

Agenda Control and Special Interest Decision Making: An Analysis of the First Continental Congress

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The First Continental Congress convened in Philadelphia during the fall of 1774 to address the many transgressions against the American colonies by Great Britain. The Congress, made up of delegates from twelve of the thirteen colonies, served as an immediate response to the closing of the Boston port and the issuance of the Intolerable Acts by the British Parliament.¹ These acts were imposed on the colonies as punishment for the Boston Tea Party. The delegates saw the Congress as a means to “restore the peace, harmony, and mutual confidence which once happily subsisted between the parent country and her Colonies” (Library of Congress 15). The major accomplishment of the First Continental Congress was establishing the Continental Association, a unified colonial embargo on Great Britain. This measure was intended to expedite the repeal of the Intolerable Acts, but caused much debate among the delegates.

South Carolina, which at that time was one of the wealthiest colonies, sent five delegates to the First Continental Congress (Opala, par. 2). While the South Carolina delegates offered their support for unified action against Great Britain, this did not prevent them from considering what was in the best interest of their own colony. In fact, the South Carolina delegation would not agree to the Continental Association without the exemption of rice and indigo, two major crops for the colony. The South Carolinians held steadfast to their demands, and four of the five delegates even withdrew from the Congress before the other colonies agreed to compromise for the sake of unity (Haw

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66). South Carolina acted as a holdout, threatening the implementation of a unified colonial response to Great Britain. As a result, Article IV of the Association was amended so that rice was the only American good exempted from the embargo.²

The First Continental Congress serves as an historical example of collective action, one that reveals a number of public choice principles. According to James Buchanan, public choice theory is an approach to explaining and understanding political processes through an economic lens. An essential assumption of public choice theory is that while people are motivated by “personal wealth, power, and prestige in the marketplace,” so too are they in the political realm (Gwartney and Wagner 18).

While a brief summary of the above conflict can be found in other literature, no work has investigated, in depth, the actions of the South Carolina delegates with respect to their economic motives using public choice theory. This is partly due to the fact that much of the debate within the Continental Congress was kept behind closed doors in order to propagate the image of unity in all of its decision-making (Marston 358). James Henderson (1974), Edmund Burnett (1941), and David Ammerman (1974) have written the most complete texts on the motives of the delegates within the Continental Congress, but none of these authors fully interpret the South Carolinians’ actions. This paper seeks to uncover what appears to be self-interest on the part of the South Carolina delegates in the midst of an attempt at unification. It will also explore how South Carolina managed to convince the other delegates to concede to its demands.

Public choice theory can highlight the inner workings of early political processes like the Continental Congress, and more specifically the interplay of motives with respect to the Continental Association. It appears that the political process undertaken by the colonies was laden with special interests. This is certainly evident when looking at the behavior of the South Carolina delegates. One question that needs to be asked is why did the Continental Congress concede to a single colony’s demands? This paper will re-examine the motives of the delegates. Upon further examination, I hope to highlight the decisions made at this critical time during the eve of the American Revolution, paying close attention to the costs and benefits to the participants

involved. Applying this approach will reveal early examples of public choice tenets, including decision-making costs, agenda control, holdouts, and special interests.

Section 1 will offer a brief history of South Carolina and explain the importance of rice and indigo to the colony. Section 2 will give a background to the Continental Congress and investigate the different motives of its participants. Section 3 will analyze the proceedings of the Congress, specifically the colonial embargo, from a public choice perspective. Finally, I will offer a conclusion about why the South Carolina delegation succeeded in exempting rice from the Continental Association.

1. The Colony of South Carolina

The colony of South Carolina dates back to 1663, when King Charles II gave eight men a proprietary grant for the territory. In many ways, the colony was a business venture from the very beginning. The proprietors saw the province as an investment, and had intentions of making it a plantation colony. They encouraged settlers from all ranks of society with inexpensive land and the opportunity to achieve great wealth.

From its settlement in 1670 until 1719, Carolina was under proprietary rule. In 1719, the colonists revolted in response to the proprietors' inability to protect the territory. The colonists sought help from the Crown, and in 1720, Carolina became a royal colony. The first settlement in Carolina was that of Charles Towne (Charleston). It was here that most of the colony's trade was conducted. By 1770, Charleston had become the third busiest port in the colonies and one of the most prosperous cities in North America (Smith 2).³

Rice was the perfect crop for Carolina because it could be grown on the wet swampy land that was so abundant in the colony. The damp swamps became a vast source of wealth for Carolinians, and its rice came to be called "Carolina Gold" (Edgar 144). Not only was rice South Carolina's leading export, it was also the third most valuable commodity exported from the American colonies.

