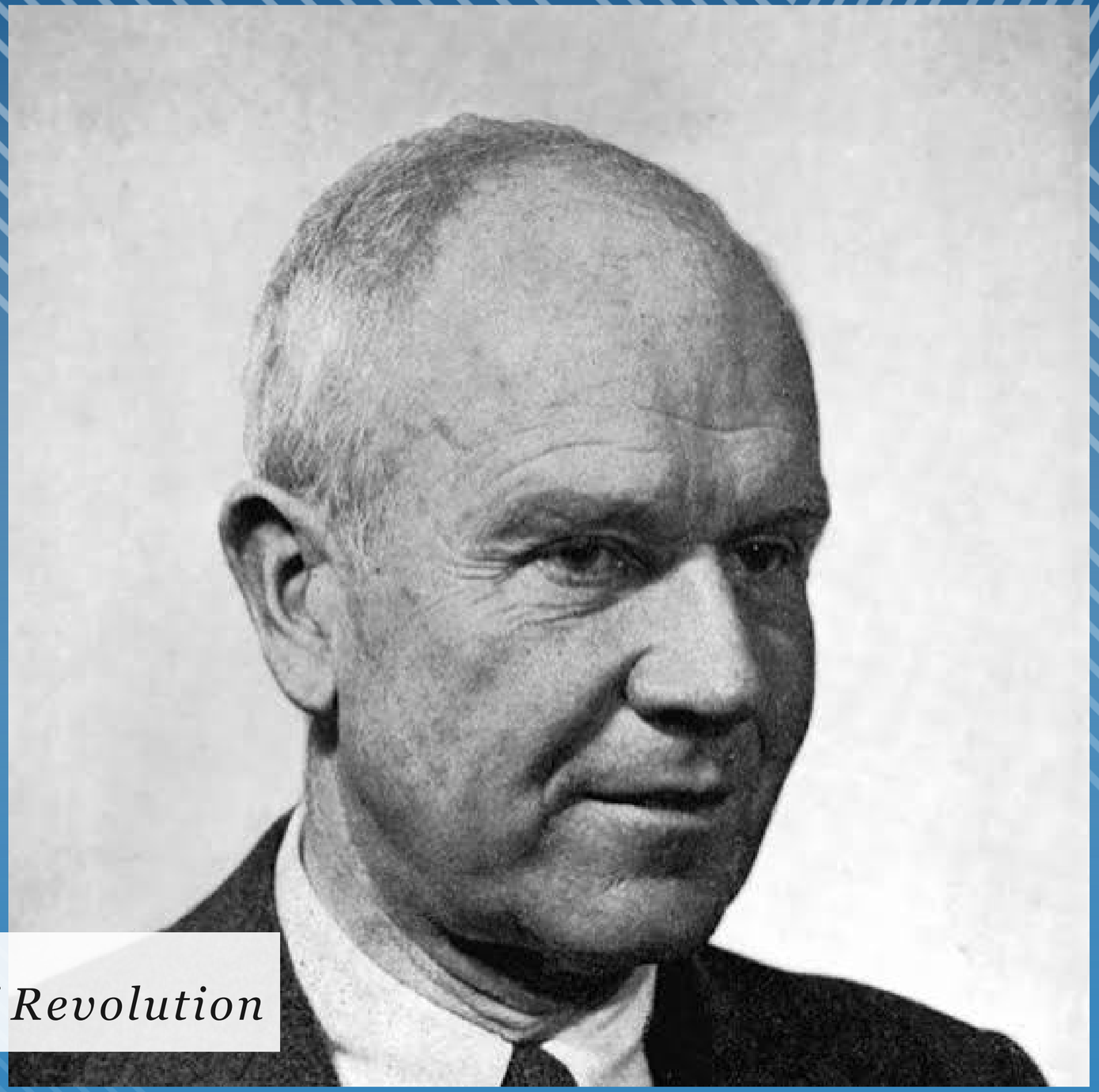


FIGHTING LIKE A STATE:

LESSONS FROM THE AMERICAN REVOLUTION

MISES INSTITUTE

. . .in America rather earlier in the revolutionary process a struggle between moderates and radicals had been fought out, and had ended with victory for the radicals. The fruit of that victory was the Declaration of Independence.



