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*Benjamin Franklin's Early Life and Economic Background: Shaping Views on the Role of
Government in Economic Life*

Benjamin Franklin, one of our nation's forefathers, shaped America's early economic policy. It is necessary to examine his formative years and financial background to understand better the roots of his views on the role of government in the economy. Delving deep into Franklin's writings aids in understanding his economic philosophies and their evolution. This paper argues that Franklin's experiences in entrepreneurship not only molded his understanding of monetary policy but also created a comprehensive perspective on the importance of government intervention in maintaining economic stability, fostering individual virtues, and managing demographic shifts.

Franklin's pragmatic approach, deeply rooted in his experiences as a printer, publisher, and trader, shows a relationship between his entrepreneurial background and economic insights. Franklin's practical involvement in trade and commerce gave him firsthand experiences of the challenges and opportunities one would face within the economic landscape. This is evident in Franklin's work, *A Modest Enquiry into the Nature and Necessity of a Paper-Currency*, in which Franklin states: "...that it is impossible by any Laws to restrain Men from giving and receiving

exorbitant Interest, where Money is suitably scarce...” (Franklin 4). This excerpt emphasizes the importance of a well-regulated currency and Franklin’s understanding of the delicate balance required in currency circulation. Franklin’s argument favoring a certain quantity of money, neither too scarce nor too abundant, showcases his pragmatic approach, a skill he learned as a printer. From a printing standpoint, flooding a region with too many newspapers would result in their devaluation, leaving some people with excess copies and no one willing to trade or buy them — a perfect analogy to physical cash. Drew McCoy delves deep into this, using Franklin’s printing background as context, and connects Franklin’s economic knowledge to his work. In his writing, he discusses how Franklin’s personal experiences with inflation shaped his views on the role of government in economic life. His experiences in trade helped him understand the consequences of currency shortages, which would hinder investment. However, an excessive money supply would lead to economic instability and widespread loss of confidence in their currency and, therefore, panic.

Consequently, Franklin understood the absolute necessity for a society to be able to regulate and control paper currency, similar to his printing experiences. He highlights numerous benefits of this in his writing, such as when Franklin discusses how an “Increase of our Currency by what Paper Money has been made, has encouraged our Trade; particularly to instance only in one Article, Ship-Building...” The sign of a plentiful currency that held value and confidence could be immediately recognized through the increase in shipbuilding. Franklin examines currency’s imperative role in creating a thriving economy, fostering prosperity, and creating a stable national economy. His understanding is deeply rooted in his entrepreneurship experiences, and his intellectual curiosity and knowledge shape a nuanced perspective that significantly values a well-regulated currency system, identifying it as a cornerstone for economic stability

and prosperity. This, combined with his proverbs and advice, influenced his thoughts on the government's role in achieving economic prosperity.

As Franklin progressed in his career, his success as an entrepreneur played a pivotal role in shaping his views on the role of government in economic life. In *The Way to Wealth*, Franklin wrote many proverbs, which not only served to dispense practical advice but can also be used as a window into his philosophy and analysis to provide an understanding of his stance on government intervention in economic affairs. Franklin's emphasis on individual industry and self-reliance is displayed in proverbs such as "Early to bed and early to rise a man healthy, wealthy, and wise." (Franklin 9). As a child, he grew up in modest circumstances and had to pull himself up by his bootstraps to escape poverty. His journey helped to fuel his notion that success was dependent and achievable through individual effort. Franklin's emphasis on individual agency suggests a predisposition towards a limited government role in economic life, instead favoring policy that would allow for personal agency. Franklin's influential work offers practical advice on achieving financial success, and James Campbell's analysis in his article *The Pragmatism of Benjamin Franklin* provides an idea of his underlying motivations. Campbell discusses how his difficult early life led him to complex scenarios where Franklin needed to develop strong decision-making abilities.

This pragmatic sense helped Franklin as he continued into Pennsylvania's colonial administration, which furthered his understanding of economic challenges. As the son of a soap and candle maker and one of seventeen children, he understood the necessity of stability, an ideal he implemented in his economic philosophy. His idea of stability was not one for his own family but rather for other families— stability that paved the way for families to prosper. He enabled entrepreneurship and economic activity by endorsing a well-regulated monetary system and

government intervention. Additionally, themes of frugality and responsible financial management are evident throughout the piece. Peering through a macroeconomics lens, an economist must realize the consequences a country could face with an irresponsible fiscal plan, a value that Franklin recognized and exhibited in sayings such as “A penny saved is two pence clear” (Franklin 11). As an entrepreneur starting from humble beginnings, Franklin found it difficult to start his business, and he recognized the value of money and the value of a responsible financial plan. Advocating for sound financial habits to attain stability and prosperity in personal life and emphasizing personal financial responsibility, individual industry, and frugality rooted in his personal experiences suggested a preference for limited government involvement in economic matters.

