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How the United States Built a Unified National Market

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Abstract: *The United States is a large-scale economy and a federal country composed of 50 states with considerable autonomy. In its early days, interstate market segmentation was evident and local protectionism prevailed. However, the U.S. has now established a relatively complete unified national market, and its successful experience is worth studying and learning from. This article explores this history and finds that the principle of the United States in promoting the construction of a unified large market is: through continuous improvement of the rule of law, promote the federal government to unify economic policies and ensure the free flow of factors and goods. Among them, the rule of law ran through the history of the formation of a unified market in the United States and played the most critical role. The rule of law fundamentally limited local governments' discretion to implement local protectionism and provided a highly certain institutional environment for the free flow of factors.*

First, the historical experience tells us that utilizing the rule of law to "overcome local protectionism and retain its incentive for economic development" is of significant importance in promoting the formation of a unified large market. Second, the U.S. government actively promoted the construction of transportation facilities nationwide, which effectively promoted regional economic development. At the same time, relevant legal construction eliminated obstacles such as local protectionism and monopolies, promoting the formation of a unified commodity market. Third, the United States continuously improved the legal construction to promote and encourage the free flow of labor, and established a nationally unified social security system, promoting the formation of a national labor market. Fourth, in promoting the marketization of land factor transactions, advancing the rule of law still played a core role. The government established the basic price of land, advanced the rule of law to achieve "same land, same price, same rights", and ensured the marketization of transactions.

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The United States is a large-scale economy and a federal country composed of 50 states with considerable autonomy. Each state government has legislative, executive, and judicial powers within its specified geographical area. The legislative bodies and governors of each state are elected by the voters of that state, are accountable to the voters of that state, and have full authority within the scope of state affairs. As a result, there is a certain competitive relationship between states, and state governments will obviously tend to formulate laws and policies that can improve the socio-economic welfare of their own states. This naturally led to the prevalence of local protectionism, resulting in obvious divisions between U.S. states in economic, trade, administrative, and judicial aspects. However, the United States ultimately avoided local protectionism and successfully built a relatively complete unified national market, from which there are many lessons to be learned and referenced.

This article aims to explore the history of the formation of a unified national market in the United States, and focus on analyzing how the central government (federal government, Congress, and Supreme Court) used the appropriate concentration of economic administrative power, legislative and judicial power to limit local protectionism and ensure the mobility of factors, goods, and services. This article will specifically discuss from four aspects: the improvement of the rule of law, the unification of the commodity market, labor mobility, and the marketization of land factors.

I. Improving the Rule of Law: Limiting the discretion of state governments for local protectionism and providing a highly certain institutional environment for the free flow of factors

First, the prevalence of local protectionism caused interstate market segmentation.

The United States is a federal country, and the Constitution reserves most public powers in the hands of state governments. Therefore, to enhance local socio-economic welfare, state governments have the motivation to

establish mechanisms to protect local residents and organizations, and even impose additional costs on non-local residents and businesses. In terms of commodity trade, state governments often protect local industries by levying additional business taxes on out-of-state enterprises; in the transportation industry, state governments also charge “tolls” to out-of-state economic organizations, increasing their operating costs; in the business environment, some states force out-of-state enterprises to give up the right to request federal Supreme Court intervention in conflicts, or even directly legislate to exclude out-of-state enterprises from operating locally. In addition, state court judges are more inclined to protect local interests, making out-of-state enterprises face a poor business environment.

Before the 20th century, state governments generally practiced interventionism. State governments played multiple roles as planners, investors, and regulators in economic operations. Registering and establishing a company had to follow the charter registration system, which stipulated that a company must be approved by a special law passed by the state legislature to be registered and established. State governments thus granted enterprises a large number of economic franchises and exemptions, helping them monopolize local markets; governments directly invested in enterprises and invested heavily in infrastructure; governments also influenced the market environment through taxation and market regulation measures, raising the threshold for out-of-state enterprises to enter the state and setting up trade barriers. All these methods caused the segmentation of interstate markets, hindering the formation of a unified large market.

Second, active interstate trade and commerce brought about the demand for abolishing protectionist policies and building a unified national market.

