

AMERICA'S BATTLE WITH BRITAIN, 1860-1876

The Civil War and The American System

by W. Allen Salisbury

From the Editors: *We celebrate this year the 25th anniversary of the publication of Allen Salisbury's book, whose title appears above. One of the jewels of the LaRouche movement, this book uncovered the long-suppressed history of the battle between the American System of political-economy, associated with the protectionist and pro-labor economics of Abraham Lincoln and Henry Carey; and the British System of free trade, the shared doctrine of both the Southern slaveholders and the New York and New England financier oligarchy.*

Much has changed since Salisbury's book first appeared in 1978, but the fundamental issue of economic policy that he raises, is as vital now as it was then—and as it was in 1861. With the collapse of the Soviet Union in 1991, the politics of Cold War was replaced with a new era of "globalization"—free trade run rampant. The global physical economic breakdown which followed the 1971 collapse of the Bretton Woods System has proceeded apace, as Lyndon LaRouche forecast it would. Yet, the free traders have found new and ever-more-insane ways of looting a bankrupt global economy, by creating a speculative bubble of an enormity that the world has never seen before. They have concocted financial derivatives, currency warfare against developing nations, and an unprecedented rise in American consumer debt, among other means to maintain their doomed system for another week, or another month. Since Sept. 11, 2001, new schisms have arisen in the Anglo-American oligarchy, in which some—including in Britain itself—have distanced themselves from the most rabid advocates of a global imperium. And, most importantly, the LaRouche movement has matured to become a highly potent force internationally, finding new collaborators every day in

the fight for the American System.

Allen Salisbury, who suffered an untimely death in 1992 at the age of 43, and was a prime mover behind LaRouche's initiative for a Revolutionary Youth Movement in the early 1970s, would have been particularly joyful to see the rapid growth of the LaRouche Youth Movement over the past three years. It is mainly with those youth in mind, that we reprint here Allen's introduction to his book (in the first of two installments). The true story of American history told here is utterly unknown to victims of an American university education, who are instead fed lies about how "Lincoln was a racist," and "Adam Smith was the greatest economist in history." The book itself includes seminal writings of the American System thinkers of the 19th Century—including Henry Carey's stunning argument that slavery could have been abolished, and the Civil War prevented, had the protectionist policy of Alexander Hamilton prevailed.

Naturally, in 25 years, additional research, within and outside the LaRouche movement, has cast new light on some of the dramatis personae herein discussed. In some few particulars, the author, had he lived, might have revised his analysis. But the overwhelming truth and power of his argument remains, as an invaluable weapon in the war to defeat the British System.

It would be slightly simplified, but essentially correct to say that there never was such a thing as a Civil War in the United States. The War Between the States that ravaged this country between 1861 and 1865 was the second military phase of the political battle which raged between Britain and the United



President Abraham Lincoln and his economic adviser Henry Carey waged the struggle for industrial development begun by the Founding Fathers, against the fundamentally anticapitalist policies of the free traders. Here, a model of a statue commemorating Lincoln and his son Tad's visit to the Confederacy's capital of Richmond at the end of the Civil War, in April 1865. The statue will be dedicated on April 5, 2003 in Richmond.

States from the time a formal ceasefire was concluded at Yorktown in 1781.

While it is widely acknowledged that the British oligarchy supported the Confederacy until its defeat appeared inevitable, modern historians have covered over the more fundamental relationship between the slavocracy and Great Britain. Britain, in its desire to replace the American System of industrial progress with the British System of Malthusian poverty and looting, created the Confederacy. Like the Tories during the Revolutionary War, the Confederates were either the conscious or duped agents of the British monarchy, sworn to destroy the American nation.

During the Revolutionary War period, the battle lines were clear: industrialization and expansion, or agrarianism and looting; a national government committed to the principles of technological progress, or subservience to the British crown. Except for the period of open hostilities during the War of 1812, however, British subversion in the period after the Revolutionary War usually cloaked itself in superpatriotic garb. It requires close inspection to rip the American nationalist costume off the likes of Andrew Jackson and Albert Gallatin, but the invariant activity of these exemplary Tories, among others, was to turn over the financial reins of the nation to the British Empire.

It was British financial intervention, exercised through such agents, that subverted the implementation of a national development program as it had been put forward under George Washington and Alexander Hamilton. The resulting

re-creation of the slave, cotton-growing South, then in alliance with certain New York and New England banking houses, served as an economic, political, and eventually military base for Britain's war against America.

To defeat this gameplan required the remobilization of the nation's workers, industrialists, and technology-proud farmers around the program that founded America. Henry Clay, John Quincy Adams, and Mathew Carey laid the groundwork, but the specific targeting of the treasonous British System, and the organization of the political party that could rout it were left to economist Henry Carey and the Republican Party of Abraham Lincoln.

The Republican Party of Lincoln was responsible for building the labor-industry alliance which won the war. That party's program has a surprisingly familiar ring to those fighting against the stagnation of the American and world economy under the British System today. Its key features were credits for rapid industrialization and realization of new technologies, debt moratoria on certain holdings that were crippling production, and measures to politically sever the U.S. credit generating mechanisms from British control.

