THE CEMENT OF INTEREST:
INTERSTATE INTERNAL IMPROVEMENTS,
INTERSTATE COMMERCE, AND THE TRANSITION
FROM THE ARTICLES OF CONFEDERATION TO THE
CONSTITUTION, 1783-1786

by

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Submitted in partial fulfillment of the requirements
For the degree Master of Arts

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January 2013
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Acknowledgments

I would like to thank Professor John Grabowski who suggested in a stroke of brilliance that I make a relatively minor line from later in the paper into the title of the second half of the thesis. He and the other members of the committee have consistently helped me turn iron into gold. To Professor Daniel Cohen I offer the praise that I believe will mean the most to him. He has impressed me with a thoroughness and professionalism made all the more remarkable by how he affords it equally to all his students. Professor Peter Shulman I applaud as a kindred spirit. It was a conference paper of his, that he most generously let me read, which gave me some of the inspiration for this work. I must also thank Professor John Broich who demonstrated understanding to a naïve graduate student during his first year.

Having spent time as an archivist myself, I greatly appreciate the patience shown me by those who helped me to find sources, thanks to Bruce Haas of the Delaware Public Archives, Ed Richi of the Delaware Historical Society, and Michael McCormick of the Maryland State Archives. I would also like to thank Professor Emeritus Rob Natelson of the University of Montana for corresponding with me about the resolution, or lack of resolution, of the Pennsylvania, Maryland, and Delaware negotiations.
The Cement of Interest, Interstate Internal Improvements, Interstate Commerce, and the Transition from the Articles of Confederation to the Constitution, 1783-1786

Abstract

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This thesis shows how commercial issues helped lead to the Constitutional Convention of 1787. Under the Articles of Confederation (1781-1789), interstate tariffs impeded domestic commerce and free trade with foreign countries threatened to undermine America’s economic independence. These two problems suggested a dual solution: free and equal trade within the U.S. and a national tariff to protect American industries from foreign competition. When Congress failed to solve these problems, several states negotiated among themselves. Some states sought to pressure their neighbors by conditioning approval of interstate internal improvements on the removal of interstate tariffs. Amid these negotiations, some politicians became convinced that the ultimate obstacle to unfettered interstate trade was the Confederation’s political structure, which enshrined state sovereignty. These politicians ultimately succeeded in convening the Constitutional Convention, forging a more powerful federal government, creating a nationwide free-trade zone, and convincing the new Congress to enact a national tariff in 1789.
In 1887, on the one-hundredth anniversary of the Constitutional Convention, historian Kate Rowland wrote of the 1785 Mount Vernon conference, a small meeting between Virginia and Maryland officials over jurisdiction of the Potomac River: “From the first rude link in a chain one may never surmise what iron or golden division should remotely follow. From a trade compact between two states to a political union between thirteen there are wide spaces of no needful logical connection, though the first be practically the latter’s sponsor and progenitor.”¹ Rowland and other historians such as John Fiske and Richard Morris saw the moment when Virginia and Maryland realized the benefits of cooperation and the disadvantages of competition as the crucial turning point in the movement to revise the Articles of Confederation.

Writing a year after Rowland, Fiske himself described the years under the Articles as America’s “critical period,” and emphasized that the negotiations at Mount Vernon later proved pivotal in the run-up to the Constitutional Convention.² In Morris’ Forging of the Union, written a century after both Fiske and Rowland, Morris reflected: “It all started on a small scale, a localized conflict between Maryland and Virginia over the jurisdiction and navigation rights of waters they shared in common.”³ Despite a distance of over two centuries, that little meeting’s centrality had not faded.

For early-twentieth-century scholars studying the National Road, the key moment came when Virginia and Maryland realized in 1785 that, to connect their waterway with the Ohio River, they had to consult Pennsylvania. In 1904 in The Cumberland Road, historian Archer Hulbert claimed that, though the states were unaware of it, implicit in the plan for that highway was a plan to “bind distant and half-acquainted states together

in bonds of common interest, sympathy, and ambition.”⁴ In 1902, in the eyes of political scientist Jeremiah Young, this forerunner to the National Road seemed to be solid cement on which to lay the union’s foundation since “commercial interest is the strongest bond for political union.”⁵

Young’s insight on the National Road reflects the firm conclusion I have come to concerning the vital role played by interstate internal improvements between 1783 and 1786, during what Fiske termed the critical period. In examining interstate negotiations surrounding internal improvements, I was initially struck by statements like this one taken from a November 1785 letter from Pennsylvania President Benjamin Franklin to Governor William Smallwood of Maryland: “[T]his proposition as far it applies to Maryland and Pennsylvania is made to rest in all its parts upon the fair and equal ground of reciprocal advantage.”⁶ Even eventual anti-federalists like George Mason and Samuel Chase acted as negotiating commissioners for Virginia and Maryland at the Mount Vernon conference.⁷ Later I discovered that negotiations concerning internal improvements laid the foundation for states to discuss efforts for mutual commercial advantage, namely, removing discriminatory tariffs and setting fixed currency values. From these commercial negotiations came proposals to hold the Annapolis Convention,

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⁵ Jeremiah Simeon Young, “A Political and Constitutional Study of the Cumberland Road” (PhD diss., University of Chicago, 1904).
the little meeting that preceded the Constitutional Convention. In discussing interstate internal improvements, these states made the leap from creating an interstate political economy to giving Congress the power to protect said political economy.

The reason these states built a framework for interstate commerce from scratch was because virtually none existed under the Articles. According to Hamilton, certain states rendered their neighbors “tributary to them by commercial regulations.” Others seemed to be crawling back toward dependence on British goods in throwing open their ports to foreign trade. These two dangers mirror those described by political scientist David Hendrickson in his book Peace Pact. According to Hendrickson, Americans feared that with the disintegration of the Confederation would come both war between the states and foreign intervention. Like the political situation during the Confederation, the economy was held together by little more than the paper the Articles were printed on.

To some contemporaries, even eventual opponents of ratification like Mason, these problems suggested solutions. To prevent the Confederation’s disintegration, the states first needed to assure free and equal trade between Americans, regardless of their state. Second, to halt dependence on foreign commerce, states had to enact a national tariff on foreign goods. Historian Woody Holton puts it succinctly: “Empowering Congress to bar foreign ships and goods from United States harbors would enable American diplomats to pry foreign (especially British) ports open to American

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commerce…By knocking down tariff barriers among the states, the Constitution would create a vast free-trade zone.”\textsuperscript{11} Under the Articles of Confederation, efforts like the impost amendment, proposed in Congress in 1783 and rejected by the states in 1786, tried to do just that but failed.

Yet under the Constitution, the second piece of business Congress passed was national tariff meant to protect against British goods. Though it ultimately did not work, as the trade disputes leading up to the war of 1812 proved, the prospect of having the power to build what might be called a self-sufficient national economy seems to have motivated the states to abandon the Articles for the Constitution.

Here most scholars argue that the crises of late 1786 and early 1787 motivated the states, not Congress, to revise the Articles of Confederation. They base their argument that crises inspired the revision movement on William Grayson’s observation in May 1786 that only “a crisis” would provide the states with a sufficient catalyst to “insure success to a reformation on proper principles.”\textsuperscript{12} For example, in \textit{The New Nation}, Merrill Jensen tries to explain the founders’ lack of top-down initiative: “One can only hazard the guess that by the fall of 1786 the men most anxious to create a strong central government had pinned all their hopes on a constitutional convention entirely apart from Congress.”\textsuperscript{13}

Political scientist Keith Dougherty’s \textit{Collective Action Under the Articles of Confederation}, published in 2001, attributes the success of the Constitution after a long

\textsuperscript{11} Holton, “Did Democracy Cause the Recession that Led to the Constitution?,” 449. For further sentiments like this see Morris, \textit{The Forging of the Union}, 151-152.


\textsuperscript{13} Merrill Jensen, \textit{The New Nation: A History of the United States During the Confederation, 1781-1789} (New York: Alfred A. Knopf, 1950), 420. Jensen denies that the crises in the critical period were real. He alleged that the federalists used the myth of the crises as rhetoric to force through the Constitution. In essence he is saying that by mid 1786 their propaganda had not kicked into high gear yet. In my view, this is irrelevant, because whether the crisis was real or myth, Jensen still argues that it motivated the states to discard the Articles of Confederation and create the Constitution.
line of failed attempts at reform to a general atmosphere of crisis: “What became new by 1787 was an increasingly widespread admission that the confederation was deficient and that the central government needed to be more effective.”  \(^{14}\) Even as recently as 2005, Woody Holton alludes to a “crisis of the 1780s”—both economic and political—“that led to the Constitution.”  \(^{15}\) There is plenty of evidence to argue that the constitution’s authors reacted to Shay’s Rebellion, the Jay Treaty, or the post-war depression.  \(^{16}\) But I hope to augment earlier scholars’ efforts through a different tack. This is not to argue that other scholars are wrong; any number of factors may have influenced the movement to revise the Articles of Confederation.

