the attention of scholars was concentrated on the development of markets, and the ways in which farmers modified their behavior to meet new demands, and realize new opportunities for profit. The agricultural historian, Percy Bidwell, for instance, argued that during the pre-industrial era agricultural production was low primarily as a result of a primitive economy. Practical conditions, the quality of transportation, for example, prevented the development of regional markets and anything more extensive than subsistence-level farming. The quality of agricultural production improved only when these obstacles were overcome, when American farmers were free to participate in a market oriented economy.<sup>5</sup>

Other agricultural historians followed Bidwell's lead. They argue that until construction of railroads and the widespread availability of agricultural machinery, American farmers were limited to subsistence-level production. It was not until the middle of the nineteenth century that such improvements relieved farmers close to the major market places of the coast from the burden of producing grain and allowed them to tailor their activities toward the market.<sup>6</sup>

<sup>5</sup> Percy Bidwell, "The Agricultural Revolution in New England," The American Historical Review, Vol. 26, No. 4 (1921), 683-72.

<sup>6</sup> Clarence Danhoff, Changes in Agriculture in the Northeastern United States, (Cambridge, MA: Harvard University Press, 1969); Howard Russell, A Long Deep Furrow: Three Centuries of Farming in New England, (Hanover, NH: University Press of New England, 1976).

Recently, this interpretation has come under attack. Some have taken issue, in particular, with the agricultural historians' contention that the emergence of market oriented behavior among America's farmers was the result of the transportation and technological revolutions of the early nineteenth century. James Lemon and Charles Grant, in their studies of colonial Pennsylvania and Connecticut, suggest that the economic behavior of farmers reflected a market orientation before the technological or economic developments described by Bidwell. These scholars argue that farmers were already producing marketable surpluses at least as early as the eighteenth century, if not from the time of settlement. They had, in other words, a capitalistic consciousness or mentalite in advance of the development of a market economy.<sup>7</sup>

Another contributor to what may be termed the "market economy" position, Winifred Rothenberg, does not go so far as to defend Grant's suggestion that the American colonists were nascent capitalists. She does contend, however, that the market economy as we understand it -- an autonomous economic system -- emerged in America before the development either of an extensive transportation network, or improve-

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<sup>7</sup> James T. Lemon, The Best Poor Man's Country: A Geographic Study of Early Southeastern Pennsylvania (Baltimore, MD: Johns Hopkins University Press, 1972); Charles S. Grant, Democracy in the Connecticut Frontier Town of Kent (New York, NY: Columbia University Press, 1961); Christopher Clark, The Roots of Rural Capitalism: Western Massachusetts, 1780-1860 (Ithaca, NY: Cornell University Press, 1990).

ment in cultivation techniques and agricultural technology. Rothenberg sees significant changes in the behavior of farmers, at least those of Massachusetts, as early as the 1780's, changes which she interprets as the symptomatic of an emerging market orientation.<sup>8</sup> Using account books, and the records of the county and probate courts as her sources, Rothenberg has assembled an impressive body of data concerning the economic activities of individual farmers, to which she has applied a battery of tests designed to prove that by the 1780's capital, labor, and produce markets had already begun to manifest themselves in rural Massachusetts.

Despite the thoroughness of Rothenberg, Lemon, and Grant's statistical analysis, their interpretation of economic change in rural America has, itself, attracted sharp criticism. Where these "market economists" have looked for signs of the emergence of the hegemonic market, their opponents have tried to show the survival, and dominance of a traditional, agrarian mentality. Using as their model anthropological studies of peasant societies, these scholars deny Rothenberg's assertion that the late eighteenth century saw a marked change in the attitudes or behavior of farmers. Instead, these "moral economists" have tried to prove that communal needs and values continued to inform economic habits in rural areas, and that change came only after a prolonged period of conflict with the antagonistic ideals of

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<sup>8</sup> Winifred Rothenberg, From Market-Places to a Market Economy, 7.

capitalism.<sup>9</sup>

While there is considerable variety in the approaches of different members of the moral economy school, most share three general assumptions. The first is that trade in rural communities was largely a means of preserving the group. This is not to say that farmers lived in a sort of agrarian utopia. The desire for economic gain was as prevalent here as in the port towns, but the goal of economic exchange, and of gain, was different from that of the capitalistic merchants. In pre-industrial American society, the needs of the community, and more narrowly of the family, informed the economic behavior and strategies of individuals. Trade purely for profit, indeed the concept of profit itself, was alien to this culture.<sup>10</sup>

Secondly, this communal mentalite shaped the character and substance of local exchange. Trade among farmers bore more affinity to gift exchange, than to the economic activity of buying and selling. The exchange of goods and services created social debts, obligations, that could not be

<sup>9</sup> Michael Merrill, "Cash is Good to Eat," Radical History Review, Vol. 4 No. 1 (1977), 42-71; James Henretta, "Family and Farms: Mentalite in Preindustrial America," in Henretta, The Origins of American Capitalism: Collected Essays (Boston, MA: Northeastern University Press, 1991); Robert Mutch, "Yeoman and Merchant in Pre-Industrial America: Eighteenth-Century Massachusetts as a Case Study," Societas, Vol VII, No. 4 (1977), 279-302.

<sup>10</sup> Karl Polanyi, The Great Transformation (Boston, MA: Beacon Press, 1944), 72-77; Platteau, Jean-Phillipe, "Traditional Systems of Social Security and Hunger Insurance: Past Achievements and Modern Challenges," in Ehtisham Ahmad, et al., eds. Social Security in Developing Countries (Oxford, Eng.: Clarendon Press, 1991), 115.