



## ***SUMming It Up: Alexander Hamilton and the Society for Establishing Useful Manufactures***

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**Central issue, problem, or question:** How did Treasury Secretary Alexander Hamilton attempt to realize theories outlined in his “Report on Manufactures”? What is the significance of the Society for Establishing Useful Manufactures (SUM) and the city of Paterson, New Jersey, to the history of American industrialization?

**Significance:** This lesson explores the emergence of manufacturing in the United States by focusing on the establishment of the SUM in Paterson, New Jersey. Alexander Hamilton intended the SUM to serve as a model of how the American economy should develop. Although this early attempt to establish a manufacturing town was initially unsuccessful, Paterson would later emerge as a major industrial center.

**New Jersey Core Curriculum Content Standards for Social Studies:**  
**Standard 6.4** (United States and New Jersey History). **Middle School: F-1** (Describe the political, economic, and social changes in New Jersey and American society preceding the Civil War); **F-6** (Discuss the economic history of New Jersey). **High School: F-3** (Analyze the political, economic, and social changes in New Jersey prior to the Civil War).

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

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

**Abstract:** Middle School students will read and analyze two primary source documents and create a business logo for the SUM which they will present to the class. Working in small groups, high school students will analyze primary source documents and present their findings to the class. Based on their group work and the presentations, students will write newspaper editorials explaining their support or opposition to the SUM.

**Duration:** Two 45-minute class periods.

## Sources

### Secondary Sources

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David Cohen online lecture: "Alexander Hamilton, New Jersey and the Society for Establishing Useful Manufactures," July 2004; available in the "SUM" section of the New Jersey History Partnership Project website, <http://nj-history.org>.

Ron Chernow, *Alexander Hamilton* (New York, 2004) 370-89.

Joseph Stancliffe Davis, *Essays in the Earlier History of American Corporations* (Cambridge, 1917), 349-522.

New-York Historical Society, "Alexander Hamilton: The Man Who Made Modern America," <http://www.alexanderhamiltonexhibition.org>.

*Monopolies and Mechanics*, program 5, *New Jersey Legacy* television series, co-produced by the New Jersey Historical Commission and New Jersey Network, 1999, videocassette.

### Primary Sources

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Prospectus of the SUM, August 1791.  
<http://nj-history.org/mktRev/sum/pdf/sumDoc1.pdf>

Charter of the SUM, 22 November 1791.  
<http://nj-history.org/mktRev/sum/pdf/sumDoc2.pdf>

Alexander Hamilton, "Report on Manufactures," 5 December 1791.  
<http://nj-history.org/mktRev/sum/pdf/sumDoc3.pdf>

A Democratic-Republican Critique of the SUM Charter, 24 November 1791.  
<http://nj-history.org/mktRev/sum/pdf/sumDoc4.pdf>

SUM Logo.  
<http://nj-history.org/mktRev/sum/pdf/sumDoc5.pdf>

**Background:** The brainchild of Treasury Secretary Alexander Hamilton and Assistant Secretary Tench Coxe, the SUM was founded in 1791. The SUM was a privately financed corporation; its mission was to develop a manufacturing town which would produce a wide range of goods (textiles, paper, shoes, pottery, brass and iron wire) using the latest technologies. It was intended to serve as a

model of large-scale manufacturing that would encourage economic diversification in the predominantly agricultural nation.

British trade policies had hampered American economic development during the colonial period, and government subsidies to European manufacturers continued to put Americans at a competitive disadvantage on the world market. Popular attitudes about farming versus factory work also delayed the development of American manufacturing. Believing that land ownership and economic self-sufficiency were the keys to public and private virtue, many, like Thomas Jefferson, feared that factories would undermine American independence and bring poverty and vice to the new nation.

Hamilton hoped that the SUM would bring to fruition theories outlined in his "Report on Manufactures," demonstrating how the United States might achieve economic independence from and equality with European nations (especially England). This goal, however, could only be achieved through the concentration of capital and the acquisition of an adequate work force and the latest labor-saving technology. Hamilton successfully appealed to wealthy Americans to pool their capital by purchasing stock in the corporation. He also proposed to fundraise by holding a lottery. On the issue of labor, Hamilton believed that women and children might do much of the work under the direction of skilled mechanics recruited from Europe. These immigrants would also supply technological expertise necessary to reconstruct industrial machinery. To power the machinery, Hamilton hired architect Pierre L'Enfant to develop a system of raceways or canals that would bring water from the Passaic Falls to drive factory waterwheels.

Hamilton did not live to see Paterson prosper. Cost overruns and fraud doomed this early venture in American manufacturing. In 1796, the SUM closed the only textile mill in town. The corporation, however, was revived in the early nineteenth century, and by 1830, Paterson was an active and growing industrial town.

**Key Words:**

Charter  
Monopoly  
Corporation  
Tax exemption  
Import  
Export  
Capital  
Labor  
Mechanic

**Materials:** Middle school teachers will need an overhead or LCD projector, overheads, drawing paper, and colored markers. High school teachers will require copies of primary source documents.