With the introduction of rice, Carolina quickly evolved into a plantation colony. The ease with which South Carolinians could acquire land made them economically driven. They were intent on earning a

profit from the land, and chose endeavors that earned them the greatest return in the least amount of time. Exporting raw materials, instead of finished goods, brought immediate returns. Such production became even more profitable as British subsidies and favorable duties were granted to certain industries. Such preferential treatment made Carolina's economy increasingly dependent on Great Britain. In fact, England was the colony's chief trading partner. By 1770, Carolina accounted for nearly a third of the value of all exports from America to England (Edgar 151).

According to Walter Edgar, by the eve of the American Revolution, rice production and profits were at their highest (144). Rice prices had consistently increased since the crop's introduction in the late seventeenth century, except during the 1740's in the wake of King George's War (Hardy). The war disrupted trade routes and created instability in European markets. As a result, freight and insurance costs increased. Because rice had a relatively low value per unit of volume, its marketability relied on low freight rates. The war lessened planters' profits by increasing the cost of shipping rice (Weir 146).

A brief decline in the price of rice was enough for profit-seeking plantation owners to search elsewhere for another crop (Edgar 150). They did not have to look far. As Edgar notes, "it did not take South Carolinians long to exploit an economic opportunity" (146). Indigo, which derived its value from the blue dye that one could extract from it, proved to be profitable for Carolina planters in the wake of the war. Unlike rice, indigo was highly valuable relative to its volume and less expensive to export. This meant that indigo was still profitable in times of high freight rates. Furthermore, because of the war, England could no longer obtain the six hundred thousand pounds of blue dye it imported annually from foreign markets (Sellers 161).

Indigo was the perfect secondary staple for Carolina planters because it could be grown behind the rice fields as a supplementary crop, making it worthwhile for most rice planters to also grow indigo (Waterhouse 54). It was only three years after the first successful crop of indigo was grown in South Carolina that the colony was exporting 138,000 pounds of the "blue gold" to England (Edgar 146). When Parliament granted a subsidy to indigo planters in 1748, the crop became even more profitable (Rogers 11). By the eve of the American

Revolution, the colony was exporting more than one million pounds of indigo (Ramsay 119). The crop ranked fifth in value among all colonial exports (Weir 160).

Trade in Carolina, like other plantation colonies, was embedded in the British mercantilist system that dominated international commerce during the sixteenth to eighteenth centuries. According to this economic doctrine, a country should export more than it imports, thereby limiting its dependency on foreign goods (Nettels 77). Such self-sufficiency was attained by Great Britain with the help of plantation colonies like Carolina, which provided raw materials and other goods to the mother country that had been previously obtained from foreign markets. The British Parliament encouraged this relationship with regulatory laws and preferential treatment to profitable industries that were often obtained by rent seeking. Rent seeking refers to the act of obtaining favorable legislation in order to increase one's profits at the expense of others. Ekelund and Tollison discuss the rent seeking activities inherent in mercantilism. They describe the British Parliaments' control of colonial trade by means of a series of Navigation Acts. These acts benefited British merchants by mandating that colonial exports must be transported in English ships. All imports, too, had first to be shipped to England where they would be taxed and then re-shipped to the colonies. In addition, these acts enumerated certain goods, which meant that they could only be shipped to Great Britain (Ekelund and Tollison 88).

While regulatory laws such as the Navigation Acts primarily benefited special interests in England, other preferential treatment policies in the form of bounties (subsidies) and tariffs secured the profitability of particular colonial industries. These regulatory advantages were a result of rent seeking activities by colonists and British merchants. In 1748, British merchants lobbied Parliament and helped South Carolinians secure a subsidy on indigo (McCrary 269). Indigo production was not only encouraged by this subsidy, but also dependent upon it (Thomas 628). Without the subsidy the market for indigo would not have existed (Dickerson 42).

Rice and indigo were designated enumerated goods.⁴ Once in Great Britain, these crops were re-exported throughout Europe. This added stop in England increased shipping costs and led to an inefficient

allocation of resources (Thomas 621). Economist Robert Paul Thomas estimates that the enumeration of rice cost Carolina producers on average £139,000 annually between 1763 and 1772 (625). As early as 1722, colonists had sought to remove rice from the enumerated list. By 1729, Carolinians were allowed to export rice to destinations other than Great Britain (McCrary 40).