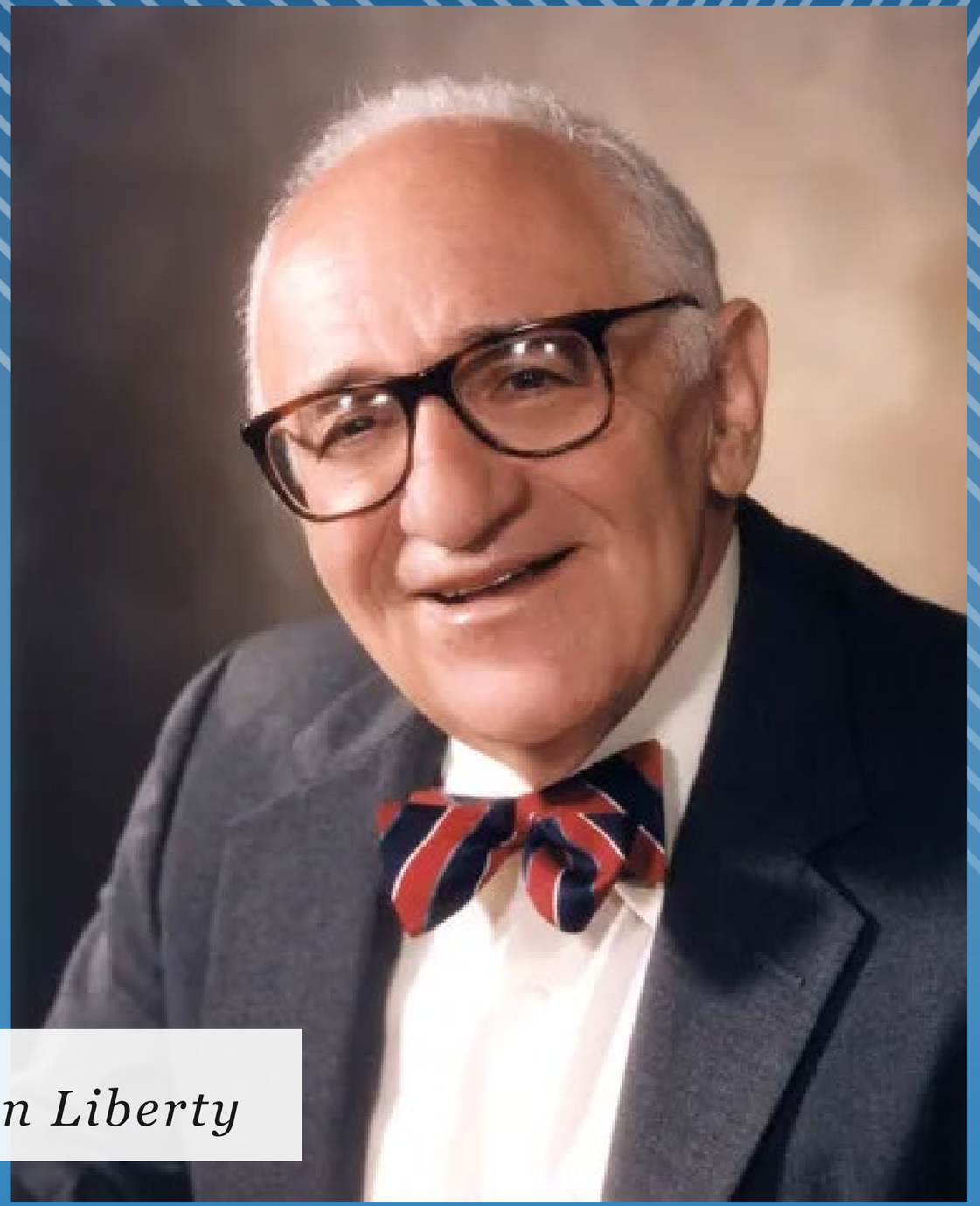
-Crane Brinton, *The Anatomy of Revolution*

Two Key Lessons:

1. When you fight *like a state*, you win or lose *like a state*
2. *I*ntervention begets intervention

In this kind of ferocious civil conflict, in which the life of the Revolution itself was at stake, it is unreasonable to expect consistently libertarian methods of handling the Tories from even the most liberal supporters of the Revolution. . . .

Thus, a Revolution and revolutionaries dedicated to the cause of liberty moved to suppress crucial liberties of their opposition—*an ironic but not unsurprising illustration of the inherent contradiction between Liberty and Power, a conflict that can all too readily come into play even when Power is employed on behalf of Liberty.* (*emphasis* added)



-Murray Rothbard, *Conceived in Liberty*

Of all the enemies of true liberty, war is, perhaps, the most to be dreaded, because *it comprises and develops the germ of every other*.

War is the parent of armies; from these proceed debts and taxes; and armies, and debts, and taxes are the known instruments for bringing the many under the domination of the few. . . .

No nation can preserve its freedom in the midst of continual warfare. (*emphasis* added)



-James Madison, *Political Observations*

In American history the most significant crises have taken two forms: war and business depression. At the outbreak of war a suddenly heightened demand for governmental provision of military activities leads immediately to displacement of market-directed resource allocation by greater taxation, governmental expenditure, and regulation of the remaining economy.

-Robert Higgs, *Crisis and Leviathan*

George Washington or Charles Lee —The State-Centered Approach versus Guerilla Warfare (May 1776)