In addition to earlier scholars’ explanation of the Constitution as the final desperate attempt at reform to avoid disintegration, I see the benefits associated with interstate internal improvements as having served as a strong positive incentive for states to cooperate. States assumed that there was a thriving interstate commerce, particularly in the West, that internal improvements could unlock. For example, George Washington was so affected by a 1784 western trip that upon his return he immediately pitched a scheme for a Potomac canal to Virginia governor Benjamin Harrison. Likewise the Maryland proprietors of the Susquehanna canal predicted their waterway would unlock untold fortunes. These proved false. Neither of these projects delivered later on, partially

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\(^{14}\) Keith L. Dougherty, *Collective Action Under the Articles of Confederation*, (New York: Cambridge University Press, 2001), 130. Dougherty’s work was an excellent aid in finalizing the approach for this piece. Without his earlier foray into game theory, I would have been lost in the woods. As such I think of this as an addition not a criticism.

\(^{15}\) Holton, “Did Democracy Cause the Recession that Led to the Constitution?,” 456.

\(^{16}\) For further works that explain the transition from the Articles of Confederation to the Constitution as a reaction to a crisis or crises see Jon Ferling, *A Leap in the Dark* (New York: Oxford University Press, 2003). Ferling emphasizes the chanciness of the revision movement in a traditional political history. Jack Rakove, *The Beginnings of National Politics: An Interpretative History of the Continental Congress* (Baltimore: Johns Hopkins University Press, 1982), 334.; Gordon S. Wood, *The Creation of the American Republic, 1776-1787* (Chapel Hill: The University of North Carolina Press, 1969), 393-465. Wood in a groundbreaking intellectual history suggests that post-war Americans perceived a crisis because they were disappointed that their sacrifices during the Revolution had not created the political utopia they had hoped for. As reality conflicted with expectations, Americans began to arrive at the assumptions behind the Constitution.
because the new constitution prohibited congress from funding internal improvements. In a rather cruel irony, the states were unwilling to give up enough of their sovereignty to actually create what would give them the thriving interstate commerce they craved. But they did surrender enough to build the political structure they hoped would regulate it. Thus, the United States ended up scrapping the Articles partly on a mistaken expectation. Here at least commercial results mattered less than commercial expectations since it was the dream of a rising American empire not the reality that convinced states to bury their mutual jealousies and cooperate.

Through internal improvement negotiations, states could correct their neighbors’ behavior in ways they couldn’t through the Articles. For example, one way was that certain states refused to participate until their neighbors removed discriminatory tariffs and rewarded them with cooperation when they did. In consequence, states gradually came to realize that discriminatory commercial policies prevented the forging of bonds of common interest. But when these commercial policies became obstacles to cooperation between the states, something else happened. Since the basis for these commercial policies was the provision in the Articles that “Each state retains its sovereignty, freedom, and independence,” the foundation of the United States as decentralized confederation, this meant that this provision, the very basis of the contemporary political structure, was also an obstacle to cooperation.\(^\text{17}\)

From this positive incentive came the founders’ motivation to scrap the Articles for the Constitution. One of the latter’s possible origins was as an attempt to build a legal framework safeguarding a new interstate political economy. Starting with the Potomac canal discussions between Virginia and Maryland, internal improvement negotiations

\[^{17}\text{U.S. Articles of Confederation. art. 2.}\]
provided both the carrots and the sticks to forge commercial ties between neighbors. To secure Pennsylvania’s cooperation in building a road from the Potomac River to the Ohio River, Maryland offered commercial concessions. Delaware agreed to negotiate with Pennsylvania and Maryland about a canal between Chesapeake Bay and Delaware Bay only because it saw the negotiations as a chance to get her larger neighbors to remove discriminatory tariffs. From experiences like this Delaware’s delegate Gunning Bedford, Jr., gained the courage to declare to the larger commercial states at the Constitutional Convention; “The language of the people has been that Congress ought to have the power of collecting an impost, and of coercing the States where it may be necessary.” Through these negotiations, bit-by-bit, these states inched closer to the ideal of free and equal trade between all Americans, eventually embodied in the Constitution.

Deficiencies of the Articles

But first, any explanation of the importance of states’ internal improvement negotiations must be premised on an understanding of how the Articles, by enshrining state sovereignty, failed to regulate interstate trade. By not creating a uniform system of commercial regulation, the Articles of Confederation enabled states to enact discriminatory trade measures against each other. As Hamilton put it, by fostering jealousy and avarice between the states, these measures untied “that sacred knot which binds the people of America together.” For example, North Carolina complained that

19 U.S. Const. art. I, § 9, cl. 6.
20 U.S. Articles of Confederation. art. 2.
Virginia and South Carolina commercial policies had, in James Madison’s words, turned the state into “a patient bleeding from both arms.”\textsuperscript{22} In the Federalist #22, Alexander Hamilton wrote that these “interfering and unneighborly regulations” by giving “just cause of umbrage and complaint to others” fought against “the true spirit of the union.”\textsuperscript{23} In other words, the Confederation’s lack of a uniform system of commercial regulation eroded the foundation of what it supposedly enshrined: a federated union founded upon fraternity and equality.

In the absence of a national tariff, states pursued conflicting free trade or protective policies that worked to the advantage of foreign rather than domestic commerce. This regulatory patchwork let European powers exploit the differences in state laws protecting nascent American industry. For example, when Connecticut allowed British goods to enter duty-free it negated her New England neighbors’ tariffs on foreign imports.\textsuperscript{24} British goods smuggled into other states via Connecticut simultaneously uprooted domestic industry in New York and rendered useless efforts by other states through, “separate prohibitions, restrictions, and exclusions to influence the conduct of that kingdom.”\textsuperscript{25} In this manner, the Articles’ lack of a federal external tariff jeopardized the American Revolution’s central goal: self-determination.

These failures, coupled with the unworkable system for funding the Confederation, brought the wheels of governance grinding to a halt. Under the Articles of

\begin{itemize}
\item \textsuperscript{23} Alexander Hamilton, “Federalist #22,” in The Federalist Papers, ed. Clinton Rossiter (New York: Mentor, 1961), 144. For general scholarship on interstate tariffs see Morris, The Forging of the Union, 149-151.
\item \textsuperscript{25} Hamilton, “Federalist #22,”, 144.
\end{itemize}
Confederation, the federal government requisitioned funds from the states.\textsuperscript{26} This method of funding utterly failed. As Madison recorded on the eve of the Constitutional Convention, “Not a single State complies with the requisitions, several pass over them in silence, and some positively reject them.”\textsuperscript{27} Each state tried to be a “free rider,” getting the benefit of national government without paying the price of governance, thus causing the whole edifice to tremble.

**The Twin Terrors**

As introduced by the previous section, during its brief existence two distinct but related problems haunted the Confederation. On the one hand, interstate tariffs threatened to divide the union into state economies. On the other, free trade with foreign countries undermined the young union’s efforts to achieve self-determination. This follows political scientist David Hendrickson’s observation in *Peace Pact* that federalists used the dual nightmares of multiple warring American confederations and interference by foreign powers to muster support for the Constitution.\textsuperscript{28} Arguments for greater central control of trade followed similar lines. Like the prospect of two or three bickering continental polities, embargoes or interstate tariffs threatened to deprive the union of its greatest tool for insuring mutual affection between citizens of different states, interstate commerce. Simultaneously, the threat of a flood of British goods after the peace harkened back to the state of dependence suffered by the colonies prior to the war. As explained in the following pages, this combination created a poisonous stew threatening the integrity of the union.

\textsuperscript{26} U.S. Articles of Confederation. art. 8, cl. 2.
\textsuperscript{27} Hendrickson, *Peace Pact*, 4. For more on requisitions under the Articles of Confederation see Dougherty, *Collective Action Under the Articles of Confederation*, 34. For example, Virginia governor Edmund Randolph wrote, “The probable delinquency of other States has been the pretext for non-compliance with every State.
\textsuperscript{28} Hendrickson, *Peace Pact*, 5-7.
Interstate Tariff System

Though the Articles of Confederation prohibited the tariffs of one state to tax the commerce of another, commercial states often found ways to, for all intents and purposes, lay duties upon their agricultural neighbors. For instance, the New York legislature, controlled by upstate interests, decreed that out-of-state ships must pay entrance fees at Manhattan Island.29 This privileged upstate agricultural products over goods from nearby Connecticut and New Jersey, which had “carried thousands of dollars out of the city and into the pockets of detested Yankees and despised Jerseymen.”30 In James Madison’s words, this New York tariff and others protecting Pennsylvania’s hinterland settlements bled New Jersey’s commerce like “a cask tapped at both ends.”31 In reaction to the Manhattan entry fee, Connecticut and New Jersey agricultural producers threatened to halt further commerce with the hated state.32 To the Jerseymen, New York and Pennsylvania tariffs seemed an unjust tribute exacted in violation of their sovereignty. One New Jersey newspaper contributor vented his frustrations at his state’s dependent situation: “[W]e are subject to a tribute to those states which even Great Britain would have disdained to exact.”33 Not surprisingly, the New Jersey legislature retaliated, placing


33 Hunter, “The Commercial Policy of New Jersey under the Confederation.”
an astonishing $1,800 tax on a New York municipal lighthouse located in Jersey jurisdiction.\textsuperscript{34}

Either at their ports or their borders, certain states imposed commercial barriers. These barriers separated areas into distinct markets that fell within certain states’ exclusive jurisdiction. For example, Maryland enacted multiple measures to extract monies from interstate commerce. By placing tolls on commerce going down the Susquehanna canal, Maryland hindered Pennsylvania’s commerce because only Maryland proprietors benefited from the toll revenue.\textsuperscript{35} Maryland’s inspection of salted goods arriving in Baltimore made it more expensive for out-of-state producers to sell in that market.\textsuperscript{36} Baltimore’s port wardens forced ships not belonging to Maryland’s citizens to pay an entry fee.\textsuperscript{37} These commercial barriers isolated markets and made the states less dependent on each other.

