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This essay was written by Alexander Hamilton.

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To the People of the State of New-York.

Having in the three last numbers taken a summary review of the principal circumstances and events, which have depicted the genius and fate of other confederate governments; I shall now proceed in the enumeration of the most important of those defects, which have hitherto disappointed our hopes from the system established among ourselves. To form a safe and satisfactory judgment of the proper remedy, it is absolutely necessary that we should be well acquainted with the extent and malignity of the disease.

The next most palpable defect of the subsisting confederation is the total want of a SANCTION to its laws. The United States as now composed, have no powers to exact obedience, or punish disobedience to their resolutions, either by pecuniary mulcts by a suspension or divestiture of privileges, or in any other constitutional mode. There is no express delegation of authority to them to use force against delinquent members; and if such a right should be ascribed to the foederal head, as resulting from the nature of the social compact between the States, it must be by inference and construction, in the face of that part of the second article, by which it is declared, that is, “each State shall retain every power, jurisdiction and right, not *expressly* delegated to the United States in Congress assembled” [*italics* “Publius”]. There is doubtless a striking absurdity in supposing that a right of this kind does not exist, but we are reduced to the dilemma either of embracing that supposition, preposterous as it may seem, or of contravening or explaining away a provision, which has been of late a repeated theme of the eulogies of those, who oppose the new constitution; and the want of which in that plan, has been the subject of much plausible animadversion and severe criticism. If we are unwilling to impair the force of this applauded provision, we shall be obliged to conclude, that the United States afford the extraordinary spectacle of a government, destitute even of the shadow of constitutional power to enforce the execution of its own laws. It will appear from the specimens which have been cited, that the American confederacy in this particular, stands discriminated from every other institution of a similar kind, and exhibits a new and unexampled phenomenon in the political world.

The want of a mutual guarantee of the State governments is another capital imperfection in the foederal plan. There is nothing of this kind declared in the articles that compose it; and to imply a tacit guarantee from consideration of utility, would be a still more flagrant departure

from the clause which has been mentioned, than to imply a tacit power of coercion, from the like considerations. The want of a guarantee, though it might in its consequences endanger the Union, does not so immediately attack its existence as the want of a constitutional sanction to its laws.

Without a guarantee, the assistance to be derived from the Union in repelling those domestic dangers, which may sometimes threaten the existence of the State constitutions, must be renounced. Usurpation may rear its crest in each State, and trample upon the liberties of the people; while the national government could legally do nothing more than behold its encroachments with indignation and regret. A successful faction may erect a tyranny on the ruins of order and law, while no succour could constitutionally be afforded by the Union to the friends and supporters of the government. The tempestuous situation, from which Massachusetts has scarcely emerged, evinces that dangers of this kind are not merely speculative [Shays's Rebellion]. Who can determine what might have been the issue of her late convulsions, if the malcontents had been headed by a Cæsar or by a Cromwell? Who can predict what effect a despotism established in Massachusetts, would have upon the liberties of New-Hampshire or Rhode-Island; of Connecticut or New-York?

The inordinate pride of State importance has suggested to some minds an objection to the principle of a guarantee in the federal Government; as involving an officious interference in the domestic concerns of the members. A scruple of this kind would deprive us of one of the principal advantages to be expected from Union; and can only flow from a misapprehension of the nature of the provision itself—It could be no impediment to reforms of the State Constitutions by a majority of the people in a legal and peaceable mode. This right would remain undiminished. The guarantee could only operate against changes to be effected by violence. Towards the prevention of calamities of this kind too many checks cannot be provided. The peace of society, and the stability of government, depend absolutely on the efficacy of the precautions adopted on this head. Where the whole power of the government is in the hands of the people, there is the less pretence for the use of violent remedies, in partial or occasional distempers of the State. The natural cure for an ill administration, in a popular or representative constitution, is a change of men. A guarantee by the national authority would be as much levelled against the usurpations of rulers, as against the ferments and outrages of faction and sedition in the community.