Rice and indigo production in South Carolina created a wealthy social elite made up of the planters who grew the crops and the merchants who traded them. Many merchants were also plantation owners, giving testimony to the concentration of wealth in the colony (Weir 216). Since most of the wealthy elite were descendants of English gentry, life in Carolina, specifically Charleston, was modeled after English society. Members of the Carolina gentry considered themselves first and foremost Englishmen (Waterhouse 107). They were certainly inclined to maintain their commercial ties with England, since they owed their wealth to staples imbedded in British mercantilist policy. Carolina, more than any other colony, was commercially tied to Great Britain. According to Weir, this attitude led to the pursuit of self-interest (168). While England depended on trade with its colonies to secure self-sufficiency, South Carolinians were dependent on trade with England for their economic stability. Severing trade with England would be a high cost that most South Carolinians were not willing to pay.

2. The Continental Congress

While the call for the First Continental Congress was a culmination of several years of complaints against unjust taxation by Great Britain, it was a more immediate response to the closing of the Boston port. After the Boston Tea Party, Great Britain passed several repressive acts to punish the colony of Massachusetts. Each colony sent delegates to the Congress in order to aid Massachusetts in its attempt to obtain a redress of these acts (Burnett 18). This task, while simple in theory, proved to be more complicated as the delegates realized some disparity in ideology. Their conflicting opinions are often summarized as tensions between two ideological factions: the radicals and the conservatives.⁵

These factions were not defined political parties as we know them

today, but rather affiliations based on the delegates' underlying views. Though the radicals and the conservatives represented opposing viewpoints, there were times when radical delegates supported conservative measures and vice versa (Stahr 38). In addition, it is likely that not all of the delegates within each faction supported the same measures for the same reasons.⁶ To a certain extent, the intentions of the delegates within each faction can be seen as result of individual preferences and the consideration of what was best for each delegate's respective colonies more so than the result of any defined ideology (Henderson 35).

While all the delegates hoped for a redress of their grievances, the radicals proposed more aggressive action towards Great Britain than the conservatives. The radicals did not explicitly call for separation, but their ideology represented a move towards independence (Dabney and Dargan 65). This faction was mostly made up of the New England colonies, but gained some support from the South. Key radical figures included John and Samuel Adams from Boston, Patrick Henry and Richard Henry Lee from Virginia, and South Carolinians Christopher Gadsden and Thomas Lynch.

The conservatives wanted to reconcile with Great Britain. A majority of the conservatives were from the middle colonies, the most prominent being Joseph Galloway from Pennsylvania and James Duane from New York. John and Edward Rutledge and Henry Middleton from South Carolina were also key conservatives. These men opposed the harshness displayed by the radicals and had no intention of separation.⁷

According to Henderson, the radicals, while the minority, were better organized than the conservatives (22).⁸ During the years prior to the First Continental Congress, the radicals had established a loosely knit network of communication across the colonies that helped them be a commanding voice throughout the convention's proceedings. The conservatives had a hard time opposing the radicals, because they were not as well organized. This lack of resistance enabled the radicals to take control of the agenda for the Congress.

One major issue addressed by the Continental Congress was the drafting of a statement of American rights and grievances. The discussion concerned whether or not Parliament had the authority to

control colonial trade. Conservatives defended Parliament's right to control colonial trade, while radicals opposed such power. Joseph Galloway proposed what has since been referred to as the Galloway Plan of Union. This plan called for the creation of an American "Grand Council" that would work with Parliament in dealing with colonial affairs (Henderson 39). The radicals opposed this plan because the proposed legislative body would have been elected by provincial legislatures, and would have represented conservative instead of radical sentiments (Henderson 39). The radicals gained support from the moderates by arguing that the delegates did not possess the means to enact such constitutional changes, and the Galloway plan was narrowly defeated (Marston 93). Eventually, the delegates came to an agreement on the trade debate, granting Parliament the power but not the right to regulate colonial trade (Marston 98). The fact that the delegates stopped short of denying all British control of colonial trade would become an issue for the South Carolina delegates as discussion began on the colonial embargo.⁹

The most important issue undertaken by the delegates was the Continental Association, for it was the tool by which the colonists hoped to gain redress of their grievances. It was this measure above all that required unity among the colonies (Henderson 43). After all, what use was any colonial opposition to Great Britain unless all the colonies agreed to participate? The delegates had traveled to Philadelphia under the pretense that a colonial embargo would be discussed. Similar measures had been imposed on Great Britain in the past and experienced limited success.¹⁰ In order for a boycott to be successful the colonies had to place a burden on British merchants. In theory, the economic pressure caused by nonimportation would encourage British merchants to lobby Parliament for a redress of the colonists' grievances (Marston 104). Thus, the delegates were relying on the self-interest of the merchants to accomplish their goals. The radicals proposed a nonexportation agreement because they thought it was a "more powerful weapon" than nonimportation (Marston 114). Not only would British merchants be affected, but manufacturers as well (Library of Congress 52). Great Britain depended on nearly £2 million worth of exports from the colonies (Marston 114).