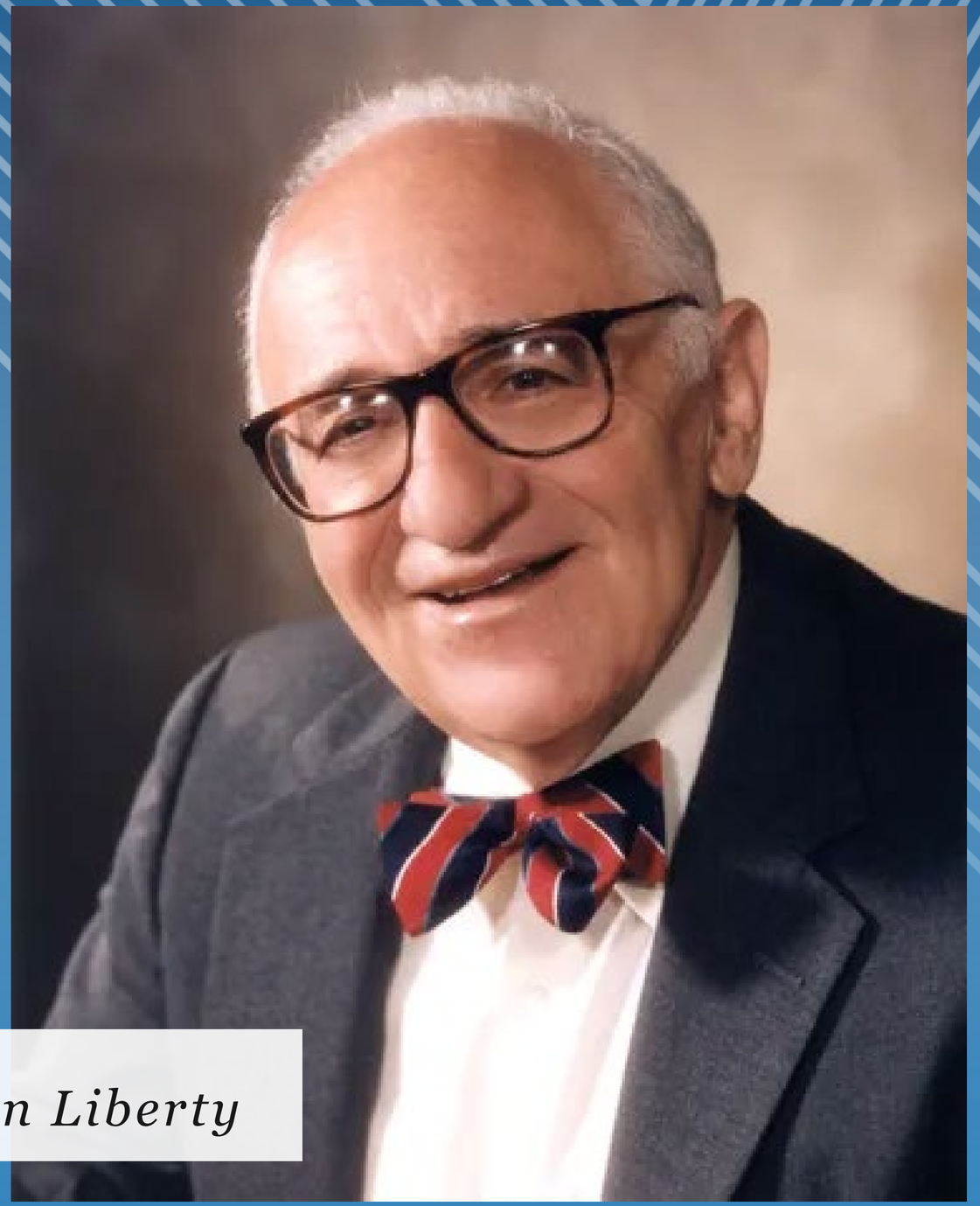
. . .the military strategy adopted by Congress necessitated large expenditures. Military conservatives, such as Washington, wanted to fight the Revolution according to the conventional principles of eighteenth-century warfare, with a sizeable and costly professional army. Some military radicals, such as Charles Lee, pointed toward a less orthodox military-oriented strategy along the lines of what today is called guerrilla warfare, which would have been more decentralized and less expensive. The American fear of standing armies, stemming from the well-established threat that standing armies posed to liberty, as well as each state's jealous regard for its own prerogatives, prevented the military conservatives from implementing their entire programme. But they did induce Congress to focus the Revolutionary effort upon a regular Continental Army commanded by Washington.

-Jeffrey Rogers Hummel, *The Constitution as Counter-Revolution: A Tribute to the Anti-Federalists*

Congress was thus faced with the enormous task of acquiring the resources to raise and maintain the Continental Army. *To this single, fateful decision* [choosing a state-centric war model and appointing Washington] *can be attributed almost the entire panoply of war-time excesses*: An unfunded government debt, paper money, skyrocketing inflation, price controls, legal tender laws, direct impressment of supplies and wide-spread conscription. . . Those excesses naturally aroused resentment, and they played into the hands of the nationalists, who contended that only stronger central authority could alleviate them. (*emphasis* added)

-Jeffrey Rogers Hummel, *The Constitution as Counter-Revolution: A Tribute to the Anti-Federalists*

