not, the law actually did threaten the economic survival of those who would not or could not expand their production and innovate in their methods. And it also appears that commercial operators seized the opportunity to enhance their competitive advantage over small distillers. According to western Pennsylvania Congressman Willian Findley, large distillers "thought they could avail themselves of the [excise] law to advantage, by running down the occupiers of small stills in disadvantageous situations."[13]

Distillers who ran year-round operations and who were able to devote time and capital to their business could actually gain a competitive advantage over smaller producers as a result of the excise law. Producers had the option either of paying nine cents per gallon on the actual whiskey they distilled or of paying a fixed rate on the capacity of their stills. Hamilton acknowledged in his report that by taking the latter option "and using great diligence, the duty may in fact be reduced to six cents per gallon." Since the stills of farmers tended to be smaller, less efficient, and idle for most of the year, it would not benefit them to pay a fixed rate on the capacity of the still. Only those who operated their stills on a continuous basis could profit by this option and hence only these larger and more innovative operations would be able to realize the three-cent-per-gallon advantage described by the Secretary of the Treasury.[14]

There was, then, an acknowledged prejudice built into the law against

the farmer who once a year distilled his surplus grain into whiskey in a battered and inefficient still. In effect, although perhaps not consciously in intent, this bounty to innovative producers worked as a severe handicap more in the West—where many distillers were small farmers of this description—than in the East—where most distilleries were larger commercial concerns. It is easy to see why westerners saw the law, in this regard, as yet another piece of class, occupational, and regionally biased legislation. It would probably not be accurate, however, to jump with the western farmers to the conclusion that Hamilton and his eastern friends engaged in a conscious conspiracy to drive them into economic despondency. If that were the Treasury Secretary's intent, he could have listened to those eastern petitioners who wanted to eliminate entirely the option to pay the tax on only the whiskey actually produced rather than on the capacity of stills. Hamilton specifically rejected that suggestion in his report. He advised against such a prejudicial amendment of the law because it would create "great inequality, arising from unequal supplies of the material at different times and at different places, from the different methods of distillation practiced by different distillers, and from the different degrees of activity in the business which arise from capitals more or less adequate."[15]

Few, if any, frontiersmen read Hamilton's report or ever heard about his defense of their interests in this regard. What they knew was that if they paid the tax, those in their community who operated large stills would undersell them by as much as six cents per gallon. Most did not even own their own still; of those who did, most lacked the capital to introduce innovative techniques to their distilling practices. They recognized that the excise disrupted traditional patterns of exchange and made demands for cash that seldom reached their hands in a fundamentally barter economy. They saw how the law benefited the Nevilles and the Craigs, for example, wealthy western Pennsylvania families who operated stills with capacities of 600 gallons apiece. They saw these large distillers gaining a virtual monopoly on whiskey sales to the army. It was this sort of advantage that owners of stills with capacities of seventy-five gallons, forty gallons, or even less would attempt to counterbalance by collective action. To some marginal farmers—those who did not even own stills of their own—the law seemed even more oppressive. They paid one-half their grain to a large operator to distill their rye. The tax would then "be paid out of the farmer's part, which reduces the balance to less than one-third of the original quantity. If this is not an oppressive tax," one petitioner observed, "I am at a loss to describe what is so."[16]

The perspective from Hamilton's Philadelphia office was, of course, quite different. He knew how flexible he had tried to be in enforcing the law. He knew how he had defended the interests of rural distillers against the arguments of eastern petitioners. And he knew that Congress accepted all his suggestions for amending the law during the spring of