While it was the Boston radicals who initially called for an embargo,

debate over nonimportation was not controversial. Most of the discussion on nonimportation dealt with timing. The starting date was originally set for November 1, 1774, but the delegates pushed the date back to December 1st so that colonial merchants would be able to receive their fall shipments.¹¹ The delegates recognized that any commercial sanctions they imposed would require immediate action, but the extension of the deadline was a “small price to pay” to maintain unity (Ammerman 79).

Nonexportation was far more controversial than nonimportation. Henderson claims that conservatives wanted to limit the Continental Association to nonimportation (42). However, there was a general consensus that nonexportation would be essential to gaining any sort of redress from Great Britain. Problems first arose with nonexportation when the Virginia delegates refused to stop their colony’s tobacco exports before its fall harvest. This obstacle ultimately pushed back the beginning date of nonexportation an entire year. In lieu of delayed nonexportation, the South Carolina delegates proposed a stronger nonimportation and nonexportation agreement, which incorporated all of Europe (Haw 65). John and Edward Rutledge, in particular, thought such a policy would make the burden of an embargo equal for all the colonies. After all, South Carolina’s trade depended almost entirely on trade with Great Britain, while the northern colonies had markets elsewhere in Europe (Haw 65). Congress rejected this motion because the delegates were only interested in targeting Great Britain (Haw 65). John Rutledge later accused the northern colonies of not favoring total nonexportation, because “most of their exports went to foreign lands” (Haw 68).

The rejection of a total nonimportation and nonexportation agreement with Europe, in addition to Virginia’s ability to export its tobacco crop for another year, encouraged the South Carolina delegates to seek advantages of their own. The Rutledges, Lynch, and Middleton, refused to sign the Association unless rice and indigo were exempted from the nonexportation agreement. It is within the debate on the embargo that one can best see the interplay of special interests.

3. Public Choice and the Continental Congress

Collective action is best understood as the process by which groups

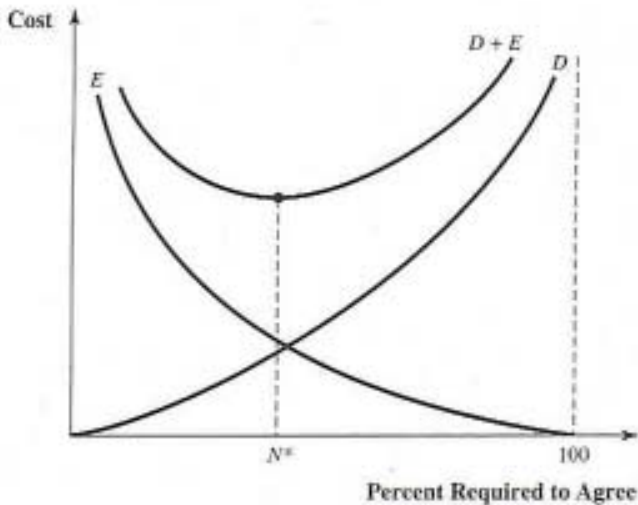
make decisions. Buchanan (1954, 1988), Olson (1982), and Holcombe (1983) have written widely on collective action, and emphasize the role of the individual within group decision-making. They argue that collective action is constrained by the preferences of each member, since “groups themselves do not have preferences” (Holcombe 134).

It is often assumed that individuals are rational beings. That is, that they can rank their preferences from the most favorable to the least favorable alternative, and make decisions accordingly. Because not everyone within a group will have the same preferences, everyone will not achieve what he or she wants, which is why group decision-making is more complex than individual decision-making. Buchanan argues that while individuals may make rational decisions, collective action is not characterized by the same rationality (337). This is because a person may rank his or her preferences differently in a group setting than he or she would independently of the group.

The influence of collective action on the voting behavior of an individual is a result of social participation. Within collective action a person may value what is best for the entire group over his or her own interests, causing his or her decision to be other than what it would be if he or she were not in the group. The individual experiences a broadened sense of identity as a member of the group, which leads to him or her ranking preferences based on “values” as opposed to “tastes” (Buchanan 337). However, Buchanan also notes that when people make decisions in the name of “the public good,” often times it is an implication that they have not fully balanced the costs and benefits of their decisions (337). Regardless of how individuals rank their preferences, the fact remains that the interests of a group are simply the aggregate interests of the group’s members. These individual preferences are aggregated through voting in order to reach group decisions that maximize the welfare of group members. The decisions made by the Continental Congress were bound by the preferences of its members, and each decision represented the aggregate of the delegates’ individual preferences.