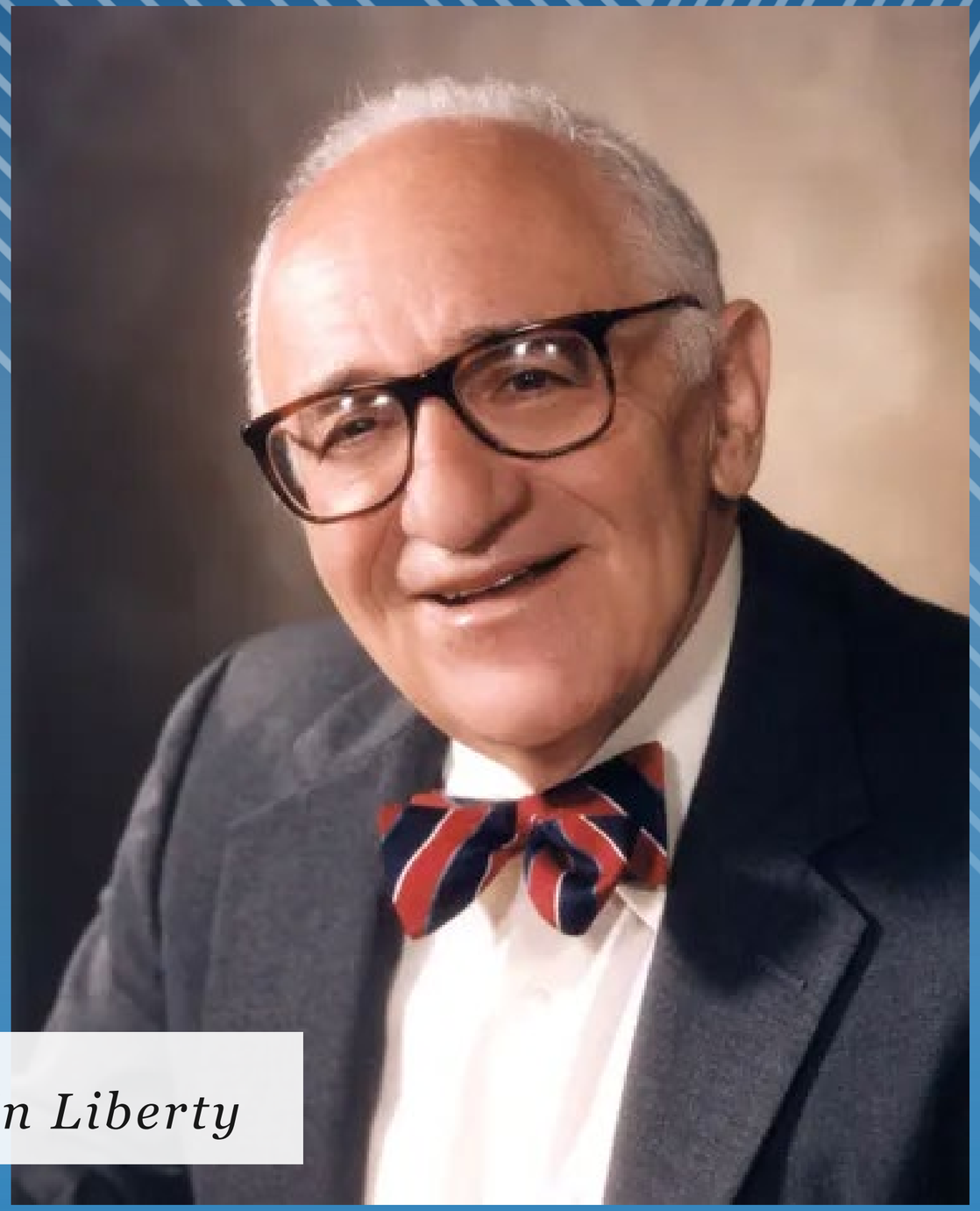
Here the Massachusetts radicals were in a cruel dilemma; any army under the Continental Congress would mean, in contrast to a guerilla army, *the inevitable buildup of a central state apparatus, and of a high expensive and burdensome state army, which would inevitably saddle all Americans with heavy taxes, inflation, and debt* The Massachusetts radicals can hardly be blamed for their decision to press for a statist continental army; the theory of revolutionary guerilla warfare had yet to be fully developed. . . (*emphasis* added)



-Murray Rothbard, *Conceived in Liberty*

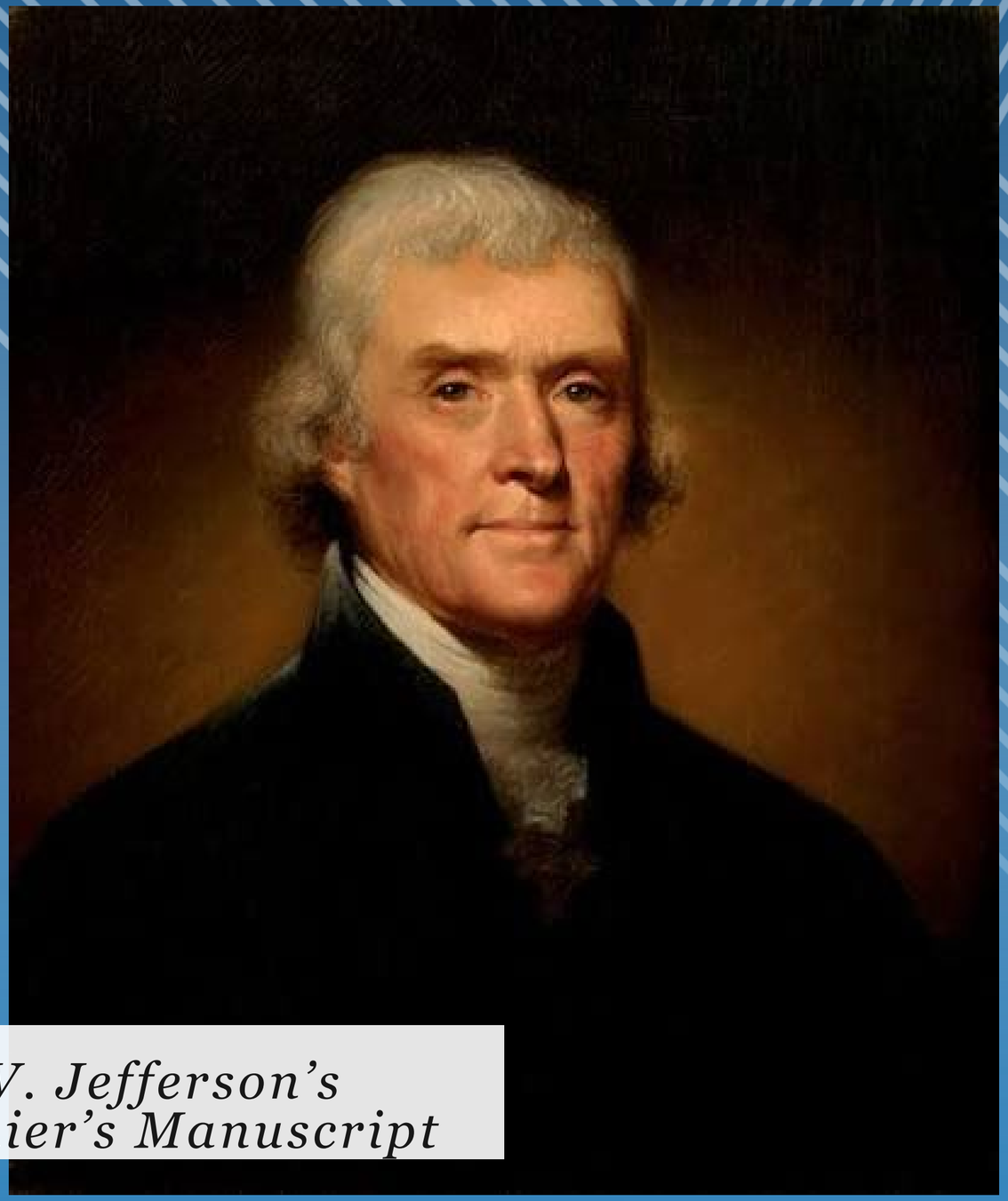
Revolutionary Inflation (June 1775)