State commercial barriers evoked visceral reactions that threatened the union itself. This point is analogous to T. H. Breen’s argument that, by taxing exports to America, the British separated the home market from the American colonies.\textsuperscript{38} By doing so they differentiated themselves from the colonies, despite the colonies’ continued dependence on British goods. For example, Maryland did something similar with the

\begin{itemize}
\item \textsuperscript{34} Fiske, \textit{The Critical Period}, 147.; Spaulding, \textit{New York in the Critical Period}, 157.
\item \textsuperscript{35} \textit{Acts of Incorporation and the Supplements Thereto, Passed by the Legislatures of Pennsylvania and Maryland in Reference to the Susquehanna and Tidewater Canal Companies} (Baltimore: Bull & Tuttle, 1839, 43-47.
\item \textsuperscript{36} Virgil Maxcy ed., \textit{The Laws of Maryland with the Charter, The Bill of Rights, The Constitution of the State, and its Alterations, The Declaration of Independence, and the Constitution of the United States, and its Amendments; with a General Index}. Vol. 2. (Baltimore, Phillip H. Nicklin & Co., 1811), 3-8. This act is the re-establishment of Maryland’s inspection of salted provisions following the breakdown of internal improvement negotiations in November 1786.
\end{itemize}
entry fee for out-of-state ships. By doing so, the state not only marked arriving ships as foreign but made out-of-state goods that much more expensive for Maryland consumers.\textsuperscript{39} The fee not only placed citizens of different states but also the goods of different states “on the same footing with those of foreign nations”\textsuperscript{40} In this way, Madison claimed, the measure introduced elements “adverse to the spirit of the Union.”\textsuperscript{41}

Further, by similarly separating their own market from Connecticut and New Jersey, New York helped to transform their fellow Americans into detested Jerseymen and Connecticut Yankees. The New York import duties treated ships from Connecticut and New Jersey like “ships from London or Hamburg.”\textsuperscript{42} Resident New Yorker Alexander Hamilton observed that, “the citizens of each [state] would at length come to be considered and treated by the others in no better light than that of foreigners and aliens.”\textsuperscript{43} Pennsylvanian Tench Coxe warned New York’s citizens that Connecticut and New Jersey citizens would retaliate against their entrance fee: “The combined spirit of interest and resentment would sharpen the ingenuity of their legislatures, and a few strict laws might easily be framed, that would…compel you to grant them a share of the impost.”\textsuperscript{44} Thus by each state extracting fees analogous to the odious British commercial measures, John Fiske hypothesizes, “shots would have been fired and the seeds of

\textsuperscript{39} Hollander, The Financial History of Baltimore, 46.
\textsuperscript{40} James Madison, Selected Writings of James Madison, ed. Ralph Louis Ketcham (Indianapolis: Hackett Publishing Company, 2006), 37.
\textsuperscript{44} Kaminski, The Documentary History of the Ratification of the Constitution Digital Edition.
perennial hatred sown on the shores that look toward Manhattan Island.”45 Instead of making Americans, these discriminatory tariffs clearly undermined any sense of unity of the United States or shared citizenship.

Trade goods convey messages about belonging or difference. They discourage or enhance national identity. Benedict Anderson argues that members of a nation perceive the national community as an equal comradeship “regardless of the actual inequality and exploitation that may prevail.”46 By opening up Western commercial channels, Eastern canals encouraged the settlers in the West to see their relationship with Easterners as based on equality rather than exploitation. By contrast, British goods had conveyed the wrong message through taxation. American commerce would spread what Washington termed the cement of interest: free and equal trade. As the general noted, “commercial connections of all others, are the most difficult to dissolve.”47

Erecting barriers encourages resentment and separatism instead. For instance, Maryland’s inspection tariff required all salted goods to be stamped with the word “Baltimore,” regardless of their state of origin. In addition to making interstate commerce more expensive, Maryland’s stamp emphasized her sovereignty at the expense of emphasizing her allegiance to the United States. Absent such a stamp, the goods shipped from other states conveyed the unspoken message to Maryland consumers that they depended upon other Americans. By stamping “Baltimore” over the port of origin, Maryland destroyed that message. It obscured the “cement of interest.”48

Free Trade Ports

Yet not only discriminatory state tariffs endangered the young union. Beyond retaliation like the embargo of New York, the non-commercial states of Connecticut, New Jersey, and Delaware, all caught between neighboring states with ports, enacted some measure of free trade, to attract foreign trade. Historians John Fiske and Ernest Wilder Spaulding record that the state of Connecticut allowed British products to be imported without tariffs to let Connecticut consumers avoid having to pay New York’s entrance fee. Spaulding’s source is the personal papers of New York governor George Clinton. To prevent this, Jersey opened the ports Perth Amboy and Powles-Hook to the commerce of the world. Situated like New Jersey between rival commercial states, Delaware admitted foreign ships and goods duty-free to Wilmington and New Castle. Like New Jersey, its citizens insisted that free trade with foreigners

1. Likewise contemporary Americans must have known that certain goods originated from other states in the union. They would have known that rice probably came from South Carolina, furs from the Ohio country, herring from Massachusetts, Connecticut or New Hampshire, and tobacco from Virginia and possibly Maryland.


50 The Farmer, “To the Inhabitants of Maryland,” The Maryland Journal and Baltimore Advertiser, February 17, 1786, 3.


remained, “the only mode of aggrandizing the state and giving it right and respectability among its sister states of the Union.”\(^5^3\) Faced with the ruinous effects of their fellow Americans’ protective tariffs, these states turned in desperation to foreign commerce.

This only further justified neighboring commercial states’ protective measures. Threatened by British goods smuggled in from New Jersey and Connecticut, New York, which had previously only taxed ships entering Manhattan, forced all her neighbors’ imports to submit to inspection or pay a duty.\(^5^4\) Because the neighboring states failed to distinguish between foreign and American industry, New York argued that these states’ imports should be, “subject to like duties as are paid by goods imported in British vessels, unless it be proved…that such goods were not imported…in British vessels.”\(^5^5\) Certain states’ free trade policies forced their neighbors to resort to protective measures.

Americans feared that free trade with Britain would entail a return to the consumer culture of dependence that had characterized the years before the revolution.\(^5^6\) The *Philadelphia Gazette* opined that cheap imports brought in via Wilmington and New Castle perpetuated the same commercial dependence that they had endured in the colonial period, “We have been blind to our own interest and our existence as a nation. We have encouraged the importation of British gewgaws…Ready-made clothes and every article

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\(^5^3\) New Castle a free port, Petition, January 20, 1786, Jan-Feb 1786 Legislative Petitions, Record Group 1111, Delaware Public Archives.


of merchandise...so that valuable branch of men, the mechanics, would... be reduced to beggary." In New York, a letter from the tradesmen and manufacturers of the city observed that the Americans’ renewed penchant for British luxuries seemed a step backward: “[F]oreign importations have embarrassed the infant arts in America. We are sensible that... they nourish a spirit of dependence, which tends in some degree to defeat the purposes of our late Revolution.” They recognized that the free influx of British goods struck at the heart of their newborn polity’s raison d’etre.

British goods not only made the former colonies economically subservient, but culturally dependent. To Philadelphia merchant Tench Coxe, to consume English goods encouraged Americans to ape English manners, corrupting the United States’ emerging cultural identity. By reverting to the conspicuous consumption of the colonial era and purchasing British products merely “because they were foreign, showy or expensive,” his countrymen condemned themselves to be poor imitations of real Britons, utterly lacking in originality. By adopting the habits of their former oppressors, Coxe argued, Americans cut themselves off from developing any traditions distinctly their own. By failing to wean themselves off of the cultural products of England, they would never develop the taste for appropriately American consumer products such as “dresses, furniture and carriages.”