Before any vote can be taken, groups have to agree to a “decision-rule.” In other words, groups must determine the method they will use when making decisions. The decision-rule chosen can ultimately affect the outcome the group reaches. When deciding on a voting

system, groups must consider two types of costs associated with collective action: decision-making costs and external costs. Decision-making costs are those related to the difficulty of getting a large amount of people to agree. The more people you need to agree on something in order for a decision to be made the harder it will be to determine a decision. Thus, decisions that require unanimity are subject to high decision-making costs. External costs are those costs that arise as fewer and fewer people are needed in order to reach an agreement. Though it may be easier to get fewer people to agree, it opens up the door for more opposition. External costs arise because while a few people are making the decisions, everyone in the group will bear the costs. In other words, these individuals are external to the decision-making process. When less than unanimity is used for decision-making, external costs begin to rise. As a result of the inverse relationship between decision-making and external costs with respect to the number



(Holcombe 1996, 137)

Voting by unanimity ensures that only Pareto superior moves are made, meaning no group member is made worse off as a result of a decision. This concept is rather straightforward, since unanimity requires everyone to agree. However, as was noted above, unanimity

creates high decision-making costs. The Continental Congress experienced high decision-making costs when the delegates initially discussed a selective nonexportation agreement, a measure that was later abandoned. The difficulty of attaining unanimous approval led the delegates to adopt majority rule as its optimal decision-rule.¹²

Agenda control, also known as agenda setting, is another aspect of collective action that was present in the Continental Congress. Levine and Plott have found that the agenda setter can manipulate the group decision-making process in order to achieve certain outcomes. Their research shows that this manipulation can be calculated (Levine and Plott 589). For example, the agenda setter is able to influence an outcome by controlling the alternatives from which group members can choose. Holcombe adds that through this tactic the agenda setter has the ability to escape the median voter phenomenon (35).¹³ The agenda setter can produce an outcome that is other than what the median voter would prefer by limiting a decision to a choice between only two alternatives without the opportunity of other motions being brought to a vote. While it is not clear that the radicals structured the entire agenda of the First Continental Congress in their favor, it is evident that certain calculated measures were taken. The delegates' approval of the Suffolk Resolves highlights such behavior.

Early debate on Parliament's authority over trade was interrupted by the arrival of the Suffolk Resolves (Marston 85), a series of resolutions drafted by radicals in Boston in response to the increased presence of British troops. Tension between the Bostonians and the British had been escalating ever since the closing of the Boston port. These resolutions were an indication of the revolutionary sentiments present in Boston. They explicitly denounced royal authority and advocated military defense if necessary (Haw 65). It was the ability of the radicals to transmit the crisis in Boston to Philadelphia that enabled them to control the agenda in Congress. The sense of urgency created ultimately led to the unanimous approval of the Suffolk Resolves (Marston 85). According to Marston, the delegates acted more with speed than scrutiny in deciding to endorse them (85). This time constraint inhibited the delegates from offering a less radical solution to the situation in Boston, and forced them to either support or not support Boston. Those like the Rutledges, who were alarmed

by the nature of the Suffolk Resolves, ended up voting in favor of them to show their support for Boston (Marston 86). Thus, as Levine and Plott's research would suggest, the radicals were able to obtain approval of the Suffolk Resolves from a mostly moderate Congress by positioning them as a quick response to a seemingly immediate problem (Marston 85).

Even before the Congress addressed the Suffolk Resolves, several steps were taken by the radicals to ensure some control of the decision-making process. Before the Congress met, the Boston delegates were well aware that they would be perceived as radicals. They agreed to remain soft-spoken in order to gain the respect of the other delegates (Marston 79). John Adams assessed each of the delegates to the Congress to determine who he thought would support the radicals' cause (Burnett 23). The first calculated maneuver of John Adams was the location of the Congress. While Galloway wanted to hold the Congress at the Pennsylvania State House, the radicals knew that such a location would more than likely result in the election of Galloway as the Congress' president. Having a conservative president and location would not set the right atmosphere for the radicals' cause. Therefore, the radicals first brought the delegates to Carpenter's Hall, which was a private guild house associated with the radical Philadelphia mechanics. After no objection, the delegates decided to make Carpenter's Hall their meeting place. Shortly after, Virginian Peyton Randolph was elected president of the Continental Congress and radical Charles Thomson was elected as secretary. These early decisions are consistent with the public choice notion of agenda control and illustrate the radicals' ability to manipulate the agenda of Congress.