Paper issues fraudulently pretend to be equivalent to units of specie and are used by the issuer to bid away resources in society from the producers and consumers, in the process depreciating the money itself. Its nature and consequences are equivalent to the process of counterfeiting.



-Murray Rothbard, *Conceived in Liberty*

Every one thro[ugh] whose hands a bill passed, lost on that bill what it lost in value, during the time it was in his hands. This was a real tax on him; and in this way the people of the united states [sic] actually contributed…millions of dollars during the war, and by a mode of taxation the most oppressive of all, because the most unequal of all.

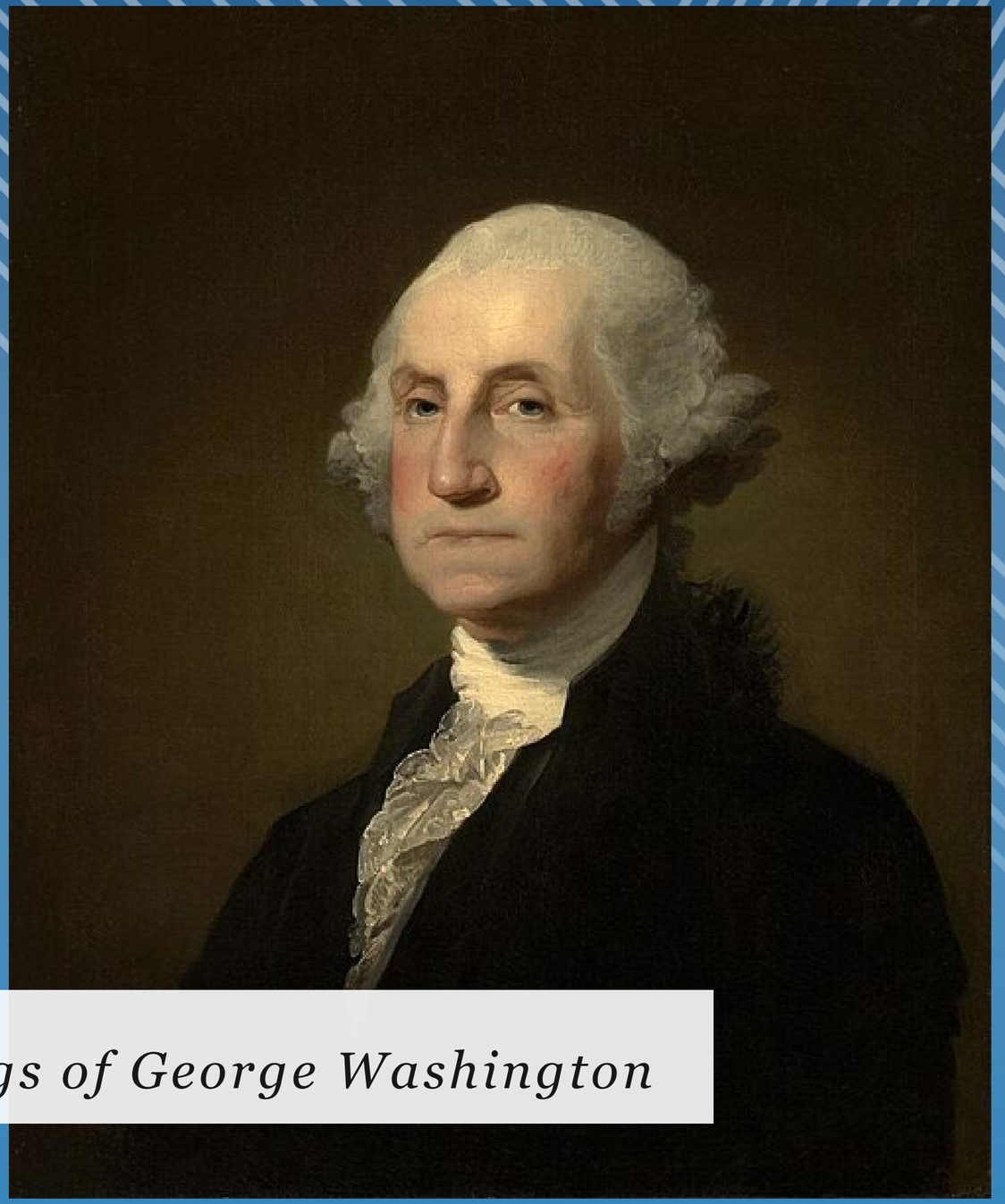


-Thomas Jefferson, *IV. Jefferson's Observations on DéMeunier's Manuscript*

By the end of the [1775], another $3 million. In 1776, another $19 million. $13 million in 1777. $64 million in 1778. $125 million in 1779. And still more: the Continental Army issued its own "certificates" for the purchase of supplies totalling $200 million. A total of $425 million in five years on top of a base of $12 million is *an increase of over 3500%*And, in addition to this massive expansion of the money supply on the part of the central government, it must be remembered that the states were doing exactly