In an era of relatively closed economies and slow technological progress, local protectionism did not obviously limit the construction of a unified market. In the early 19th century, the U.S. economy was mainly active in local markets within states, and most companies only operated within states, with few large interstate enterprises. However, with technological

innovation, transportation development, rapid population growth and migration, professional agents gradually formed, and their business gradually expanded from local to national. Active interstate economic and trade activities formed a sharp contradiction with protectionist policies and regulations. As a result, calls for abolishing protectionist interventionist policies and building a unified national market grew increasingly louder.

Third, the U.S. Constitution granted the federal government the power to regulate international and interstate trade, as well as the power of federal courts to review judgments on interstate litigation, limiting local governments' abuse of public power to implement local protectionism from a legal perspective.

State governments often had tendencies towards local protectionism in legislation and justice. Out-of-state individuals and enterprises usually could not obtain the same rights as in-state individuals and enterprises when conducting economic activities. Even if disputes were submitted to judicial institutions for adjudication, the state judicial system was still unfavorable to out-of-state individuals and enterprises. In this situation, it was crucial for the federal government to intervene and limit local governments' abuse of public power at the legal level. At the same time, key precedents of the federal Supreme Court became important means to limit state governments' local protectionism and promote the construction of a unified large market, mainly solving the following four problems:

> **1) It clarified the legislative power boundaries of local governments for interstate economic activities.** Gibbons v. Ogden (1824) expanded the federal government's power to manage interstate commerce and trade. The core controversy of this case was whether interstate steamship navigation fell under federal interstate commerce jurisdiction, and whether New York State's law granting relevant parties a monopoly on steamship navigation was valid. It involved issues of power division between the federal government and states in common areas, and more importantly, issues of domestic market cultivation, development, and unification. The federal Supreme Court ruled that according to the

U.S. Constitution, the federal government has the power to manage interstate commerce, and the term "commerce" should be broadly understood to include all business and transactions. Therefore, Gibbons had the right to engage in navigation in those waters under federal government licenses, while declaring New York State's law attempting to monopolize navigation rights in adjacent waters unconstitutional and invalid. This precedent laid an important foundation for later further expansion of the federal government's power to manage national commerce and trade based on the "Commerce Clause" in the Constitution, eliminating the possibility of local laws hindering the establishment of a unified domestic market out of local protectionism.

2) It ensured equal rights for out-of-state enterprises to participate in local economic activities. Bank of Augusta v. Earle (1839), a bill of exchange issued by the Bank of Augusta registered in Georgia was refused for exchange in Alabama. The federal Supreme Court ruled that although a company registered in another state does not have the legal status of a citizen of this state, in the absence of explicit legal restrictions, local authorities may not arbitrarily exclude out-of-state companies from engaging in business activities. However, this interpretation prompted quite a few states to enact some legal documents to regulate, restrict, and sometimes prohibit companies from other states from engaging in commercial activities within their borders. In addition, the federal Supreme Court tried to give equal treatment to out-of-state companies in operations through various means, such as the Fourteenth Amendment to the Constitution passed in 1868, which stipulated that *No State shall deny to any person within its jurisdiction the equal protection of the laws*. But it was not until the early 20th century that the equal status of out-of-state companies was truly implemented.

3) It clarified that the general principles of federal common law should be higher than state laws in commercial cases. Applying state local laws or federal common law to the same case often led to different judgment results. Swift v. Tyson (1842) was a milestone in

the expansion of federal court private law jurisdiction, meaning that federal courts no longer based their judgments on state laws but on general principles of federal common law when hearing commercial cases. Thus, the federal Supreme Court curbed local protectionism with unified commercial law rules, creating a fair business environment for enterprises in the construction of a unified market.

4) it ensured the exercise of federal court diversity jurisdiction. The U.S. Constitution stipulates that, without excluding state court jurisdiction, federal courts are given the power to have jurisdiction over interstate litigation. Federal Judiciary Act (1789) also stipulated the procedure of removal jurisdiction, that is, under the premise of meeting the provisions of diversity jurisdiction, out-of-state citizens sued in the state can apply to transfer the case to federal court. In 1867 and 1875, the process of removal jurisdiction gradually became clear and strengthened. Corporations also gradually obtained citizenship and the right to apply for removal jurisdiction, a change that was gradually confirmed in many precedents.