Agenda control ultimately led to the adoption of both nonimportation and nonexportation. Originally, the conservatives had hoped that by holding the Continental Congress a less extreme measure would be adopted. Yet, by the time the embargo was discussed the radical agenda had run its course and opposition to nonimportation and nonexportation had weakened (Ammerman 78). Even those who may have still opposed the embargo voted in favor of the measure simply because "dissent [was] not only useless but impolitic" (Ammerman 78).

In addition to agenda control, the Continental Congress was laden

with other aspects of collective action. The delegates' debate over the specifics of a nonimportation and nonexportation agreement highlighted several special interest groups in the Congress. According to Holcombe, special interests seek concentrated benefits at the expense of the larger group (180). Typically, each member of the larger group pays relatively little cost, while a select few reap all the benefits. The colonial merchants can be viewed as one example of a special interest. In the case of the nonimportation agreement, they were granted an extra month before they had to stop importing British goods.

Other examples of special interests are the individual colonies themselves. Holcombe notes that special interests arise in political processes like the Continental Congress, because of the "geographic nature of representation" (Holcombe 182). Each delegation represented a different set of constituents with different interests. The Virginians refused to stop their colony's exports before the harvest of its fall tobacco crop. They were given an entire year before they had to stop exporting tobacco, pushing the starting date of nonexportation to September 10, 1775 (Ammerman 79). Edward Rutledge tried to persuade the Congress from extending the nonexportation date (Ammerman 79). Gadsden even suggested that the colonies should begin nonexportation without Virginia, but the Congress was committed to achieving unanimity (Ammerman 79). After all, Maryland and North Carolina also produced tobacco and would not agree to the association without Virginia. Delegates from Maryland and North Carolina thought it unfair that they should withhold their tobacco crop unless Virginia did as well (Library of Congress 52). To gain immediate support from Virginia, the Congress began discussing the possibility of stopping the export of specific goods. Such debate was abandoned, however, when the delegates realized that unanimous agreement on specific goods would be impossible (Marston 372). The last major special interest within the First Continental Congress was South Carolina, whose delegates secured an exemption for the exportation of rice.

The South Carolina delegates were looking out for the interests of rice and indigo planters in Carolina. They felt that the embargo would impose more of a burden on their colony than others if their rice and

indigo trade were restricted. After all, Great Britain was Carolina's main trading partner. John Rutledge "thought it was but justice to his constituents, to preserve them their trade, as entire as possible [sic]" (Drayton 170).

It was because rice and indigo were enumerated that the South Carolina delegates sought their exemption from the Continental Association. As noted earlier, the enumeration of certain goods was an aspect of Great Britain's mercantilist policy. Rice and indigo had to be sent to Great Britain. The South Carolinians argued that because the Congress had acknowledged Parliament's power to regulate colonial trade, exporting enumerated goods like rice and indigo to other ports would be illegal under British Law. Edward Rutledge pointed out that Virginia could grow wheat instead of Tobacco, but that South Carolina had no real substitute for its rice and indigo trade (Haw 65). Though restrictions on the rice trade were reduced in 1729, by 1770, almost eighty percent of rice shipments and all indigo was destined for England or its territories (Sellers 157).

Holcombe notes that special interests, while influential in collective action, are limited in their power (182). Special interests do not always get their demands. Their influence is stifled by the mere fact that for every issue, there exist multiple competing interests. When politicians face special interest groups they must weigh the costs and benefits of supporting the group's demands. Legislators must take into account that while a special interest may benefit, a majority of others stand to lose. Thus, the politician faces a tradeoff in supporting legislation favorable to special interests. While the legislator will gain the support of the special interest group, he or she will lose support from those hurt by the particular legislation: "As the quantity of special interest benefits increases, the marginal political support to legislators from providing those benefits declines" (Holcombe 181). Not only does marginal political support decrease, but also the amount of marginal political opposition from other constituents increases. These opposing forces create an equilibrium where special interests do not receive all of their demands. Though the delegates to the Continental Congress were not elected, the limits of special interests were still evident. South Carolina did not get all of its demands. They had to give up indigo in order to maintain an exemption of rice.¹⁴

