From city club to nation state: business networks in American political development

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Abstract Although cities were given no role in the constitutional order of the United States, the new nation posed the same potential threats to the accumulation of capital and wealth as European monarchs posed to long-powerful urban centers. In mobilizing for self-protection and advancement, American business developed new practices and discourses of citizenship that sustained a central role for the community as the locus of social provision. The strategy combined opportunity-hoarding through restricted membership in civic groups and obligation-hoarding through the alignment of diverse networks of voluntarism with this civic core. The linkage of business interests to this hybrid charitable-civic configuration constituted a source of resistance to nationalizing tendencies driven by demands for social protection. This alternative model of social provision and civic organization sustained a distinctive pattern of political membership and state development. By fiercely defending the capacity of privately governed civic networks to provide substantial social support, this history of business influence through community organizations lives on in the partial and fragmented character of the American welfare state.

In theories of the state, cities figure in at least three distinct ways: as sites of capital accumulation, as seats of government, and as distinctively civic polities central to classical political theory with their oft-cited claim that “Stadluft macht frei.” Where all three coincide, cities have provided a stage for political contests over how and when capital will be harnessed to state-making and what liberties will be secured for citizens. Yet these three elements do not necessarily co-exist: economic power may be rooted in agriculture or extraction, government may be located in ceremonial cities, and urban residents may lack the standing of citizens. As Charles Tilly argued in Coercion, Capital and European States, A.D. 990–1992, different configurations of these elements have produced distinctive forms of state.

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According to Tilly, “cities shape the destinies of states chiefly by serving as containers and distribution points for capital” (Tilly 1992). To the extent that cities succeed in the competition to become prominent nodes in networks of trade and investment and to the extent that rulers are able to gain access to that capital as a resource for state-building, urban growth will strongly mark the developmental trajectories of the modern nation state. Where cities are able to resist the claims of would-be rulers on their accumulated capital, different political formations predominate. From the perspective of capitalists and the broader category of businessmen, however, towns and cities are much more than simple containers for capital. They are also locales of social interaction, economic exchange and competition, and, potentially, political mobilization. Following Tilly’s emphasis on configurations of factors, the forms of business organization within cities may influence the shifting organization of political power within nations.

In the case of the United States, this relation between organized capital and the configurations of political power poses an interesting puzzle. While American cities were unquestionably key sites for capital accumulation, they were multiply handicapped as sites for the mobilization of political power. The constitutional framework—adopted when cities such as New York, Boston, and Philadelphia barely counted as urban in contemporary terms—recognized only the federal government and the states. So whereas the growth of large cities preceded the formation of modern states in much of Europe, the sequence was reversed in the United States. Cities developed as major centers of capital accumulation within an institutional framework that provided few footholds for the political role of economic enterprise. While many of the founders were intent on protecting the rights of property, their concern was not the concentrated property of urban commerce and industry.

This lack of concern for urban capital was not a matter of simple oversight. Political choices deliberately blocked the possibilities of developing political leverage from the spatial concentration of investment and capital accumulation. State constitutions often severely limited the autonomy of cities, fueling long struggles over municipal home rule. Symbolically, the new nation’s capital was removed from the prominent cities of New York and Philadelphia to a newly created (and, to this day, politically disempowered) place, the District of Columbia. The first major policies directly linking cities to the national government were adopted only in the 1960s and, even then, programs such as the Model Cities circumvented municipal government to establish direct ties to Community Action Agencies and other nonprofit organizations. As a consequence, and not surprisingly, many of the most important accounts of the development of the American state have attended to cities only as locations for important events.

1 Using the threshold of 2,500 residents, the United States could boast 24 “urban places” as of 1790. Only five topped 10,000, led by New York City at 33,000. At this time, the population of Paris had exceeded half a million while that of London was approaching one million.

2 Tilly (1990: 61) uses a sequence argument to explain how it was possible for a powerful English state to emerge despite the existence of London, specifically that London became a trading power after the consolidation of the monarchy and parliament.