In addition, state governments amended their constitutions to prohibit the charter registration system and unified general standards for registering enterprises. The charter registration system gave state governments considerable discretion, leading to problems such as rent-seeking, monopoly, and corruption. In the 1880s, state governments amended their constitutions to prohibit the charter registration of enterprises and changed to implement a general registration system. The so-called general registration system refers to state legislatures enacting laws stipulating general requirements for company registration. Economic organizations only need to meet these general requirements to be approved by authorities to establish as registered companies, without the need for special legislation approval. This change gave citizens relatively equal opportunities to register enterprises.

It needs to be emphasized that while advancing the rule of law, the United States transferred the power to regulate interstate trade and

commerce to the federal level. The combination of the two made all state governments' actions must be conducted within the legal framework at the federal level, which formed the basis for a unified national market.

II. Promoting the Unification of the Commodity Market: Government investment in transportation infrastructure, legislation against monopolies and encouraging competition.

First, the government actively promoted the construction and integration of transportation nationwide, geographically connecting segmented markets closely, thereby promoting regional economic specialization and the unification of commodity markets.

In the 19th century, as residents continued to migrate westward and new lands were developed, transportation difficulties became the biggest obstacle to commodity trade. The government actively promoted the construction and integration of river navigation, railways, and highway networks nationwide, geographically connecting segmented commodity markets. Due to the large initial investment required for transportation construction, the government needed to play the role of an investor in addition to being a referee regulating the development of the transportation industry. Specifically:

In river navigation construction: 1) legislation regulated inland navigation systems. For example, Steamboat Act of 1852 greatly reduced the frequency of boiler explosions. 2) waterways were cleared to ensure navigation safety. 3) courts rejected franchise applications, maintaining high competitiveness in the industry, reducing shipping costs, and effectively promoting the circulation of goods. 4) the government participated in, and even led, the construction of canals, bridging geographical and economic gaps between regions. During the hottest period of canal construction, from 1815 to 1843, the total investment reached $31 million, of which 3/4 came from the government; from 1843 to 1860, 2/3 of the $66 million canal investment still came from the government. The nationwide canal fever connected economically backward areas with coastal areas, newly developed central

regions with early colonial areas, and the Great Lakes with major waterways; it opened up trade routes between large-scale agricultural products produced in the West and relatively cheap industrial products produced in the East.

In railway construction: 1) the government overcame many obstacles to promote railway construction. Herders worried that animals used for pulling goods and boats would be replaced by iron horses, farmers worried about losing fodder markets; hotel owners along highways and riverbanks worried about losing business; highway transport and river transport practitioners naturally also opposed. But even in the face of obstacles from multiple interest groups, federal, state, and township governments strongly promoted the construction of railway networks. 2) the government participated in exploring route planning and subsidized railway construction (such as tax reductions on steel), and railway transportation greatly reduced trade costs, promoting the unification of commodity markets. In 1840, the U.S. had less than 1,000 miles of railways, but by 1860 it had exceeded 30,000 miles, with freight volume equal to canals, and the passenger market was almost monopolized by railways.

In highway network construction: 1) the main driving force for construction came from the continuous westward migration and growing trade demands. 2) the federal government's participation in highway construction also overcame many obstacles: there were views that federal participation in highway construction was unconstitutional; eastern state governments worried about population loss within their states and tried to hinder federal highways from extending outward; southern states did not want to open channels with western free states. Despite facing pressure from various parties, Congress still provided funding for highway construction through postal and military needs channels. Treasury Secretary Gallatin proposed a federal highway system plan in 1808, which eventually completed several important transportation routes including the Cumberland Road.

In terms of final effects, the connected transportation system effectively linked the supply and demand of newly developed inland areas and coastal

areas. As large quantities of cotton from the South were exported to Europe, it drove demand for grain from the West and industrial products from the Northeast. The reduction in transportation costs allowed the production scale of these products to expand, further promoting regional economic specialization. Some studies show that the commodity price gaps between the eastern coast, southern and western regions of the United States gradually narrowed in the 19th century, largely due to the unification of commodity markets brought about by the development of transportation facilities.