By allowing British goods in duty free, free trade ports let Britain accomplish through

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59 Tench Coxe, A View of the United States of America, in a Series of Papers, Written at Various Times Between the Years 1787 and 1794 (Philadelphia: Printed for William Hall and Wrigley & Berriman, 1794), 50. This portion is taken from an address Coxe made before a group of businessmen at the University of Pennsylvania on August 9, 1787. It gives a general overview of the commercial situation during the preceding years.
commerce what she could not in war: making the former colonies culturally subservient to the mother country.

Brought in duty free, cheap imported goods conveyed a message that threatened pride in dearly won self-determination. To newly independent Americans, the ease with which cheap British goods overwhelmed America’s fledgling manufactures in continental markets made it seem futile to distinguish between themselves and their former mother country. The obvious superiority of British manufactures recast the recent fight for American self-determination as a foolish mistake. This explains the New York manufacturers’ sentiment and why Coxe derided, “our untimely passion for European luxuries as a malignant and alarming symptom, threatening convulsions and dissolution to the political body.”60 To Coxe, such consumption by his fellow Americans implied a loss of pride in their new country. What was the point of independence if Americans willingly remained under “the tyranny of foreign fashions”?61

By contrast, tariffs on foreign commerce conveyed pride in the new union. Tariffs, like a 1786 Massachusetts act, provided protection from competition by foreign products to manufactures of any state in the union.62 Not only did this tariff make British goods more expensive, but it also emphasized the new nation’s sovereignty. Without such tariffs, nothing differentiated domestic products from foreign imports. Such tariffs ensured that British goods conveyed a message about difference, while American manufactures carried a message of belonging. They made the British into a “them” and

60 Coxe, A View of the United States of America, 50.
61 Coxe, A View of the United States of America, 53.
62 Hill, The First Stages of the Tariff Policy of the United States, 150.; Curtiss, The United States from 1607 to Today, 66. The original act is from November 17, 1786. There was to my knowledge no physical stamp indicating that a duty had been paid on a good. But consumers might know that a tariff had been paid on a particular good because tariff acts were often printed in the newspapers of the time. For example a 1785 Pennsylvania tariff act was printed in the Pennsylvania Gazette. Hill, The First Stages of the Tariff Policy of the United States, 146.
fellow Americans into an US. In Tench Coxe’s words, such imposts became “the means of our political salvation.”

63 Tariffs on foreign goods created pride in the union’s self-determination by giving real meaning to the phrase in the Massachusetts tariff act, “manufacture…of the United States of America.”

Complete openness threatened self-determination. Free trade ports opened by Delaware and New Jersey contradicted the sentiment behind their sister states’ tariffs on foreign commerce. Through such imposts, states designated that certain goods created an “us” and that other goods created a “them.” Without such differentiation, Delaware and New Jersey threatened to drown the products of their compatriots in a sea of foreign commerce. By failing to discriminate between an “us” and a “them,” Delaware and New Jersey let an emerging American identity drown, too, endangering the integrity of the union.

Two Sides of the Same Coin

Yet these twin dangers also suggested a dual solution to the Confederation’s troubles. First, to ensure the United States’ future integrity, the states needed to make free and equal trade between Americans, no matter their state, a guiding principle. Second, to secure the union’s hard-won self-determination, the states needed comprehensive protection against foreign goods. Like the twin terrors, these two solutions would reinforce one another. By addressing one problem, the states simultaneously addressed the other. For example, by removing interstate tariffs, commercial states erased the justification for their neighbors’ free trade policies. Conversely, by repealing free trade policies, non-commercial states removed the reason for their sister states’ inspection laws.

63 Coxe, A View of the United States of America, 54.
64 Hill, The First Stages of the Tariff Policy of the United States, 150.; Curtiss, The United States from 1607 to Today, 66.
But this solution could not come from Congress. Under the Confederation’s political structure, states did not have incentive to give up power to the federal government and by extension their neighbors if they could absolutely avoid it. For example, in 1783 Congress proposed the impost amendment, a five percent federal tariff on foreign goods. With all of the other states voting to grant Congress the power to levy the impost, in May 1786 New York insisted that New York customs officials act as collectors. Further, the state required that the impost be collected in New York’s paper currency. In effect New York retained its’ state impost, and thus the power to tax its neighbors, under the guise of a federal policy. Having given up its free trade policy, New Jersey took it upon itself to force New York to accept the impost amendment on federal terms. To do this, New Jersey threatened to stop all further requisition payments to Congress if New York was not brought to heel.  

Hence, reform under the Articles could only go so far. To reach a solution, there had to be some other spark, some different incentive for states to cooperate. This is where interstate internal improvements enter the picture. In negotiating interstate internal improvements, states had to depend on each other to ensure an enterprise got off the ground. If even one state got any impression that it’s neighbor had failed to afford it equal treatment, it could walk away. Thus, as we will see, an early step in negotiation was for states to work towards a uniform commercial policy, both in anticipation of future interstate commerce and to remove potential sticking points. In essence, making free and

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equal trade between Americans, regardless of state, a guiding principle was a first essential condition in planning interstate internal improvements.

**Burying Their Mutual Jealousies**

**Internal Improvement Negotiations**

I discuss in the following sections the initial competition between Pennsylvania and Maryland over improving the Schuylkill River and canalizing the Susquehanna River; negotiations between Virginia and Maryland over the Potomac canal and a road from the Potomac to the Ohio; and finally the negotiations between Pennsylvania, Maryland, and Delaware over shared waterways and various trade duties. The first provides a counter-example where plans for state internal improvements exacerbated competition. The latter two provide case studies where states set aside discriminatory commercial policies in favor of cooperation. All affected the run-up to the Annapolis Convention and by extension the Constitutional Convention.

**Pennsylvania and Maryland Internal Improvements 1783-4**

Pennsylvania’s western settlers proved ambivalent in their loyalty to the state government. The Susquehanna River directed the Wyoming Valley’s trade toward Baltimore and away from Philadelphia. In October 1784, Philadelphia’s merchants earned the resentment of the valley’s inhabitants by evicting them from their homes. To the settlers in the Wyoming Valley, a distant rapacious government in Philadelphia threatened all they held dear, “We care not under what State we live…in mercy, goodness, wisdom, justice… leave us our possessions, the dearest pledge of our brothers…which their hands have cultivated, and their blood spilt in the cause of their country, has enriched.”

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66 David Craft, *History of Scranton, Penn: With full outline of the natural advantages, accounts of the*
breaking the bonds of affection so recently forged by their collective effort in the American Revolution.

Yet to Philadelphia merchants, the Susquehanna valley inhabitants’ illicit trade with Maryland endangered Pennsylvania’s commerce and by extension the body politic. Western timber, coal, and produce went to Baltimore instead of Philadelphia. To Philadelphians this attested more powerfully than citizenship to which polity the valley residents belonged. For example, Thomas Paine complained of how, through commerce, Maryland stole the affections of the western settlers: “The commerce and traffic of the Back country members goes to Baltimore. From thence are their imports purchased, and thence do their exports go. They come here to legislate, and go there to trade…” The valley’s commercial relations represented a dangerous affinity for Maryland that threatened Pennsylvania’s political integrity.

But from the perspective of Pennsylvania’s western settlers, eastern neglect forced them to deal with Maryland. In the spring, boatmen braved the Susquehanna’s rapids rather than the bad roads to Philadelphia. Timber and other goods flowed down the river due to eastern refusal to use western taxes to improve those roads. In the minds of Pennsylvania’s western settlers, they had not betrayed their state. It had betrayed them by not heeding their pleas. One petitioner to the government in Philadelphia wrote: “The Marylanders have indeed been among us. They… lay before us the great advantages of a

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69 David Sweeney. “Advertisement.” The Maryland Journal and Baltimore Advertiser, April 11, 1786, 4.; Schoepf, Travels in the Confederation, 229-230. Schoepf relates that nearly 9 months out of the year boats could almost reach Bedford on the Juniata, a tributary of the Susquehanna.

70 Unknown “Advertisement.” The Maryland Journal and Baltimore Advertiser, May 12, 1786, 3.
near navigation…The people at present seem Avers to have any Intercoas with them, but what neglect & disappointment may soon produce in this matter needs no great penetration." Put simply, the government in Philadelphia had lost the allegiance of the Western settlers by neglecting their needs.

Against this backdrop, the internal improvements planned by both Pennsylvania and Maryland in 1783-84 only exacerbated the animosity between these states. In September 1783, the merchants of Philadelphia urged the general assembly to recapture their lost hinterland once again, “conducting the streams of commerce from the river Susquehanna to the port of Philadelphia.” The Pennsylvania legislature promptly authorized improving the navigation eastward from Philadelphia along the Schuylkill River with roads to bridge the gap between the headwaters of the Schuylkill and the Susquehanna. In turn, in November 1783 Maryland approved construction of a canal up the Susquehanna River to the border with Pennsylvania. In response, Pennsylvania passed a law imposing a ruinous fine of $2000 upon anyone who removed the boulders that made the Susquehanna immediately north of the Maryland border hazardous. As historian John Lauritz Larson writes, “Few examples mocked the ‘spirit of improvement’

71 Livingood, The Philadelphia-Baltimore Trade Rivalry, 7.
72 Hazard, Commencing 1783, 129. This is a report of the committee for inland navigation. This resolution came out of a petition by the merchants of Philadelphia. Hazard, Commencing 1783, 212. The merchants who signed the petition were John Nixon, Isaac Hazlehurst, Clement Biddle, Charles Pettit, John Ross, and J. M. Nesbitt.
74 Acts of Incorporation and the Supplements Thereto, 43-47.
more than the bitter rivalry between Baltimore and Philadelphia over the Susquehanna River.”