The principle of regulating the contributions of the states to the common treasury by QUOTAS is another fundamental error in the confederation. Its repugnancy to an adequate supply of the national exigencies has been already pointed out, and has sufficiently appeared from the trial which has been made of it. I speak of it now solely with a view to equality among the States. Those who have been accustomed to contemplate the circumstances, which produce constitutional wealth, must be satisfied that there is no common standard, or barometer, by which the degrees of it can be ascertained. Neither the value of lands nor the numbers of the people, which have been successively proposed as the rule of State contributions, has any pretension to being a just representative. If we compare the wealth of the United Netherlands with that of Russia or Germany or even of France; and if we at the same time compare the total value of the lands, and the aggregate population of that contracted district, with the total value of the lands, and the aggregate population of the immense regions of either of the three last mentioned countries, we shall at once discover that there is no comparison between the proportion of either of these two

objects and that of the relative wealth of those nations. If the like parallel were to be run between several of the American States; it would furnish a like result. Let Virginia be contrasted with North-Carolina, Pennsylvania with Connecticut, or Maryland with New-Jersey, and we shall be convinced that the respective abilities of those States, in relation to revenue, bear little or no analogy to their comparative stock in lands or to their comparative population—The position may be equally illustrated by a similar process between the counties of the same State. No man who is acquainted with the State of New-York will doubt, that the active wealth of Kings County bears a much greater proportion to that of Montgomery, than it would appear to be, if we should take either the total value of the lands or the total numbers of the people as a criterion!

The wealth of nations depends upon an infinite variety of causes. Situation, soil, climate, the nature of the productions, the nature of the government, the genius of the citizens—the degree of information they possess—the state of commerce, of arts, of industry—these circumstances and many much too complex, minute, or adventitious, to admit of a particular specification, occasion differences hardly conceivable in the relative opulence and riches of different countries. The consequence clearly is, that there can be no common measure of national wealth; and of course, no general or stationary rule, by which the ability of a State to pay taxes can be determined. The attempt therefore to regulate the contributions of the members of a confederacy, by any such rule, cannot fail to be productive of glaring inequality and extreme oppression.

This inequality would of itself be sufficient in America to work the eventual destruction of the Union, if any mode of enforcing a compliance with its requisitions could be devised. The suffering States would not long consent to remain associated upon a principle which distributes the public burthens with so unequal a hand; and which was calculated to impoverish and oppress the citizens of some States, while those of others would scarcely be conscious of the small proportion of the weight they were required to sustain. This however is an evil inseparable from the principle of quotas and requisitions.

There is no method of steering clear of this inconvenience but by authorising the national Government to raise its own revenues in its own way. Imposts, excises and in general all duties upon articles of consumption may be compared to a fluid, which will in time find its level with the means of paying them. The amount to be contributed by each citizen will in a degree be at his own option, and can be regulated by an attention to his resources. The rich may be extravagant, the poor can be frugal. And private oppression may always be avoided by a judicious selection of objects proper for such impositions. If inequalities should arise in some States from duties on particular objects, these will in all probability be counterbalanced by proportional inequalities in other States from the duties on other objects. In the course of time and things, an equilibrium, as far as it is attainable, in so complicated a subject, will be established every where. Or if inequalities should still exist they would neither be so great in their degree, so uniform in their operation, nor so odious in their appearance, as those which would necessarily spring from quotas upon any scale, that can possibly be devised.

It is a signal advantage of taxes on articles of consumption, that they contain in their own nature a security against excess. They prescribe their own limit; which cannot be exceeded without defeating the end proposed—that is an extension of the revenue. When applied to this object, the saying is as just as it is witty, that “in political arithmetic, two and two do not always make four.” If duties are too high they lessen the consumption—the collection is eluded; and

the product to the treasury is not so great as when they are confined within proper and moderate bounds. This forms a complete barrier against any material oppression of the citizens, by taxes of this class, and is itself a natural limitation of the power of imposing them.

Impositions of this kind usually fall under the denomination of indirect taxes, and must always constitute the chief part of the revenue raised in this country. Those of the direct kind, which principally relate to lands and buildings, may admit of a rule of apportionment. Either the value of land, or the number of the people may serve as a standard. The state of agriculture, and the populousness of a country, have been considered as nearly connected with each other. And as a rule for the purpose intended, numbers in the view of simplicity and certainty, are entitled to a preference. In every country it is an Herculean task to obtain a valuation of the land; in a country imperfectly settled and progressive in improvement, the difficulties are increased almost to impracticability. The expence of an accurate valuation is in all situations a formidable objection. In a branch of taxation where no limits to the discretion of the government are to be found in the nature of things, the establishment of a fixed rule, not incompatible with the end, may be attended with fewer inconveniencies than to leave that discretion altogether at large.

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