Second, transferring the right to regulate interstate trade and commerce to the federal level effectively restricted states from implementing laws and policies that hindered the unification of the domestic commodity market.

Interstate trade wars and competition would weaken the prosperity of the United States as a federal whole, so to realize the potential of the United States as a unified large market, the economic and trade systems of various states must be conducted within the legal framework at the federal level. The federal government and the Supreme Court, based on the Commerce Clause in the U.S. Constitution (Article I, Section 8 grants Congress the power to regulate international and interstate trade), denied the relevant legal powers of states to hinder interstate trade and commercial development. Among them, the following two federal Supreme Court precedents played an important role.

1) H.P. Hood & Sons v. Du Mond (1949) clarified that states have the right to regulate commercial activities within their states, but these rights cannot hinder the development of interstate trade. New York State refused to issue a license to Hood & Sons and its subsidiaries to establish milk stations in the state, believing that their business would affect the market share of relevant enterprises in the state, and Hood & Sons eventually appealed to federal court. The federal Supreme Court ruled that New York State violated the dormant Commerce Claus of the Constitution, that is, the system cultivated by the Commerce Clause

should be: any farmer and craftsman should be clearly encouraged to produce because they have the right to freely enter any market in this country, their export products have no obstacles, and no other state can resist them through tariffs or other regulatory measures. At the same time, the Supreme Court also warned that “protectionist measures of states will ultimately only invite hostile retaliation from other states.

2) Complete Auto Transit, Inc. v. Brady (1977) clarified principles such as states’ taxation must not discriminate against out-of-state taxpayers and in-state taxpayers to protect the free flow of commerce. Complete Auto Transit, a car transport company from Michigan, transported cars to Mississippi for sale, and Mississippi levied a 5% tax on this business. Complete Auto Transit eventually appealed to federal court. The federal Supreme Court upheld the validity of this tax in its ruling and announced four principles for judging whether state taxation is unconstitutional: (1) The tax must have a substantial nexus with the state; (2) The tax must not exceed the fair share of the taxpayer’s income; (3) States must not discriminate against out-of-state taxpayers and in-state taxpayers; (4) The tax must be fairly related to the services provided by the state to the taxpayer. These principles aim to protect the free flow of commerce and avoid restrictions from local protectionism. Practice has shown that rulings based on principle (3) far exceed those based on other principles, and this principle has become the most important basis for the U.S. federal Supreme Court to declare state tax legislation invalid in recent years.

Third, legislation to break industry monopolies improved the operational efficiency of the commodity market.

In the late 18th century, the formation of monopolies brought adverse effects on the operation of the unified market. The scale effect of production by large enterprises and the development of transportation lowered commodity prices, squeezing the survival of small enterprises. Some large enterprises formed super enterprises through mergers and acquisitions. For example, Standard Oil Company of Ohio merged with multiple competitors to form Standard Oil Company; United States Steel Corporation continuously

expanded its scale by merging upstream and downstream enterprises in the industry chain. These giant enterprises could control prices and supplies, set market entry barriers, seriously damaging fair competition and market mechanisms, forming monopolies. From a micro perspective, monopolies limited the flow of production factors and product factors, distorted prices and asset allocation, leading to a decrease in market operational efficiency, ultimately harming the operation of the unified market.

The federal government passed many bills to counter monopolies and promote market competition. The Sherman Antitrust Act of 1890 prohibited trade restrictions and monopolies. However, after the introduction of this act, the growth rate of trusts (monopolies) actually accelerated, forcing Congress to enact Clayton Antitrust Act of 1914. It declared price discrimination, exclusive dealing, tying contracts, acquiring competitors, and interlocking directorates illegal. In the same year, Congress passed the Federal Trade Commission Act, establishing the Federal Trade Commission responsible for implementing antitrust laws. Additionally, the Robinson-Patman Act of 1936 prohibited various forms of price discrimination, and the Celler-Kefauver Act of 1950 strengthened the prohibition on acquiring competing companies, both passed as amendments to the Clayton Antitrust Act.