Through both free trade and protection, Pennsylvania tried to strengthen her own state economy at the expense of another. By preventing improvements to the Susquehanna, Pennsylvania tried to preserve a barrier between the Western settlers and Baltimore. Conversely by canalizing the Schuylkill and building western roads, the state sought to tie the western settlers to Philadelphia. Though Pennsylvania succeeded in fostering a particular identity, she had to pursue different policies: building a free trade zone in her interior and instituting protective measures at her borders.

**Chronology of the Virginia-Maryland Negotiations**

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
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<tbody>
<tr>
<td>September 1784</td>
<td>Washington tours Virginia’s Western settlements</td>
</tr>
<tr>
<td>October 1784</td>
<td>Virginia legislature incorporates the Potomac Canal Company</td>
</tr>
<tr>
<td>November 1784</td>
<td>Maryland legislature incorporates its own Potomac Canal Company</td>
</tr>
<tr>
<td>March 1785</td>
<td>Mount Vernon Conference between Maryland and Virginia</td>
</tr>
<tr>
<td>March 1785</td>
<td>Maryland and Virginia propose building a road through Pennsylvania</td>
</tr>
<tr>
<td>December 1785</td>
<td>Maryland invites Delaware and Pennsylvania to discuss commerce</td>
</tr>
<tr>
<td>September 1786</td>
<td>Annapolis Convention between Virginia, Delaware, Pennsylvania, New York, and New Jersey</td>
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</tbody>
</table>

Many eighteenth-century Americans believed commercial ties bound their young union together. After his 1784 trip to Virginia’s western settlements, George Washington became a fervent advocate of internal improvements. He proposed constructing a canal on the Potomac River and a road to the headwaters of the Ohio River to curb western settlers’ fickle flirtations with Britain, Spain, and secession.

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these internal improvements encouraged western settlers’ loyalty to Eastern governments: “Let us open a good communication with the settlements west of us—extend the inland navigation…apply the cement of interest to bind all parts of it together,” 78 These internal improvements would cure the localism and provincialism plaguing the West by enlarging the market and thereby consolidating the new union.

The rising American empire in the west forced eastern states to bury their mutual jealousies in favor of cooperation. Baltimore interests feared a Potomac canal might threaten their dominance of the Chesapeake. 79 But that event seemed preferable to western separatism or Britain and Spain capturing western trade while Eastern states bickered. Meanwhile Pennsylvanians resented Maryland and Virginia roads that siphoned off “the Trade with the Western Parts of our own State.” 80 Yet the state entertained a joint proposal by her southern neighbors to build a road from the headwaters of the Potomac to those of the Ohio River. 81 The eastern states sacrificed individual interests to further transportation projects that would enlarge the American market.


80 Hazard ed., Commencing 1783, 377.

81 Hazard, Commencing 1786, 60-61.; George Washington. “To Richard Henry Lee, President of Congress,
Yet to construct an adequate legal framework for interstate commerce, states had to regard their neighbors’ citizens as equals to their own. To do so, states had to emphasize the equality and mutual advantage that underlay the union. Political scientist David Hendrickson claims that prior to the Constitution, “the sense of common nationality was more a consequence of mutual entanglement and exiguous necessity than of a sense of common peoplehood.”82 In making the Potomac a public highway open to all United States citizens, Virginia and Maryland enshrined the equality between participants in a common market.83 In building an interstate political economy, they lay the groundwork for the union.

Virginia and Maryland approached the discussions about jurisdiction over shared waterways as a chance to enact a sound interstate commercial policy. Virginia’s general assembly incorporated the Potomac canal in October 1784.84 The following month, Maryland’s legislature granted a charter identical to that passed by Virginia, down to the tolls for products passing through the canal.85 Yet this did not satisfy the Virginia general assembly as enough to prevent “the great inconveniences…found to result from the want of some concerted regulations between this State and the State of Maryland.”86 Though


82 Hendrickson, Peace Pact, xi.


85 An act for establishing a company for opening and extending the navigation of the river Potomac, MD. (Congressional Edition 1839) (Passed November 1784).

86 James Madison. “To Thomas Jefferson, March 16, 1784,” in 1783-1787, ed. Gaillard Hunt, vol. 2 of The Writings of James Madison (New York: G. P. Putnam’s Sons, 1901), 41-42. Madison describes in a letter to Jefferson foreign merchant ships exploiting the lack of concert between the two states. The merchants would play the two states against each other by favoring whichever had the lowest
Virginia applauded the dual canal charters as a first step toward a uniform policy, the state’s general assembly proposed as the only permanent solution that the two states “frame such liberal and equitable regulations concerning the said river as may be mutually advantageous.” The two states seized the impetus from the canal proposal as an opportunity to further interstate commerce.

During the Mount Vernon conference on the Potomac canal, Virginia and Maryland enacted measures that pushed them toward becoming a common market. The two states agreed not to lay tolls on each other’s goods. But more importantly, Virginia and Maryland concurred on fixed currency values as well as the same import and export duties. In the words of Virginia commissioner and future anti-federalist George Mason, by not merely removing obstacles but by actively working toward a common market, the conference produced “a compact of such just and mutual principles, that executed with good faith, will perpetuate harmony, friendship and good offices between the two states.” In other words, by ensuring that each state saw the relationship as equitable, the negotiators furthered mutual affection between neighbors.

Though on the surface they produced a mere trade compact, the negotiators at Mount Vernon actually made a profound statement affirming a larger identity. The agreement repealed commercial measures that had sharpened the differences between the two states, while enacting others that made a statement about belonging. For example,
differing currency as well as differing import and export duties helped the citizens of each state to identify as either Virginians or Marylanders. These measures emphasized where one state’s sovereignty ended and another’s began. Removing such measures was akin to abolishing a border. In this vein, commissioner George Mason called the agreement “such a fair and liberal compact, as might prove a lasting cement of friendship between the two states.” In the quote, Mason implicitly understood the interplay between commercial differences and perceiving different identities. He understood that removing commercial measures that encouraged animosity between neighboring states would encourage both trade and affection across borders.

In the conference’s wake, Virginia and Maryland spread the principle of free and equal trade between Americans to neighboring states. To Pennsylvania, they proposed extending the Potomac navigation via a road connecting it with the Ohio River. In a mirror of the infrastructure project’s extension, Virginia and Maryland expanded the legal framework for interstate commerce, inviting Pennsylvania and Delaware to confer with them on common commercial regulations. Through a joint resolution, both states insisted that Pennsylvania could not enact interstate improvements without acceding to the reality of the common market and giving “every encouragement to measures which have for their object, the interest and convenience of their citizens, and those of the other

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92 Rowland, “The Mount Vernon Conference,” 424.; Fiske, The Critical Period, 215. Fiske briefly mentions the Chesapeake and Delaware in regard to Virginia and Maryland’s reasoning to consult Pennsylvania and Delaware: “since the scheme should rightly include a canal between the Delaware River and the Chesapeake Bay. And why not also consult with these two states about a uniform system of duties?” Ferling, A Leap in the Dark, 275.
States in the Union.” ⁹³ The two states hoped that Pennsylvania and Delaware would understand that all Americans, regardless of state, had a mutual interest in a common framework for interstate trade.

After Mount Vernon, Virginia commissioners expected the 1786 Annapolis conference to be like Maryland and Virginia’s earlier discovery of mutual interests, writ large. Virginia’s invitation to all the other states to attend the Annapolis conference was based on the hope that mutually beneficial commercial agreements might strengthen their common attachments. The invitation to the meeting urged attending states to “examine the relative situations and trade of the said States; to consider how far a uniform system in their commercial regulations may be necessary to their common interest and their permanent harmony.” ⁹⁴ Virginia expected this meeting would cure the myopically discriminatory state measures plaguing the Confederation.