## Middle School Procedures

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For homework the night before this lesson, students should read the section of their textbook on Alexander Hamilton's fiscal policies. The teacher should commence the lesson by asking the following questions:

- Who was Alexander Hamilton?
- What was his economic vision for the United States?

The teacher should then show the video segment on the SUM from the *New Jersey Legacy* television series, available in the "SUM" section of the New Jersey History Partnership Project website, <http://nj-history.org>.

Afterwards, the teacher should ask the students:

- What was the SUM?
- How did this corporation fit into Hamilton's economic vision?

Then the teacher should use an overhead or LCD projector to show the students two primary source documents:

- Prospectus of the SUM.  
<http://nj-history.org/mktRev/sum/pdf/sumDoc1.pdf>
- SUM Logo.  
<http://nj-history.org/mktRev/sum/pdf/sumDoc5.pdf>

Before students read the Prospectus, the teacher should explain that this document was designed to attract investors to the SUM. The teacher should read through the documents with the students, highlighting relevant passages, defining difficult words and key terms, and then posing the following discussion questions:

- What was Hamilton's goal in establishing the SUM? How, according to Hamilton, would the SUM benefit the nation?
- What were the objections to developing large-scale manufacturing in the U.S.?
- How did Hamilton answer these objections? In other words, how did Hamilton propose to reduce the cost of labor? How did he propose to acquire sufficient capital?
- What did American manufacturers need to acquire in order to be able to produce goods as cheaply as their European competitors?
- Why was New Jersey an ideal location for this new enterprise?

The teacher should show the students the SUM logo and ask them to analyze it:

- Describe the SUM logo.
- What is the purpose of a logo? (The teacher might ask students to think about the logo of large corporations and popular brands.)
- Do you think this logo effectively represented the stated goals of the SUM? Why or why not?

Afterwards, the teacher should divide students into groups of 3-4 to design a new logo and slogan for the SUM that communicates the goals and the innovative spirit of the corporation. When designing their logos and developing their slogans, students should consider the importance of this project to the primarily agricultural nation. Each group should be prepared to present their logo and slogan to the class once they have completed the design. Presenters should explain the central theme of their logos and slogans and how they represent the goals of the SUM.

## High School Procedures

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For homework the night before this lesson, students should read the section of their textbook on Alexander Hamilton's fiscal policies and his goals for the new nation. At the beginning of class the teacher should show students the video segment on the SUM from the *New Jersey Legacy* television series, available in the "SUM" section of the New Jersey History Partnership Project website, <http://nj-history.org>.

The teacher should then hand out copies of Alexander Hamilton's "Report on Manufactures"

<http://nj-history.org/mktRev/sum/pdf/sumDoc3.pdf>

and the SUM Charter to students.

<http://nj-history.org/mktRev/sum/pdf/sumDoc2.pdf>

They will read these documents aloud as a class, stopping periodically to clarify points of confusion (nineteenth-century usages, historical references, etc.).

Afterwards, the teacher should model the activity of analyzing primary source documents by asking the students a series of questions focusing on Hamilton's economic vision for the U.S. and the connections between the two documents:

- Why did Hamilton believe that the development of manufactures was crucial to American political, as well as economic, development?
- What were some of the objections to Hamilton's pro-manufacturing arguments?
- How (and how well) did Hamilton answer these objections?
- How do you explain Hamilton's statement that one of the advantages of manufactures is "women and Children are rendered more useful"?
- Do you think Hamilton's "Report on Manufactures" would have convinced a proponent of a predominantly agricultural United States that the development of a strong manufacturing sector would benefit the nation? Why or why not?
- Based on your reading of the SUM charter, how does this new corporation fit into Hamilton's vision of the nation's economic future as elaborated in his "Report on Manufactures"?
- What benefits or "encouragement" did the SUM derive from New Jersey?
- Do you think there were any opponents of the new corporation? Why or why not?

Afterwards, the teacher should assign students to small groups of 4-5 persons to read and analyze A Democratic-Republican Critique of the SUM Charter by “Clitus” (a classical reference: Clitus was a military commander under Philip of Macedonia and later Alexander the Great who saved Alexander’s life in battle but was later killed for his candor).

<http://nj-history.org/mktRev/sum/pdf/sumDoc4.pdf>

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

For homework, individual students will compose their own newspaper editorials or letters to the editor explaining their support for or opposition to the SUM. Each editorial or letter should use the Democratic-Republican Critique as a model and cite provisions from the SUM charter or Hamilton’s “Report on Manufactures.”

**Connections:** This lesson might be part of a larger unit on the early phases of incorporation and industrialization in the United States.

**Comments and Suggestions:** Teachers might enhance this lesson by scheduling a visit to the Paterson Museum and the Great Falls Historic District in Paterson where students could see the Passaic Falls, the city’s factories, its system of raceways, and the statue of Alexander Hamilton.