In terms of law enforcement, the Department of Justice can file lawsuits for any actions violating the Sherman Antitrust Act and the Clayton Antitrust Act; The Hart-Scott-Rodino Antitrust Improvements Act of 1976 authorizes state attorneys general to file antitrust lawsuits on behalf of their citizens in federal courts; private individuals and enterprises can also file lawsuits for damages caused by violations of the Sherman Antitrust Act and the Clayton Antitrust Act; the Federal Trade Commission hears cases according to the Administrative Procedure Act. The most famous related case is Standard Oil Co. of New Jersey v. United States (1911), which supplemented the content of the Sherman Antitrust Act by establishing the “rule of reason,” determining that only unreasonable trade restrictions are illegal. Related cases also established judicial precedent principles for antitrust: generally, more competitors should be encouraged to enter the market, barriers to market entry should be lowered, and consumers’ right to choose should be protected. Enterprises that can improve efficiency and benefit consumers should be allowed to exist, even if they are quite large in scale.

III. Encouraging Labor Mobility: Improving the rule of law to remove obstacles to labor mobility, establishing a national social security system.

First, in the early days of the nation, labor mobility in the United States was greatly restricted due to historical reasons and "entire contract."

Due to the influence of British law, labor in the United States was heavily constrained in the early days of the nation. The continuous shortage of labor supply at that time prompted employers to increase control over employee mobility. Apart from the well-known indentured servants and black slaves who had no right to free movement due to legal and economic conditions, other laborers such as artisans, casual workers, and apprentices were also restricted. The main type of labor contract at that time was the "entire contract," meaning that the contract period, work content, and income could not be separated. In other words, workers who chose to terminate work early would not receive any compensation. In the first half of the 19th century, quite a few case judgments such as McMillan & McMillan v. Vanderlip case and Stark v. Parker case confirmed this point. Under the premise of " entire contracts" as the main labor contract, the cost for labor to pursue higher remuneration according to market demand was very high, naturally greatly limiting its mobility.

Second, from the late 18th century, economic development brought the United States the need for free labor mobility across different industries and geographical locations.

The manufacturing market economy in the northern United States (mainly the New England region) developed rapidly, with industries such as cotton spinning, smelting, and logging continuing to prosper. Technological progress in production affected the organizational form of enterprises, transforming them from family-centered workshops or small-scale handicraft workshops to large-scale modern factories and even corporations. Population growth and the desire for wealth drove large-scale colonization and development of the West. These changes brought about the demand

for labor mobility across industries, from small-scale producers to large-scale producers, and from existing lands to new lands. At the same time, the pressure brought by economic crises in the industrial environment forced employers to change their expectations for labor from maintaining stability to flexibly responding to economic fluctuations. Against this background, clearing obstacles to labor mobility and incorporating enough people into the workforce became the focus of federal work.

Third, protecting and encouraging free labor mobility was still promoted through the rule of law.

1) it legally guaranteed that labor could move freely. This underwent a very long process in the United States, with the core being the continuous adjustment of judicial interpretation of involuntary servitude towards removing the shackles of workers. (i) The Northwest Ordinance of 1787 stipulated that slavery and involuntary servitude were prohibited in the northern states newly joining the federation, and after the end of the Civil War, the content of the ordinance was also written into the U.S. Constitution. However, states had vastly different definitions and understandings of involuntary servitude. Some state courts believed that as long as workers entered into a bound employment status knowingly and willingly, it was not involuntary servitude, and left many precedents based on this standard. (ii) The Black Codes after the Civil War (1861-1865) still restricted the rights of liberated slaves in various aspects such as voting, owning land, etc. These impoverished laborers lacked the means of production to work and could hardly afford necessities, so they had to submit to the crop lien system. That is, they were forced to mortgage their future crop harvests as collateral for borrowing, in exchange for means of production and necessities from landlords and to pay rent. Most farmers had to extend their debts into the future, eventually falling into a cycle of debt bondage. It can be seen that at this time, workers were still economically controlled by landlords (plantation owners). But this labor relationship was often judged by courts as voluntarily signed and therefore not unconstitutional. In addition, the psychological

deterrence of the Black Codes on black farmers also made it difficult for them to leave agricultural production and enter other industries or regions. These all greatly hindered the free flow of labor in the South. (iii) A series of federal Supreme Court precedents in the early 20th century improved the above situation and realized the protection of workers. Clyatt v. United States (1905) clearly declared debt bondage labor relations illegal, and six years later, Bailey v. Alabama (1911) extended the conclusion of the Clyatt case to all labor relations. Since then, workers who quit only need to bear the relevant losses and are not bound by past labor contracts.