**Chronology of the Pennsylvania, Maryland, and Delaware Negotiations**

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
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<tbody>
<tr>
<td>November 1785</td>
<td>Pennsylvania invites Maryland and Delaware to negotiate concerning the Susquehanna canal and navigation between Chesapeake and Delaware Bays.</td>
</tr>
<tr>
<td>January 1786</td>
<td>Delaware ignores invitation to negotiate.</td>
</tr>
<tr>
<td>February 1786</td>
<td>Delaware makes Wilmington and New Castle into duty-free ports.</td>
</tr>
<tr>
<td>March 12, 1786</td>
<td>Maryland declines invitation to the Annapolis Convention.</td>
</tr>
<tr>
<td>March 30, 1786</td>
<td>Maryland drops its salt duty as a gesture of good faith.</td>
</tr>
<tr>
<td>June 15, 1786</td>
<td>Delaware accepts negotiation proposal and invitation to Annapolis.</td>
</tr>
<tr>
<td>September 11-14, 1786</td>
<td>Annapolis Convention meets.</td>
</tr>
<tr>
<td>November 1786</td>
<td>Canal negotiations break down, and Maryland reinstates salt duty.</td>
</tr>
</tbody>
</table>

Like the Virginia-Maryland negotiations, the discussions between Pennsylvania, Maryland, and Delaware also encouraged interstate cooperation. On November 25, 1785, the president of the Pennsylvania Assembly, Benjamin Franklin, sent a letter to the governors of Maryland and Delaware proposing negotiations over opening their shared waterways. To secure Maryland’s cooperation in building a canal between Chesapeake Bay and Delaware Bay, Pennsylvania offered to open the Susquehanna River. Unlike the adversarial interstate tariff system, Franklin proposed: “The ground upon which it is proposed to conduct this negotiation is that of equal and reciprocal advantages….it is the only permanent basis of political contract.” Understanding its dependence upon its neighbors, Pennsylvania offered concessions.

Even as Pennsylvania’s proposal was in transit to Maryland and Delaware, Maryland proposed to Pennsylvania and Delaware that they extend their negotiations to the subject of commercial regulations. Following the Mount Vernon commissioners’ recommendations, Maryland suggested that Pennsylvania and Delaware confer with Maryland about trade duties. On November 27, the state invited her neighbors to appoint

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95 Hazard, Commencing 1786, 78. This is the letter Franklin wrote to the Pennsylvania Commissioners in October 1786. Franklin knew Maryland’s price would be the Susquehanna navigation from the start of negotiations in November 1785. Pennsylvania appointed Francis Hopkinson, David Rittenhouse, John Ewing, Robert Milligan, and George Lattimer to negotiate with Maryland and Delaware. Hazard, Commencing 1786, 755.

96 Hazard, Commencing 1783, 540-541. The letter to Maryland is dating November 25, 1785 while the letter to Delaware is dated the next day. This initial proposal came from a November 18, 1786 report by the committee on inland navigation. Hazard, Commencing 1783, 538-539. So far the only other scholars that have examined the 1785-1786 negotiations between Delaware, Maryland, and Pennsylvania are Ralph D. Gray and James Livingood. Livingood, The Philadelphia-Baltimore Trade Rivalry, 91.; Gray, The National Waterway, 8. Livingood cites the two initial letters Pennsylvania sent to Maryland and Delaware. Gray cites a procedural vote in the Delaware general assembly appointing commissioners to meet with Pennsylvania and Maryland as well as a letter by George Washington and the earlier Delaware legislative resolution initially refusing to negotiate. He also cites Delaware: A Guide to the First State as support for a claim that there was a November 27, 1786 meeting between the 3 states in Wilmington. This last claim is incorrect and will be addressed later in the paper.
commissioners to discuss the matter. Pennsylvania sent a positive reply four days later. From a mere discussion of interstate transportation, the negotiations expanded to encompass a legal framework for interstate trade.

By contrast, Delaware dismissed her neighbors’ invitations. A committee of the Delaware general assembly ignored Pennsylvania’s invitation concerning the Chesapeake and Delaware canal. The legislators felt that the canal would injure Delaware’s carrying trade across the Delmarva Peninsula. Roads across the peninsula terminated at the growing ports of New Castle and Wilmington, where ships loaded goods. The committee worried that the canal would allow ships to bypass these two ports. In place of the canal, the committee recommended road improvements. At the same time, it shelved Maryland’s invitation to discuss interstate commerce laws, fearing that such discussions might lead to demands that Delaware raise its duties on foreign goods to match its neighbors’ imposts on overseas commerce. At least initially, Delaware ignored offers to negotiate.

Maryland General Assembly, Votes and Proceedings of the Senate (Annapolis: December 1785) reproduced in William Hand Browne, Edward C. Papenfuse, et. al. eds., Archives of Maryland, 215+ volumes, (Baltimore and Annapolis, Md., 1883-), 3185: 730 (hereinafter cited as Archives of Maryland). The votes and proceedings of the Maryland legislature record that Maryland received Pennsylvania’s invitation to discuss the canals on December 3. This was too late for the November 27 letter to be a reply to Pennsylvania. Instead it seems to be independent invitation inspired by the Mount Vernon conference since the Maryland general assembly was ratifying the agreement from that conference at the time. (Archives of Maryland) 3185: 724.; Hazard, Commencing 1783, 542. This is merely a message accompanying the Maryland general assembly resolutions inviting Pennsylvania to consider discussing interstate commerce. The actual resolutions have been lost, but their content survives in a contemporary Delaware general assembly report. Apparently Maryland sent the resolutions to Delaware as well, and the Delaware report describes their content before dismissing the invitation. Though Delaware’s dismissal is only recorded by a Delaware report not in either of the larger states’ records. Report upon the President’s Message of 11th January, 1786, Report, January 16, 1786, Jan-Feb 1786 Resolutions & Reports, Record Group 1111, Delaware Public Archives.

Hazard, Commencing 1783, 543. This is Pennsylvania’s reply, a personal message from Franklin to governor Smallwood of Maryland.

Report upon the President’s Message of 11th January, 1786, Report, January 16, 1786, Jan-Feb 1786 Resolutions & Reports, Record Group 1111, Delaware Public Archives.; Gray, The National Waterway, 8.
Yet Delaware’s neighbors seem to have been oblivious to the little state’s reluctance to proceed. The following month the Maryland legislature sent the Delaware general assembly a list of its negotiating commissioners, implying that it anticipated Delaware’s participation.100 Indeed, the vice president of Pennsylvania’s Supreme Executive Council Charles Biddle announced that negotiations with both states had commenced, possibly indicating that Delaware had neglected to notify its neighbors.101 Though Delaware remained hesitant to participate, her larger neighbors proceeded without her.

The little state ignored the invitations because of the deep mistrust wrought by her neighbors’ exploitative tariffs. A few weeks after ignoring the proposals from Maryland and Pennsylvania, Delaware initiated a free trade policy.102 Through New Castle, Irish linens, West Indian rum, and French brandy alleviated the pinch of her neighbor’s imposts.103 In a petition to the legislature, the inhabitants of New Castle had earlier

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100 Annapolis 21st February, Communication, February 21, 1786, May-June 1786 Communications, Record Group 1111, Delaware Public Archives. Maryland appointed Samuel Chase, Samuel Hughes, Peregrine Letterbury, William Smith, William Hemly, and Baltimore Town. By the House of Delegates-Feb. 21st 1786, Communication, February 21, 1786, May-June 1786 Communications, Record Group 1111, Delaware Public Archives. This is a copy from the Delaware general assembly records of the Maryland announcement that it had appointed negotiating commissioners. This and the accompanying Pennsylvania announcement suggest that the two states assumed their smaller neighbor would participate. Further there is no record of the Delaware general assembly report dismissing the Pennsylvania and Maryland invitations in either of the larger states’ records to my knowledge. This evidence argues Delaware neglected to inform its larger neighbors of its decision. Hazard, Commencing 1786,


102 An Act to establish certain free ports within the Delaware State and for the encouragement of commerce DE. (Minutes of the Council of the Delaware State, from 1776 to 1792) (Passed February 2, 1786); Bushman, Proceedings of the House of Assembly of the Delaware State, 332.; State of Delaware, “An act to establish certain free ports within the Delaware State, and for the encouragement of commerce,” 3.; McDonald, We the People, 118.

103 Stephen Wilson, “Advertisment,” The Maryland Journal and Baltimore Advertiser, November 28, 1786, 1.; Unknown, “Wilmington, July 5, 1786,” The Delaware Gazette or the Faithful Centinel, July 5, 1786, 1 (Delaware Historical Society); Robert Taylor, “Advertisment,” The Delaware Gazette or the Faithful Centinel, November 22, 1786, 1 (Delaware Historical Society); Vincent & Joseph Gilpin & Co., “Advertisment,” The Delaware Gazette or the Faithful Centinel, April 11 1787, 2 (Delaware Historical Society); Alcohol like Holland gin, Liverpool beer and London porter seems to be a large portion of imports. Although there is also mention of salt, coffee, dry goods, and mill
begged the assembly to throw the state to the mercies of foreign trade to “emancipate our Commerce from the arising and dependent situation in which it is at present subject to Pennsylvania, free us from the payment of heavy Duties.” In light of this action, Delaware’s government must have initially thought that the negotiations would further the aims of its commercial neighbors to the detriment of her own.