The South Carolina delegates served as holdouts to the drafting of the Continental Association. The holdout problem occurs when unanimity is necessary to achieve net benefits for a group. In the case of the Continental Congress, the benefit the delegates sought was a redress of their grievances. In order for the delegates to maximize the colonies' total welfare, their actions would have to be unanimous. The Continental Association was intended as a unified colonial resistance to Great Britain, which required each colony to do its part in order to gain a redress of the colonists' grievances. Because unanimous agreement among the colonies was so important to the success of the embargo, each colony had implicit veto power. All of the South Carolina delegates, except for Christopher Gadsden, were concerned that their colony faced disproportionate costs associated with the embargo. John Rutledge was of the opinion that "if we must bear burdens in the cause of America, they ought to be as equally laid as possible" (Drayton 170).

Cohen describes holding out as a conscious act, where one group seeks part of another's gain. The holdout waits for "just the right moment to act" (Cohen 359). The successful holdout will wait until their support or agreement to a measure is vital in order for the measure to go into effect. Similarly, the South Carolina delegates sought measures that would mitigate their loss. Realizing that the approval of the embargo would require their support, the South Carolinians were in a position of control. After all, the colony of South Carolina was crucial in gaining support from the Southern Colonies. Without South Carolina the colonial embargo would not be as strong. Great Britain depended greatly on trade with the southern colony. The South Carolina delegates waited until the day the Congress had planned to sign the final Continental Association before refusing to endorse the document without the exemption of rice and indigo. South Carolina's timing was impeccable. All but Gadsden walked out on the Congress, which Gadsden later characterized as "self-interested obstructionism" (Haw 66). Eventually, the South Carolinians compromised with the other colonies and agreed to not export indigo in return for the exemption of rice.¹⁵ Their compromise was a result of social participation. The South Carolina delegates ultimately valued what was in the best interest of all the colonies more than their own colony.

This mutual interest dissuaded the delegates from simply walking away from the Congress altogether. Though South Carolina would have to concede its indigo trade in the short run, the colony stood to gain along with the rest of the colonies in the long run if the embargo was successful. It was in the best interest of South Carolina to offer its support in the Continental Association.

4. Conclusion

The application of public choice to the First Continental Congress offers a new perspective from which to consider one of the most pivotal events in our country's history. After reviewing the records of the Congress, it appears that several factors led to the decisions made by the delegates. As in any group decision-making process, the delegates experienced a variety of obstacles. Though the delegates traveled to Philadelphia with a common goal, each colony had its own interests to protect. This paper has highlighted the self-interests of the South Carolina delegates as well as the impact of public choice tenets of agenda control, decision-making costs, and the holdout problem.

Historians have often emphasized the ability of the Boston radicals to win over such a moderate group of delegates. Applying the theory of agenda setting helps explain how the radicals were able to accomplish such a feat. Everything from the choice of location to the acceptance of the Suffolk Resolves influenced the adoption of the Continental Association.

When it came to making decisions, the delegates soon realized the difficulty in getting individuals with competing preferences to reach an agreement. The delegates' hope for unity further complicated the matter. Unanimity was vital for the Continental Association, which made debate on this subject heated and lengthy. The South Carolina delegates were insistent on making the costs of the embargo as equal as possible among the colonies. When it seemed that South Carolina would face higher costs than the other colonies, the South Carolinians quickly sought incentives. Because the other colonies had trade markets outside of Great Britain, the South Carolinians demanded an exemption for rice and indigo.¹⁶ Rice and indigo were key staples to the colony of South Carolina and most of the colony's elite had interests in these crops. Securing these interests was nothing more than the delegates looking out for their constituents.

The compromise reached between the Continental Congress and South Carolina represented the delegates' "determination to preserve American unity" (Ammerman 83). The South Carolinians sacrificed indigo for the exemption of rice even though indigo depended more on trade with Great Britain. Rice was by far the most important crop to the colony. Furthermore, two of the South Carolinian delegates, Middleton and Lynch, were rice planters by occupation. Middleton was the largest rice planter in the colony. The only South Carolina delegate opposed to the exemption of rice was Christopher Gadsden, who felt that it "favored one group [in the colony] over the rest and favored the southern province over their northern brethren" (Godbold 129).