2) the at-will employment principle replaced entire contracts, relaxing the constraints on workers at the economic level. From the 1870s to the 1930s, 41 states in the United States legally accepted the at-will employment principle, which means that before the expiration of the employment contract, both employers and employees have the right to terminate the employment relationship. This was an important progress in legally guaranteeing the free flow of labor. Almost at the same time, many state legislatures passed wage payment laws, which stipulated the frequency of wage payments (monthly, semi-monthly, or weekly). This essentially eliminated the institutional constraints of “entire contracts” on labor mobility, and more frequent wage payments reduced the burden of workers borrowing to make ends meet, also reducing the possibility of exploitation when employers paid in kind. By 1935, wage payment laws in 25 states stipulated that workers’ wages should be paid immediately when leaving their jobs or being dismissed. This relaxed the constraints on workers from labor relations at the economic level, facilitating their departure from current jobs and entry into new jobs.

3) prohibiting discrimination against labor force, thereby incorporating various labor factors including blacks, women, and children into the market without discrimination. Many new production organization models incorporated more labor into the production process, with the Rhode Island system and Waltham system in New England factories being most typical. Under the Rhode Island system arrangement, entire families were employed, with parents and

children assigned work matching their physical abilities and skills. Under the Waltham system arrangement, adult young women were largely employed. Thus, compared to adult white males, other labor forces (women, blacks, children, immigrants) did not suffer institutional discrimination in labor relations, and their corresponding rights were still protected by law.

4) establishing a nationally unified social security system. The U.S. social welfare (pension) system evolved from local to national, from targeting vulnerable groups to all workers, effectively eliminating barriers to interstate worker mobility and strongly promoting the unification of the labor market. (1) Before the 1930s, residents' social security was mainly provided by local governments. Once residents went to other states, they could not enjoy the protection provided by their home state, making the cost of labor flowing to other states higher. Moreover, local government social security was more targeted at vulnerable groups, with different workers receiving different social benefits. (2) The Social Security Act passed in 1935 gradually established a nationally unified social security system. The widespread poverty and unemployment brought by the Great Depression pushed the issue of "national social security for citizens" onto the agenda. In August 1935, President Roosevelt signed the Social Security Act and expanded the protected objects in 1939 and 1954, from vulnerable groups to all workers, providing welfare to residents equally. (3) The Social Security Act authorized the creation of the Social Security Administration, which is responsible for registering citizens' relevant information and managing the government's allocation and expenditure of pensions. Workers have a unique social security number, and the U.S. government only tracks individual mobility based on social security numbers. In other words, even if workers change employers or work locations, their social security benefits can still continue and are not affected. Such a social security system greatly eliminated the costs borne by workers in mobility, promoting labor mobility across different industries and regions, and strongly promoting the unification of the labor market.

IV. Promoting Marketization of Land Factor Transactions: Establishing basic land prices, advancing the rule of law to achieve "same land, same price, same rights," ensuring marketization of transactions

Land is also an important production factor. Although it does not have spatial mobility needs like labor factors, its use rights, pricing, and transactions often directly affect the benefits and costs of construction, production, and residence on the land. If "same price, same quality, same rights" of land cannot be guaranteed, the allocation of land resources will inevitably be distorted. Idle land resources are wasted and cannot be transformed into assets; while scarce land resources will push up housing prices and other prices, ultimately increasing the burden of production and living. Therefore, promoting the marketization of land factors can improve the efficiency of economic operation. The United States experienced a process of land resources transitioning from state-owned to marketized, and the rule of law also played a key role in this process.

First, in the 18th to 19th centuries, how to unify the land system during Westward Expansion was the focus of debate.

In American history, Westward Expansion was a theme that ran through the 18th to 19th centuries. How to efficiently conduct western expansion and use land to create wealth for individuals, localities, and the federation was the focus of multiple debates. Among them, how to unify land management, pricing, and transaction mechanisms was the core issue of the debate.