Meanwhile, with work underway on Maryland’s Susquehanna canal, Delaware’s fellow Chesapeake states dreamed of commercial empire in the West. By March, workers had completed a two-mile cut. Company officials such as Samuel Purviance hoped this would form the first link in a great western waterway. According to one newspaper article, with an extension of Maryland’s canal through Pennsylvania, “Susquehannah, that great source of the Chesapeake, will, no doubt in a short time pour into the lap of commerce the immense treasures with which her various and fertile branches may abound.” Like the Potomac canal to the south, the Susquehanna canal seemed to its builders like the gateway to immense fortunes awaiting them across the Appalachians.

104 New Castle a free port, Petition, January 20, 1786, Jan-Feb 1786 Legislative Petitions, Record Group 1111, Delaware Public Archives.


Unaware of Delaware’s decision to ignore negotiation proposals, businessmen in neighboring states eagerly anticipated the interstate common market created by inland navigation. One newspaper contributor to *The Maryland Journal and Baltimore Advertiser* wrote warmly of the negotiations: “It is with pleasure we…find such a friendly disposition in the different Legislatures of Maryland, Pennsylvania and the other governments, towards improvements of that kind.”

News that Pennsylvania would improve the Susquehanna near the border encouraged new subscriptions for funds for the canal on the Maryland side and caused a jump in riverside real estate’s value. An advertisement for land read: “From the measures lately taken by the States of Maryland, Pennsylvania and Delaware, for the improvement of inland navigation, Susquehannah will probably be the channel for a considerable part of the Western trade.”

Commercial interests expected internal improvements to unlock the treasures of interstate commerce.

Plans for internal improvements highlighted barriers to a uniform system of commercial regulation. Based on earlier promises to Pennsylvania, Maryland dropped her port duty on salt in March 1786 until such time as Virginia and Pennsylvania instituted

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107 Unknown. “Philadelphia, March 25.” The Maryland Journal and Baltimore Advertiser, March 31, 1786, 2. The reference to other governments probably includes both Delaware and Virginia. The same article talks about the Potomac canal juxtaposing different state governments support for that project with support for the Susquehanna.


duties.\textsuperscript{110} In their joint resolution to Pennsylvania concerning a road between the Potomac and the Ohio, Virginia and Maryland had agreed that other Americans enjoyed the same right to trade upon the Chesapeake as their own citizens.\textsuperscript{111} By discriminating against out-of-state commerce, the salt tariff violated the principle of free and equal trade between Americans. By repealing the tariff, Maryland proved its adherence to the reciprocal advantage espoused by Pennsylvania in its invitation to negotiate and willingness to enact measures “which may tend to promote a friendly intercourse and commerce between this and the said states.”\textsuperscript{112} As a barrier to interdependence, the salt tariff conflicted with the common market promoted alongside interstate internal improvements.

Reversing its earlier decision to ignore negotiation proposals, Delaware seized on the Annapolis convention and the canal negotiations as a chance to lobby against discriminatory state tariffs. Noting the growing projected attendance at the coming national meeting in Annapolis, Delaware appointed commissioners in June 1786. It charged its delegates with discussing both the proposed internal improvements and the larger meeting’s purpose to establish a “uniform system of commerce.”\textsuperscript{113} To the Delaware general assembly, a national gathering to enact an adequate legal framework for interstate commerce seemed a golden opportunity “to remonstrate against the unjust and partial conduct of the said states in their commercial regulations, which have operated much to the injury of this state.”\textsuperscript{114} Delaware decided to negotiate because it

\begin{footnotes}
\item[110] Hazard, \textit{Commencing 1783}, 753. This is a Maryland letter to the President of Pennsylvania It is dated March 30, 1786 and says that as of April 1 Maryland will drop her salt duty until such time as Pennsylvania and Virginia decides to re-establish theirs.
\item[112] (Archives of Maryland) 3185: 150.
\end{footnotes}
saw in both the convention and the inland navigation discussions the opportunity to wage war upon the interstate tariff system.

Yet the Maryland government had not come as far as Delaware’s in connecting the Articles’ deficiencies with interstate trade problems. The Maryland Senate refused to appoint commissioners to the Annapolis convention. Having already acceded to the impost amendment, the Maryland senate saw the Annapolis meeting’s attempt to regulate the union’s trade as redundant in the wake of the congressional effort. Instead to deal with internal improvements, a subject not under the purview of Congress, the Maryland senate resolved that commissioners would meet delegates from Pennsylvania, Delaware, and Virginia parallel to the general convention to confer about those projects and if their neighbors insisted to discuss commercial regulations. Maryland’s refusal to attend the Annapolis meeting supports the contention of scholars that the states required a crisis to motivate them to abandon the Articles of Confederation for the Constitution. Maryland’s reticence implies that William Grayson’s was at least partly correct when he observed in May 1786: “[O]ur affairs are not yet arrived at such a crisis as to insure success to a reformation on proper principles.”

Prior to the Annapolis convention and the parallel inland navigation meetings, states’ interlocking interests compelled them to the negotiating table. For example, Pennsylvania held Maryland’s Susquehanna canal hostage to get consent for the Chesapeake and Delaware canal. Observing this, Madison seemed encouraged that the

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threat of mutual ruin might highlight the need for a permanent compromise to people like Maryland negotiating commissioner and future anti-federalist Samuel Chase.\textsuperscript{118} A mere month before Annapolis, Madison wrote: “It is lucky that both parties are so dependent on each other as to be mutually forced into measures of general utility.”\textsuperscript{119} More than any other experience, internal improvements negotiations taught states and advocates of de-centralized federal power that these were not merely temporary convergent interests but long-term commitments that required a permanent structure.

With Maryland absent from Annapolis, other states at the convention worked toward constructing an adequate legal framework for interstate trade. Inspired by the plan for a road from the Potomac to the Ohio, Pennsylvania proposed to Virginia an assimilation of their respective commercial systems. In an official communiqué, the Pennsylvania commissioner Tench Coxe specified certain measures as conducive to maintaining the union’s integrity since they promoted free and equal trade between Americans. Like the earlier Mount Vernon compact between Virginia and Maryland, Pennsylvania’s overture to Virginia proposed complete equality in ship tonnage rates,

\textsuperscript{118} Hazard, \textit{Commencing 1786}, 61-63.; Samuel Cornell, \textit{The Other Founders: Anti-Federalism and the Dissenting Tradition in America, 1788-1828} (Chapel Hill: University of North Carolina Press, 1999), 44.

\textsuperscript{119} James Madison, \textit{The Papers of James Madison Digital Edition}. Madison to Jefferson, August 12, 1786. Madison wrote that if Pennsylvania refused to improve the Susquehanna north of the Maryland border, “Unless this is permitted the opening undertaken within the limits of Maryland will be of little account.” He also mentions that Pennsylvania complied with the request by Maryland and Virginia to open a road from the headwaters of the Potomac to the headwaters of the Ohio as well as to grant the free navigation of the Ohio within her jurisdiction. Pennsylvania. Supreme Executive Council., \textit{Minutes of the Supreme Executive Council of Pennsylvania: From its Organization to the Termination of the Revolution}, Vol. 15. (Harrisburg: Theo. Fenn & Co., 1853), 71. On August 25, 1786 Pennsylvania President Benjamin Franklin mentioned in an official message: “Some farther progress has been made in the negotiation with the States of Delaware and Maryland since your last session: Commissioners have been appointed, an interview proposed, and every inclination to meet this Commonwealth on the ground of reciprocal advantage discovered.”
import duties, and imposts. As Pennsylvania’s proposal concluded, these were “measures which by blending the interest must cement the Union of the States.”

During this encounter, Pennsylvania explicitly identified discriminatory local measures as a threat to the foundation of the union. In a letter to the Virginia commissioners Madison, Randolph, and Tucker, the Pennsylvania commissioner wrote, “[N]one should be adopted which militate against the fundamental and essential principles of the Union.” He maligned local regulations that favored the enacting state’s commerce, while exacting a tribute upon fellow Americans — and thereby treating them like foreigners. To the Pennsylvania commissioner, a union founded upon equality could not continue if discriminatory local tariffs continued. Inequality between goods from different states led to inequality between citizens and states. Inequality destroyed the union’s fraternity by dividing it into competing state identities.

Two days after the convention, in a brief encounter with the Maryland negotiating commissioners, Coxe railed even more forcefully that interstate tariffs endangered the bonds of union between the states. According to the Pennsylvania commissioner, discrimination in favor of local commerce would “counteract the design and spirit of the Union by placing the citizens of the Confederacy on the footing of foreigners.”

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120 James Madison, *The Papers of James Madison Digital Edition*, J. C. A. Stagg, editor. Charlottesville: University of Virginia Press, Rotunda, 2010. Tench Coxe to Virginia Commissioners, September 13, 1786. Coxe related that the Pennsylvania government had specifically identified those three types of regulations as the cause of the differences in the commercial regulations of the several states. He called the situation, “evidently opposed to the great principles and spirit of the union.” He stated that the Pennsylvania government had already corrected it’s commercial regulations to treat citizens of one states as equal to those of another state.