the same thing. *It is estimated that, in just five years from 1775 to the end of 1779, the total money supply expanded by 5000%*By contrast, the amount raised in taxes over the five-year period was inconsequential, amounting to only a few million dollars. (*emphasis*added)

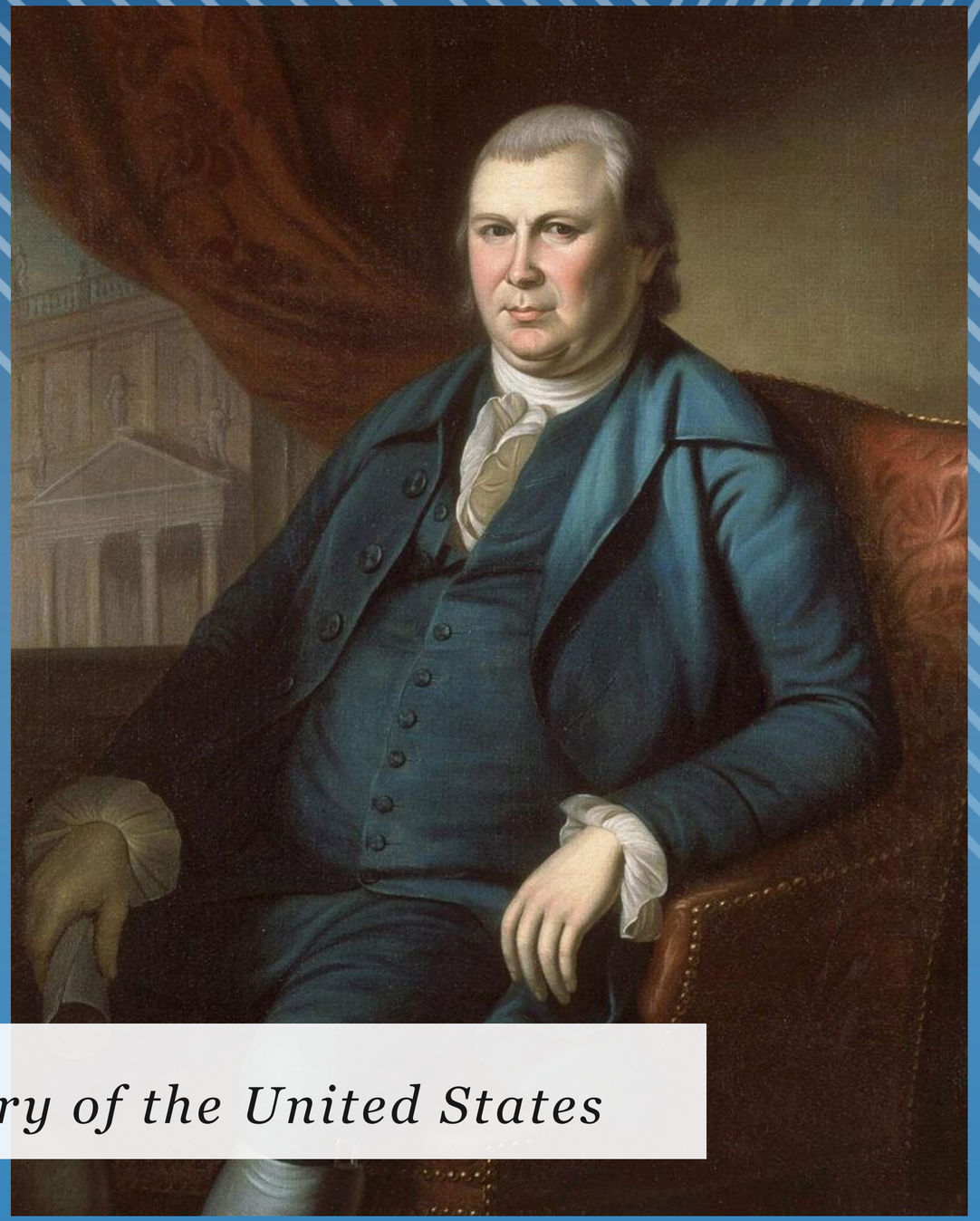
-G. Edward Griffin, *The Creature From Jekyll Island*

In the last place, though first in importance, I shall ask; is there any thing doing, or that can be done, to restore the credit of our money? *The depreciation of it has got to so alarming a point, that a wagon-load of money will scarcely purchase a wagon-load of provisions.* (*emphasis* added)



-George Washington, *The Writings of George Washington*

I must add to this gloomy picture one circumstance, more distressing than all the rest, because *it threatens instant total ruin to the American cause*, unless some radical cure is applied, and that speedily; I mean *the depreciation of the continental currency*. The enormous pay of our army, the immense expenses at which they are supplied with provisions, clothing, and other necessaries, and, in short, the extravagance that has prevailed in most departments of the public service, have called forth prodigious emissions of paper money, both continental and colonial. (*emphasis* added)