It was not only the Democratic Party of Van Buren and Buchanan that Lincoln and his followers had to destroy. Their success depended on a constant battle against insidious agents inside the Republican Party as well—in some cases, agents who professed their loyalty to the Republican platform of industrial growth and protectionism, only to win their way into policymaking positions where they could sabotage Re-

publican policies. The problem is similar to that experienced by Americans today: how to reorient politics around the basic scientific principles of economic growth and thus weed out the slogan-mongers before the damage is done.

The party of Lincoln succeeded in launching the United States of America as the greatest industrial power on earth—but the British were not brought to the ground. Through assassinations, divide-and-conquer tactics, and, most importantly, the deceptive offer of an “Anglo-American Imperial Alliance,” the British oligarchs re-established an ever-tightening stranglehold over the U.S. economy and political system. Americans’ perception of their national interest was again viciously distorted and the war against the British System of austerity, deindustrialization, and mutually destructive class warfare conveniently forgotten. In this, American historians have played not the least significant role.

The Whig policies of Henry Carey and the Lincoln Administration live on in the largely un-self-conscious activities of millions of American workers, farmers, and industrialists today. Now, before the British succeed in manipulating the United States into economic or thermonuclear death, these policies must become a weapon for the re-establishment of the American System worldwide.

Reintroducing Henry Charles Carey, Whig Economist

Henry C. Carey, largely written out of or deliberately deemphasized in today’s “revisionist” history books, is to be credited, perhaps more than any other single individual, with pursuing the policies which kept alive the Founding Fathers’ program for industrial-capitalist republicanism known as the *American System*. From the late 1840s until his death in 1879, Carey organized for Hamilton and Franklin’s dirigist system of political economy among the nation’s political leaders, industrialists, bankers, farmers, and skilled workers. Carey’s leadership in this effort, especially as exercised through Lincoln’s Treasury Department, enabled much of the nineteenth-century technological development of this nation to take place.

In the process, Carey and his co-thinkers prevented a British attempt to divide and conquer the United States.

A reading of his major works establishes that Carey, like the Founding Fathers, saw his own republican capitalist outlook as the continuation of the humanist struggles of the Hohenstaufen Emperor Frederick II, of the England of John Milton, and of the France of Jean-Baptiste Colbert.

Even competent Civil War historians (e.g., Robert P. Sharkey, *Money Class and Party*, 1959) conceptually block in their treatment of both Carey and the Civil War period. First, they refuse to recognize the line of development that links the outlook of the Founding Fathers with that of the Whigs—Henry Clay, Henry Carey, and Abraham Lincoln—and leads to the founding of the Republican Party. Second, they refuse to treat the Andrew Jackson Administration as the



Author Allen Salisbury (1949-92), who discovered the long-suppressed work of Henry C. Carey and his collaborators.

treasonous outfit it was, especially with regard to Jackson’s violation of the intent of the U.S. Constitution when he dismantled Nicholas Biddle’s National Bank in 1833.

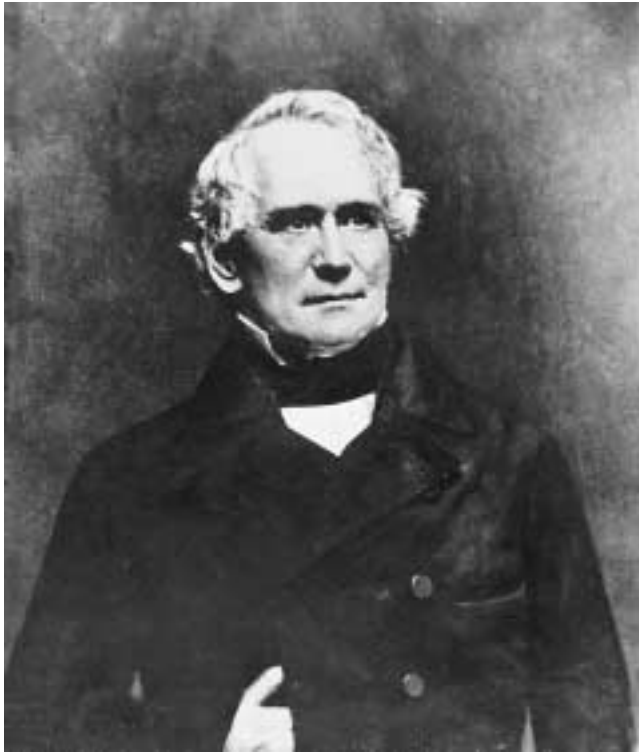
What is clear from a reading of Hamilton’s *Report on a National Bank*, which he delivered to the Congress in December of 1790, is that the Founding Fathers’ primary concern was to wed the new nation more closely to the production and promotion of useful manufactures, to the achievement of high rates of industrial growth and technological development, and to the discouragement of usurious banking practices, particularly those practiced by England. The Founding Fathers, following a dirigist policy of centralized national planning, intended the National Bank to so order the investment policies of the nation as to ensure that the production of real value (manufactures, internal improvements, inventions, and so forth) consistently outpaced mere interest on money or monetarist debt.