Benjamin Franklin’s letter to Robert Morris reveals the intricate relationships between his early life experiences and economic background, leading to his opinions on the role of government in economic affairs. This is primarily evident in his display of knowledge while deliberating financial challenges, taxation, and civic responsibility with Robert Morris. Franklin acknowledges the need for government information when discussing financial difficulties, specifically those faced with bills and costs in Holland. McCoy discusses some of Franklin’s views on the role of government in economic life and how his first business endeavor shaped Franklin’s perspective on the necessity of government investment in society. McCoy illustrates this by discussing the contract Franklin received to print money. McCoy also discusses the implied notion that Benjamin Franklin wished for more government investment in education, citing them as “crucial components for long-term economic progress.” (McCoy 613) As a younger man, Franklin mostly educated himself, even learning to write eloquently, aided by his experiences in the newspaper business and writing for his brother’s newspaper. As a man who

believed in social responsibility and civil duty, Franklin wanted to reinvest in society and fulfilled this in numerous manners, although primarily in the form of a public library— making it evident that Franklin indeed wished for more government investment in education; seeing these investments as necessary to create a thriving Republican political economy.

Franklin developed a set of economic principles, which he utilized for the nation's betterment, such as when he mentioned his efforts to secure funds through loans. He criticizes the constraints of public finances at that time when he says: "I have ... taken up large sums and as an administrator of the public money has been obliged to make great disbursements, especially during the last war with France, when I sometimes had to borrow vast sums on small security at an immense interest" (Franklin). His views on the role of government in addressing financial concerns change here, as he notes that individuals who withhold taxes should be compelled to pay by law. This is in stark contrast to his beliefs in *The Way to Wealth*, wherein he states that individuals should be responsible for their finances; he became cognizant of the fact that without the government intervening to enforce financial obligations, it would be challenging to ensure the stability and functioning of the economy.

He comments numerous times on the remissness of the American people and its negative economic impact. He argues that the money due from the people is the creditors' money and that the people should be compelled to pay their share. Franklin's past experiences in public service and upbringing influenced this idea of civic responsibility, which made him a self-made man. As someone who had faced numerous financial hardships, he understood the importance and security of economic well-being and was disappointed in the negligence of citizens. This letter is dated Christmas Day, 1783, approximately three months after the war's end. Franklin has begun to grasp the economic plight this newborn country has been immediately plunged into. These

experiences were learned as he became a political leader and an activist through the Revolutionary War, and due to his prior endeavors as a businessman and a civil servant, he could accurately assess the situation and approach it pragmatically to find an efficient solution. Through his various perspectives and new experiences, Franklin offered valuable insights into the complex relationship between individuals, the government, and the economy. Franklin strongly believed in having individual agency and creating your path through hard work and self-reliance, not government intervention. As he rose through the ranks and understood the country's fiscal plight, he developed a stronger sense of macroeconomics that transitioned his thinking to consider the benefits and detriments of allowing government intervention in economic affairs.

Franklin's journey in trade and commerce further expanded his views by offering him a firsthand understanding of the impact of population growth on economic opportunities and challenges. His early apprenticeship in his brother's printing business first exposed him to the critical relationships between population, market demand, and economic vitality. From there, he created his own printing business and gained more experience through his highs and lows. His emphasis on practical measures, such as access to land, encouragement of agriculture, promotion of trade, and establishment of favorable labor conditions, reflects his economic background and some of the challenges he encountered in his early life. As an immigrant, he sought these same benefits for himself, and as a result, his recommendations were rooted in his understanding of the importance of economic opportunities and their vital role in creating a productive environment for citizens to prosper. When examining Franklin's views on government intervention in financial affairs, as expressed in this essay, *Observations Concerning the Increase of Mankind, Peopling of Countries*, it becomes apparent that there is a balance between the two. Franklin strongly believed in individual responsibility and self-reliance as the most significant factors for

economic success. Simultaneously, in this essay, Franklin begins to deviate from his strong-rooted ideals of limited government intervention and begins to recognize the need for government intervention to create a fair, equitable, and firm society. While championing individual freedom, he acknowledged that government policy and regulation were necessary to protect individuals from exploitation, address market failures and shortcomings, and promote the common good. Franklin's developing views on government intervention came from his past, identifying ideas of self-reliance and personal responsibility; however, the policies a large country requires demonstrated to him that a balance of individualism and government control would be the only way to form a functioning and just society.

In the intricate tapestry that was Benjamin Franklin's life, his early years and economic experiences combine to mold a profound philosophy on the role of government in economic affairs. His experiences as an entrepreneur are echoed in primary sources such as *A Modest Enquiry into the Nature and Necessity of a Paper-Currency* and *The Way to Wealth*, demonstrating his delicately formed perspectives that eventually led to the economic framework of the United States of America. Navigating the economic landscape in a time of turmoil, Franklin's pragmatic approach, rooted in his entrepreneurial, trade, and commerce experiences, became a beacon of hope during economic difficulty. From his role as a printer and publisher, where the balance of newspaper circulation could be used to draw parallels to the delicate balance of currency circulation and the necessity of well-regulated systems, to his success as an entrepreneur using proverbs for improvement, Franklin wove his experiences to create a comprehensive understanding of economic policy. His journey from a self-made businessman to a national leader unveiled a dynamic evolution in perspective. Initially championing individualism and self-reliance, his experiences at the forefront of national affairs unveiled the

realization that a delicate equilibrium must be found between individual agency and government intervention. His perspectives on self-reliance, population growth, fiscal responsibility, and civic duty were not static but developed with each venture, crisis, and situation that Franklin navigated. In this adventure between personal history and economic philosophy, Franklin created a vision for the country that successfully found the equilibrium between self-reliance and government—creating a timeless philosophy that laid the groundwork for the economic systems of the United States of America.

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