-Robert Morris, *Financial History of the United States*

Legal Tender Laws, Price Controls, & Property Seizure

Price controls were imposed in an attempt to reduce the costs of supplying the Continental Army and reduce the burden of the war. Of course, price-controlled goods experienced predictable shortages and the prices of non-controlled goods skyrocketed, further exacerbating the scarcity. Additionally, many did not want to accept the newly-printed money in exchange for their goods (despite possible legal consequences). Some desperate people even sold their farm products secretly to the British in return for gold, which could then be used to buy necessities. *These realities weakened the army, the people, and the war effort in general* (emphasis added)

-Pearcy Greaves, *From Price Control to Valley Forge: 1777-78*

Post-War Economic Crisis and the Depression of 1784

After the Revolutionary War, the country faced an economic crisis. . . Difficulties in the early 1780s came from the war's aftermath, and postwar interventions delayed recovery. . . . First, industries had to recover from wartime destruction and rebuild damaged infrastructure. Second, manufacturers needed to experience a harsh but necessary correction: when peace arrived, Great Britain's better quality and lower-priced manufacturing exports returned to American shores. Consequently, Americans had to reallocate labor and other resources away from eastern manufacturing and back to agriculture and westward settlement. Third, Great Britain now restricted its purchases of American exports, forcing a redirection of exports to continental Europe and Asia. All three of these factors—recovering from wartime destruction, reallocating resources used in wartime production, and suffering from coercive foreign trade legislation—produced a postwar depression in 1784. . . . Postwar tax and monetary policies aggravated this depression and hampered a quick recovery.

-Patrick Newman, *Cronyism*

The Push for Central Banking: The Bank of North America (BONA)

It is a common opinion that the Bank of North America rendered essential service during our revolutionary struggle—that, without it, the achievement of independence would have been difficult, if not impossible. Assertions to this effect have been made with so much confidence that we once believed them to be well-founded; but on examination we find—

First. That the capture of Cornwallis, which is described by historians as the closing scene of the Revolutionary War, took place on the 9th [19th] of October, 1781, and that the Bank did not go into operation till January 7th, 1782.

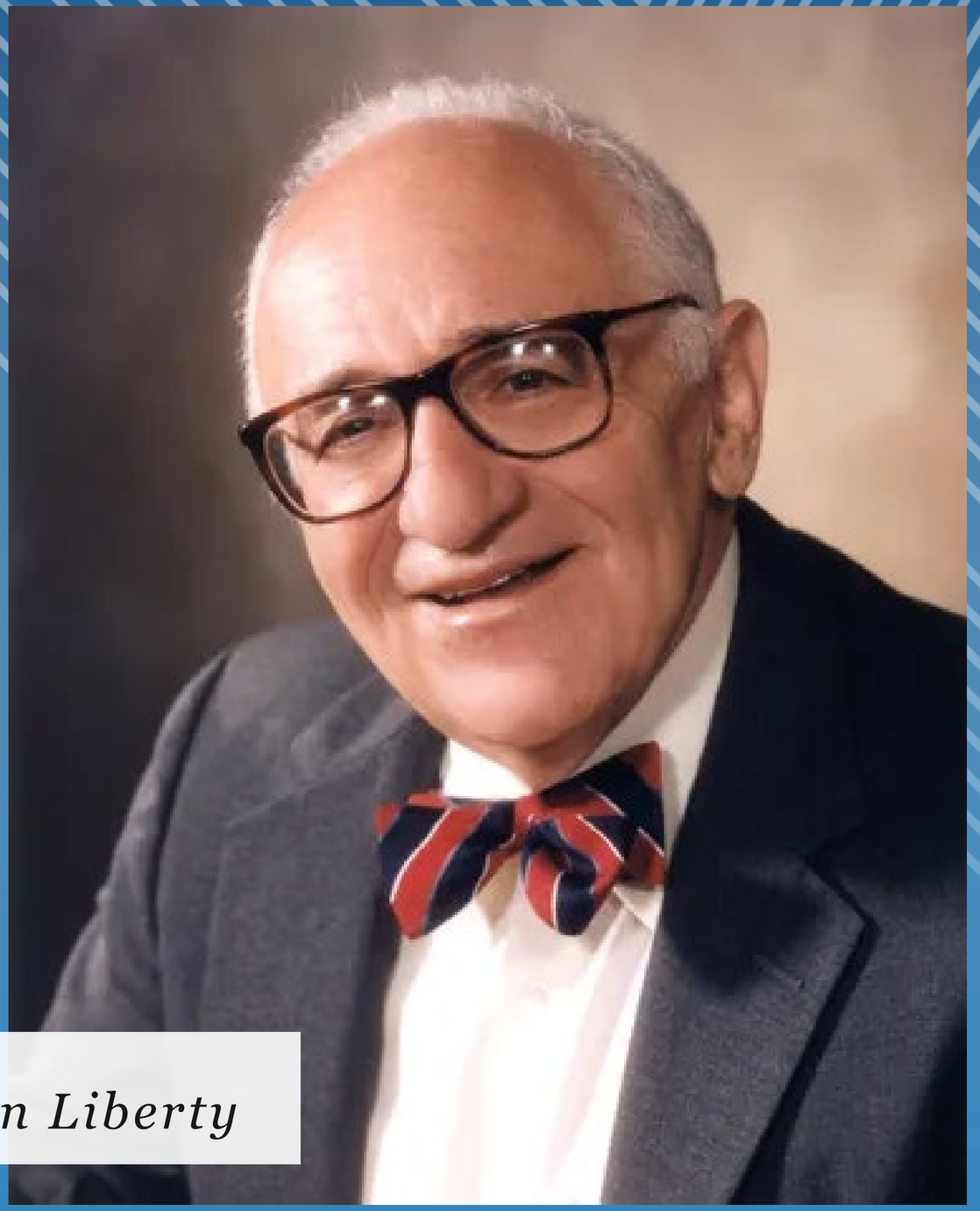
. . .