As early as the colonial period, two completely different land systems had formed in the southern and northern parts of the United States. Land was scarce in the northern New England region, with dense population and rapid early expansion. This region implemented a township planning system, conducting detailed exploration of land, thus making land transactions relatively standardized and efficient. However, in the South, colonists often applied for surveyors to partition and divide land after they liked it. In the process of westward expansion after the establishment of the country, it was necessary to formulate a unified standard land system to promote the

marketization of land transactions, but the federal government's management of land transactions and the price charged by the government in selling land were always difficult to unify.

There were also divisions within the federal government on the positioning of land, namely whether to adopt fiscal land or homestead land. Fiscal land advocated large-scale, high-priced sale of land to enterprises to bring income to the federal government for debt repayment and capital accumulation for industrial industries. Homestead land emphasized that land, as national property, should belong to every citizen, so land should be transferred to colonists at low prices or even for free.

Second, the rule of law played a core role throughout in promoting the marketization of land factor transactions.

1) Land Acts passed between 1785 and 1796 standardized the land transaction process between the government and colonists, determined the benchmark price of land, and laid the foundation for the unified development of the land factor market in the future.

The Northwest Land Ordinance of 1785 determined the method of exploring and surveying western lands: (i) Continuously dividing 6×6 mile square lands to form townships; (ii) The minimum unit for individual land purchases was 1 square mile (= 640 acres); (iii) One acre of land was auctioned with a starting price of $1, with the highest bidder winning. Subsequently, the Northwest Ordinance of 1787 stipulated how these newly divided lands could form states and thus enter the existing federal system. But after practice, the federal government found that the related income was difficult to meet the need to cover fiscal expenditures, so the Land Act of 1796 raised the land price to $2 per acre.

2) the federal government actively adjusted the content of bills according to land market development, clearing existing obstacles from the system to ensure the realization of "same person, same land, same price, same rights".

The Land Act of 1796 required a one-time payment of $1,280 (land unit price × minimum purchase area), setting an entry threshold for land transactions, which greatly hindered the expansion and unification of the land market, and the government had to make concessions on land transactions. In 1800, 1804, 1820, and 1832, the United States successively amended the Land Act of 1796, lowering requirements on factors such as minimum purchase area, price, and down payment ratio, ultimately greatly stimulating colonists' enthusiasm for land development.

Later, colonists even began to privately occupy land that had not been surveyed and auctioned, forcing the federal government to recognize their ownership of the land. The federation and Congress passed a series of bills (such as the Preemption Act of 1841), allowing colonists to obtain self-divided land that had not been auctioned by the government at low prices. It can be seen that when the existing land system lagged behind market transaction development, the federal government wisely chose to recognize market mechanisms, giving up restrictions on relevant policies to ensure that land prices, scale, and transaction methods were not interfered with by administration. This cleared existing obstacles from the system, planting the seeds for the construction of a unified land market in the United States.

The Homestead Act of 1862 further relaxed the requirements for private acquisition of government land, bringing the Westward Expansion to an unprecedented height in the second half of the 19th century. This act essentially transferred land ownership from the government to individuals, realizing the privatization of land, thereby establishing small farmer land ownership and creating conditions for agricultural development in the United States.

Lenin summarized the U.S. land system like this: What policy did American capitalists implement? They distributed land for free, so farmers followed them. The promulgation of the Homestead Act ensured "same person, same land, same price, same rights" in the United States, meaning that regardless of identity, wealth, or family

status, every colonist could obtain the same land at the same price. This ultimately laid the foundation for the unified large land market in the United States.

3) continuously introducing supporting laws and systems to promote the marketization of land factor transactions.

The Homestead Act greatly stimulated colonists' westward movement, and these residents' development of land resources was no longer limited to agricultural land, but also began various developments of minerals and timber. Congress also introduced supporting laws to follow up on land policy liberalization, such as the Timber Culture Act of 1873, the Desert Land Act of 1877, the Timber and Stone Act of 1877. These laws regulated and encouraged local residents' utilization of resources on the land, turning land from resources into assets. In addition, the federal government and state governments had no restrictions on the free trading of land, and the trading and use of land could be at the same price and with the same rights, eliminating institutional constraints on land users' choice, usage period, land purpose, etc., maintaining a sufficiently flexible trading mechanism, which further improved the land factor market.