There is no doubt that the South Carolinians received favorable treatment and that rice and indigo farmers became a special interest within the Continental Congress. As such, they were clear examples of the holdout problem. They effectively blocked approval of the Continental Association by literally walking out on the other delegates. Weir attributes the selfishness shown by the South Carolina delegates to the general attitude of superiority held by South Carolinians during the Revolutionary period (167). However, such behavior can be explained from a public choice perspective as a consequence of collective action. For more than a century, South Carolinians had made their wealth from trade with Great Britain, and spent that wealth emulating the English elite.¹⁷

This paper has sought to uncover what has previously been a scarcely discussed episode during the First Continental Congress. As trivial as the actions of the South Carolina delegates may appear in the grand scheme of the Continental Association, they represent a discord in the unity typically attributed to the colonial resistance against Great Britain. Perhaps the most significant finding is the fact that even within one of the oldest political processes in American history, one can see evidence what is emphasized by a contemporary area of study like public choice theory.

Notes

¹ Georgia was the only colony that did not send delegates. There were 56 delegates in total (Burnett 1941). New Hampshire and Rhode Island each sent two. Connecticut, Delaware, and North Carolina each sent three. Massachusetts sent four. Maryland, New Jersey, and South Carolina

each sent five. Virginia sent seven. Pennsylvania sent eight. New York sent nine (Library of Congress 14 and 121).

² While rice was the only crop completely exempt from the nonexportation agreement, Virginia was allowed to harvest and export its 1775 tobacco crop since it had already been planted (Marston 115).

³ Because Charleston remained the heart of the colony during the colonial period, for the rest of this paper the province of Carolina refers to Charleston and its surrounding areas.

⁴ In 1705, rice was added to the enumerated list (Rogers 10).

⁵ While many accounts of the Continental Congress emphasize the opposition between the radicals and the conservatives, Ammerman downplays the effects of these forces. Therefore, this paper will limit its discussion of these factions to the issues in which there seems to be a general consensus that they had an impact.

⁶ Since there are no records of individual votes or debate from the Congress' proceedings, most of the information regarding the delegates' views comes from diaries and correspondence. This makes it difficult to determine with which faction, if any, each delegate was associated. Meanwhile, some of the delegates were moderates whose alignment varied depending on each issue.

⁷ When Patrick Henry declared that the colonies should prepare for war, John Rutledge commented that his proposal was "out of line" (Marston 87).

⁸ Ammerman asserts that the radicals were not the minority, but that they were better organized than the conservatives (Ammerman 96).

⁹ Much of the conflict between radicals and conservatives in Congress would have been circumvented if the delegates had focused their efforts on a mode of redress for the Coercive Acts. After all, the delegates had come to Philadelphia to discuss the implementation of an embargo. However, the delegates took it upon themselves to address the larger issue at hand, Parliamentary control of colonial trade (Ammerman 53).

¹⁰ The colonies had boycotted British goods in 1765 in response to the Stamp Act, and again in 1768 in retaliation to the Townshend duties (Marston 104). However, these previous boycotts did not incorporate nonexportation and were not well organized. For instance, it took two years before the Townshend Act boycott gained participation from all the colonies. As a result, British merchants never faced a total stoppage of

trade, and the Act was only partially repealed (Marston 112).

¹¹ The interests of colonial merchants were certainly taken into account, since they made up the majority of the committee assigned to draft the Continental Association. Three out of the five delegates on the committee to draft the Association were colonial merchants (Marston 113).

¹² According to the official records of the Continental Congress, only a few decisions were unanimous. It is hard to know exactly which votes were unanimous because even unanimous decisions may have received dissension within a particular delegation. Voting was done by colony. Each colony received one vote and was determined by majority rule within each delegation. Therefore, a vote by a colony did not necessarily represent the sentiments of the entire delegation. The Continental Association was one measure that necessitated unanimous approval by the colonies (Ammerman 79).

¹³ The median voter model illustrates that in a majority rule vote the median voter has the ability to get an outcome closest to his or her preferences. This model is often used in political settings. When a politician is trying to get elected he or she must appeal to the median voter in order to get a majority vote. Similarly, if a politician is trying to pass a particular measure, it must be appealing to the median voter in order for it to pass (Holcombe 160).

¹⁴ Upon hearing that rice was excluded from the embargo, indigo planters felt jaded. The issue of whether or not to expunge the exemption of rice from the Continental Association was debated at great length within the South Carolina Provincial Congress (Dabney and Dargan 68).

¹⁵ Edward Rutledge insisted on exempting indigo as well as rice, but he went along with his fellow delegates and accepted the compromise (Haw 66).

¹⁶ All but Gadsden (Godbold 128).

¹⁷ Not only did their tenaciousness lead them to walk out on the First Continental Congress, but a decade later at the Constitutional Convention the “Carolinians demonstrated themselves to be equally tenacious in defending slavery,” serving as holdouts to the adoption of the United States Constitution (Weir 167).

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