The reader, on duly considering these facts, will probably be convinced that the services rendered by the Bank of North America, during our revolutionary struggle, have been grossly exaggerated.

-William Gouge, *A Short History of Paper Money & Banking*

The Articles of Confederation: A Step Towards Centralization

The myth abounded that formal confederation was necessary to win the war, although the war would be virtually won by the time the confederation was finally achieved. The war was fought and won by the states informally but effectively united in a Continental Congress. . .



-Murray Rothbard, *Conceived in Liberty*

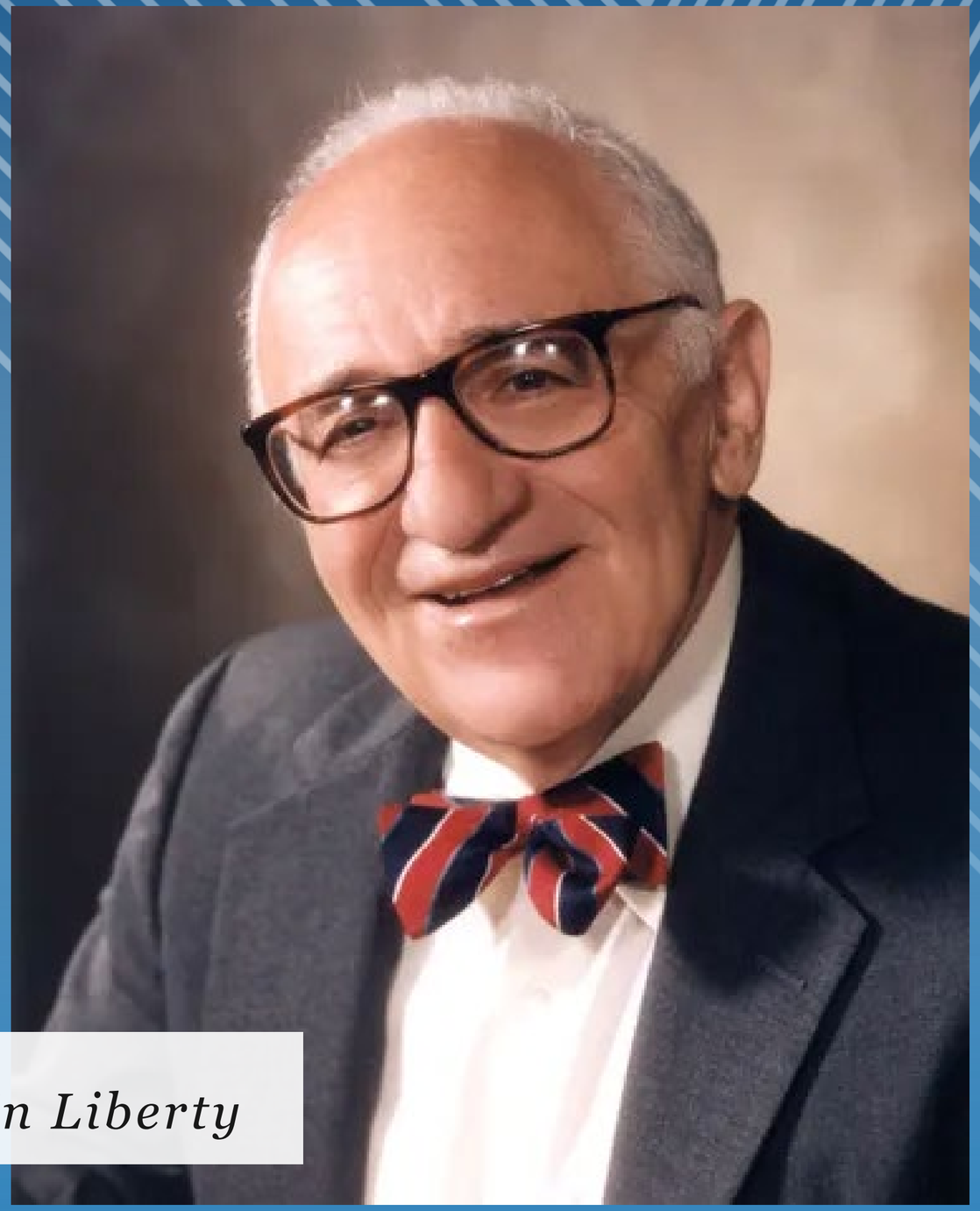
Standing Armies & The Newburgh Conspiracy (March 1783)

The means of defence agst foreign danger, have been always the instruments of tyranny at home. Among the Romans it was a standing maxim to excite a war, whenever a revolt was apprehended. Throughout all Europe, the armies kept up under the pretext of defending, have enslaved the people.



-James Madison, *Notes of Debates in the Federal Convention of 1787*

By 1787, the nationalist forces were in a far stronger position than during the Revolutionary War to make their dreams of central power come true.



-Murray Rothbard, *Conceived in Liberty*

The Ideological Transformation: Redefining the Revolution

Two Key Lessons:

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2. *I*ntervention begets intervention