V. Conclusion

Generally speaking, the core of building a unified large market is to eliminate various factors that cause market segmentation, which mainly come from natural barriers, administrative obstacles, and enterprise monopolies. **The principle of the United States in promoting the construction of a unified large market is: through continuous improvement of the rule of law, promote the federal government to unify economic policies and ensure the free flow of factors and goods. We can easily find that the construction of the rule of law ran through the history of the formation of a unified market in the United States and**

played the most critical role. The rule of law fundamentally limited local governments' discretion to implement local protectionism and provided a highly certain institutional environment for the free flow of factors.

First, in terms of rule of law construction, the historical experience of the United States tells us the importance of the rule of law for the construction of a unified large market. In the development history of the United States, decentralization provided sufficient incentives for local governments' economic construction, and the entrepreneurship of local governments allowed them to benefit from economic development. However, the resulting local protectionism (administrative and judicial protection) created obstacles to the construction of a unified large market. Therefore, while advancing the construction of the rule of law, the United States transferred the power to regulate interstate trade and commerce to the federal level, thus overturning various local protectionist and discriminatory laws and regulations. This dismantled interstate trade barriers set by local governments and also granted all individuals and enterprises equal citizenship unrestricted by geographical space. On the other hand, this system did not overly centralize power, thus depriving local governments of the motivation for development. Therefore, using the construction of the rule of law to overcome local protectionism while retaining its incentives for economic development is of great significance for promoting the formation of a unified large market.

Second, in promoting the unification of the commodity market, the U.S. government's active promotion of transportation facility construction effectively promoted regional economic development, while relevant legal construction cleared obstacles such as local protectionism and monopolies. The demand for commodity circulation brought by economic development prompted the U.S. government to actively participate in the construction of transportation facilities. Based on the characteristics of different industries, it selectively assumed the roles of manager or investor. After the industrial revolution brought about a huge increase in productivity in the mid to late 19th century, these transportation facilities successfully delivered products to all parts of the country, and the unified commodity

market in the United States was gradually established during this period. As for factors hindering the formation of a unified commodity market, such as local protectionism and monopolies, the federal government, Congress, and courts dismantled them through legislation based on the spirit of the U.S. Constitution and interpretation of the law in specific cases, providing a certain institutional environment for the free flow of factors. This was specifically manifested in vetoing local government laws that hindered production, operation, and commodity circulation, and breaking industry monopolies through antitrust laws and other means.

Third, in encouraging labor mobility, the United States continuously improved the legal construction to promote and encourage free labor mobility, and established a nationally unified social security system. In the early days of the nation, labor mobility in the United States was greatly restricted, mainly due to historical reasons and the labor contracts adapted to it. The economic prosperity that began in the late 18th century and the development of manufacturing in the North made liberating the labor population an important issue for the federal government. Solving the problem of free labor mobility underwent a very long process, which was still gradually advanced and completed at the legal level, including reforming labor contract provisions and prohibiting discrimination against labor. In addition, the government established a national social security system, greatly eliminating the cost of interstate worker mobility and promoting the formation of a national labor market.

Fourth, in promoting the marketization of land factor transactions, advancing the rule of law still played a core role. The federal government's land policy objectives (fiscal revenue, fairness, economic growth) changed over time. The early federal government tried to obtain large revenues from land, but this ultimately failed to materialize, while the importance of fairness and economic growth continued to increase. The federal government's land policy achieved effective allocation of land factors along the following path: First, it met the needs of an increasingly active land market by establishing basic prices and clearing transaction obstacles; second, it formulated unified institutional standards to ensure the realization of "same person, same land, same price, same rights"; finally, for valuable

land (farmland, forestland, mineral land), legislation was enacted to ensure the marketization of its transactions, allowing it to be quickly transferred to the private sector. These measures enabled market mechanisms to allocate quality land resources to entities most capable of developing their economic value, effectively promoting the marketization of land factor transactions.

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