121 Hazard, *Commencing 1786*, 61-63. This is a letter dated September 13, 1786. Coxe wrote in a later letter to the Pennsylvania general assembly that the Virginia commissioners had not been authorized to discuss an assimilation of the commercial regulations of the two states. Coxe did however get the Virginia commissioners, Madison, Randolph, and Tucker, to communicate the proposal to the Virginia legislature. Hazard, *Commencing 1786*, 60-61.

122 Ibid. A letter from Tench Coxe to the commissioners of Maryland is addressed to the exact same men Maryland originally appointed to negotiate with Pennsylvania and Delaware concerning inland navigation, Samuel Chase, Peregrine Leatherbury, William Smith, Samuel Hughes, and William Hensley. It is dated September 16, 1786, two days after the Annapolis convention's close. Further
chided the Maryland legislature for retaining a tonnage duty on out-of-state ships and an impost on rum from neighboring states. These deviations, though slight, eroded neighboring states’ efforts to build a uniform system to regulate trade. They counteracted the essential principle—free and equal trade—that knit the citizens of the young union together through bonds of mutual affection.

Preparations for later negotiations between Maryland, Pennsylvania, and Delaware evidence how much these states now perceived themselves as dependent upon their neighbors. In a letter written on October 26th 1786, Benjamin Franklin cautioned Pennsylvania’s commissioners that petty self-interest on their part actually harmed Pennsylvania. Before the planned November 27, 1786 meeting with Maryland and Delaware, he warned: “The States, parties to the negotiation have the same general objects but as each may be attached to ways of accomplishing them particularly favorable to itself, unless a spirit of mutual concession take place among the Negotiators, a partial bias may tend to disappoint the main purpose.” He stressed how much Pennsylvania’s trade depended on navigation between Chesapeake Bay and Delaware Bay and reminded the commissioners that Maryland likewise depended on the Susquehanna. To Franklin, mutual advantages among the states were “some ideas, which in certain conjectures, may

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it is postmarked from Baltimore where most of them lived. This and the text of the letter suggests that there was some sort of meeting planned, but the Maryland commissioners did not show up. He writes, "As a commissioner from the State of Pennsylvania, I expected the satisfaction of a conference with you under a commission from the legislature of Maryland" Yet it seems probable that there was some sort of brief contact between the two parties after this letter was postmarked. A letter from Tench Coxe to the Pennsylvania general assembly three days later reads, “a meeting with the commissioners to be appointed by Virginia and with your commissioners upon the latter business is earnestly desired by the commissioners of Maryland” Coxe would not have known that Maryland earnestly desired a meeting if he had not had some sort of contact with either the Maryland commissioners or representatives of the Maryland general assembly. This letter is dated September 19, 1786. Hazard, *Commencing 1786*, 60-61. It seems that Coxe in general was working from old information. He sought out the men Maryland originally appointed to discuss inland navigation not those it later designated, the same commissioners from the Mount Vernon conference. This seems to account for the planned meeting’s failure.
serve you as leading principles and be pleaded as motives.”

By understanding on what terms their neighbors might see trade as equitable, Pennsylvania had identified the cement of interest: free and equal trade between Americans.

**Conclusion**

To conclude, the Annapolis Convention and by extension the Constitutional Convention that followed it represented the culmination of negotiations among several states to build an interlocking network of internal improvements. In offering commercial concessions to their neighbors in return for cooperation, these states slowly took the first steps toward the ideal of free and equal trade between Americans. By giving Congress real power to regulate trade, the new Constitution turned the United States into a massive free trade zone. This replaced the lack of a uniform system of interstate commerce under the Articles. During the Confederation, certain states either taxed their neighbors or opened their markets to foreign commerce. In negotiations, these policies became obstacles to cooperation between neighboring states. But that was not all. Since the basis for these policies was the provision in the Articles that “Each state retains it sovereignty, freedom, and independence,” it too became an obstacle to cooperation.

The two problems of free trade with foreign countries and states taxing their neighbors’ commerce suggested a dual solution, even to contemporaries. First, to prevent the economic disintegration of the union, the separate states needed to enact free and equal trade between Americans. Second, to block dependence on foreign goods, the union needed a national tariff. Congress’s attempts like the impost amendment to enact this solution failed. The negotiations between states to build internal improvements were

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123 Hazard, *Commencing 1786*, 78.
124 U.S. Articles of Confederation. art. 2.
different. They provided an incentive for cooperation because one state’s refusal to participate would doom the whole plan. The dream of interstate commerce facilitated by these internal improvements coaxed states to leave the de-centralized political structure established by the Articles and to take shelter in a strengthened union.

Having lured the former colonies to Philadelphia, Madison argued in the Virginia plan that the United States needed a national impost and that the Articles could not accomplish such a goal. As Madison’s ally Edmund Randolph insisted; “A provision for harmony among the States, as in trade…must be made. The powers for these purposes, can never be given to a body, inadequate as Congress are in point of representation…and possessing no more confidence than they do.”

Even acknowledged anti-federalist George Mason understood the need for a remedy for the vices of the system. From the first crawling steps towards cooperation during interstate internal improvement negotiations, the Constitutional Convention represented the states’ explicit realization that the Confederation could not give them the thriving interstate commerce they wanted.

In 1789, upon the resumption of business under the new constitution, the federal government finally passed a national tariff. It is striking that something that had eluded congress for so long under the Articles would come so easily under the Constitution. Despite this achievement that would supposedly stem foreign commerce, the country remained dependent on England. In the 1790s, the balance of trade swung even further against the United States, which had largely failed to develop manufacturing. In the 1800s, continued dependence rankled Americans as President Jefferson turned to

desperate tactics like the Embargo Act of 1807 to stand up to Britain. With the failure of these tactics, the union turned to war in 1812.\footnote{Carl Benn and Robert O’Neill, The War of 1812: The Fight for American Trade Rights (New York: The Rosen Publishing Group, 2011), 6.} In hindsight, federalists of the 1780s had been overly optimistic in their expectations concerning a national impost.

Not surprisingly, the Constitution contained no provision for the United States government to construct internal improvements. It merely prohibited a state from laying a duty upon the commerce of its neighbors. This seems consistent with the origins of the document, since as the states planned to grant the federal government the power to regulate trade they met independently to discuss building roads and canals. What they truly wanted the federal government to do was to guarantee, in Benjamin Franklin’s words, “the fair and equal ground of reciprocal advantage.”\footnote{Hazard, 	extit{Commencing 1786}, 540.}

for inland navigation presented a report. Either way, it seems that Maryland reinstated its salt tariff in the same month as the planned meeting, while the Susquehanna canal proprietors continued work on a canal south of the Pennsylvania line that was finally finished in 1802. Though work continued on the Potomac canal, it was not completed until 1831 and not by the company sponsored by George Washington. Only with the completion of the National Road as far as Wheeling, West Virginia, in 1818 did a connection open between the headwaters of the Potomac and the Ohio.

Despite the gushing predictions of Washington and the proprietors of the Potomac and Susquehanna canals, internal improvements played little part in early western settlement. Hamstrung by states’ fears that federal involvement in transportation would undermine their power, the canal projects floundered for lack of funding. Only the National Road, funded by Congress in 1806, had much of an impact before 1820. During the 1820s, states gave most of these canal projects funding. Yet this was too little too late for internal improvements to deliver the promised vast interstate commerce their early proponents expected.

In the twenty-first century, Americans have largely forgotten the critical period when congressional power was but a shadow of what it is today. The ease with which people and commerce move makes it seem unsurprising that the founders once dreamed

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135 Young, “A Political and Constitutional Study of the Cumberland Road.”


of what we wake up to and absurd that little Rhode Island once thought of itself as something like a sovereign state. The union that we have lived in for over 200 years seems natural. To recapture the sense of how it was constructed, it is necessary to look at groups of countries today that are in situations analogous to the American states in the 1780s.

In today’s ongoing financial crisis, the countries of Europe may be learning a lesson similar to that which produced the Constitution in the United States. As the actions of Greek, Irish, or Spanish bankers threaten the solvency of their German or French counterparts, it suddenly seems apparent that national control of fiscal policy is antithetical to an international common market. In other words, it appears that the legal framework of the European Union is not adequate to protect its common market. As with the transition from the Articles of Confederation to the Constitution, we may see nearly independent states give up sovereignty in pursuit of trade. As the Founding Fathers used to say, “commercial interest is the strongest bond for political union.”
Appendix

Map for Pennsylvania-Maryland Negotiations 1783-84

Figure 1. Pennsylvania's planned improvement of the navigation of the Schuylkill River in blue. The planned road between the Schuykill and the Susquehanna is in brown. Maryland's Susquehanna Canal is in green. The green dots represent Baltimore and Philadelphia.

Map for Virginia-Maryland Negotiations

Figure 2. Potomac Canal outlined in green. The road between the Potomac and the Ohio outlined in brown. The small green dot represents Baltimore.
Figure 3. Canals outlined in green. Improvements to river navigation outlined in blue. The four green dots represent Baltimore, New Castle, Wilmington, and Philadelphia. Wilmington is slightly north of New Castle.
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