The Founding Fathers were guided by a labor theory of value, a theory commonly attributed to Karl Marx, but developed years earlier by Alexander Hamilton, particularly in his 1791 *Report on the Subject of Manufactures* to the Congress.

What is the labor theory of value?

From the time that man emerged from the baboon-like existence of the Pleistocene epoch, his activity has been characterized by willful innovations in the modes of producing his means of existence—innovations which have, at the same time, increased his population and the amount of energy available to and consumed by society.

Advances in human society are not the outcome of some biological or genetic variation (in the same way that some people glorify the continued adaptability of the ordinary house-roach to changing environmental circumstances). All great advances of humanity have been due to the intervention of humanists who have understood, along with Plato and his Neoplatonic successors, that man has the creative qualities to deliberately master the laws of nature and effect his own evolution.



Henry Carey, who is ignored in today's history books, "is to be credited, perhaps more than any other single individual, with pursuing the policies which kept alive the Founding Fathers' program for industrial-capitalist republicanism known as the American System."

For such Neoplatonic humanists, the material basis for solving all the problems of human existence must be located in technological and cultural *progress*. There must be an increasing number of human beings available and trained to work on those problems, and each individual's power over nature (his or her "productivity" as defined by assimilation of new, more efficient scientific-technological discoveries) must be increasing. And this progress must be unceasing. Every time a technological advance brings human society to a new mode of production, that mode defines certain aspects of man-altered nature as relatively finite. This does not imply that there are any natural limits to progress. Rather, what appear to be finite limits in one productive mode compel man to make the breakthroughs which will bring him to the next, more advanced mode, thus redefining the domain of natural resources in a qualitative way.

The need and capacity of man to create and assimilate such new discoveries in his day-to-day practice is what the humanist Alexander Hamilton meant by "the productive powers of labor." It is what the Whig economist and humanist Henry C. Carey, in further developing Hamilton's work, meant by the "quality of labor." It is what the great American literary figure and defender of Neoplatonic epistemology, Edgar Allan Poe, termed the "quality of genius." It is what Karl

Marx termed "labor power." And it is most emphatically what President Abraham Lincoln meant when he described himself as a follower of the "doctrine of necessity."

This quality of labor was first treated in detail by Alexander Hamilton in his *Report on the Subject of Manufactures* as being the sole source of value or wealth creation in a capitalist economy. Both Hamilton's *Report on the Subject of Manufactures* and his *Report on a National Bank* were key to the elaboration of an official U.S. government policy that was in opposition to the British colonial policy of primitive accumulation and enforced cultural backwardness.

Thus, the cornerstone of the humanist economic policy of the Founding Fathers—the policy which became known as the American System during the nineteenth century—was state direction of the nation's monetary and credit apparatus through a National Bank. The bank would ensure that the nation's currency and lending institutions acted as an aid to the productive process by issuing credit for industrialization, the fostering of scientific research, and the prevention of usury or at least the subordination of usurious practices to the process of production. Another included feature was government-financed internal improvements, which had the effect of ordering the investments of private individuals and companies into new manufactures, technological innovations in agriculture, and other, socially useful investments. A third policy associated with the American System was protective tariffs to prevent the British from wholesale dumping of their goods—as well as their debts—on the country in an effort to "strangle" American manufactures "in the cradle," as the British "liberal" David Hume put it.

In other words, the aim of the Founding Fathers was to effectively safeguard the nation that had just emerged from a successful revolution against British raw materials looting practices which would have meant the effective recolonization of the United States. At the same time, the Founding Fathers sought to foster the development of the United States until the nation became powerful enough to free the rest of the world from the British System.

From this point of reference, Andrew Jackson's decision to withdraw government deposits from the National Bank was unquestionably an act of treason. The decision left the U.S. at the mercy of the credit policies of the Rothschild and Baring banking houses, and made the Baring-dominated Associated Banks of New York and New England (the major financiers of Southern cotton exports) the most powerful group of bankers in the nation.

More importantly, Jackson's actions gave direct support to the theory of "free trade"—an ideology synthetically created by British Royal Society agents like Parson Malthus, Adam Smith, David Ricardo, and John Stuart Mill for the express purpose of *subverting* America's commitment to dirigism. This is the same subversive free trade ideology of "Cotton Is King" (see below), the outlook for which the South made its insurrection and against which Lincoln and

his Whig allies fought.

Historians of the Sharkey school nobly, but incorrectly conclude that the Civil War was primarily a contest between finance and industrial capital, with Henry Carey as the latter's chief spokesman. Rather, Lincoln and Carey must be seen as continuing the struggle for industrial development begun by the Founding Fathers against the fundamentally anticapitalist policies of the monetarists of Great Britain and their agents in this country.

This view has immediate implications for today: it leads to the conclusion that the current financial policy of the United States, which was and is formulated largely by the British-based investment houses and their affiliated think tanks like the Brookings Institution, are, in fact, alien to the principles on which the United States was founded. Adherents to this British policy are today exerting a control over the nation's institutions and policies that is treasonous.

Carey's Roots

Henry Carey's background is rooted in republican humanist traditions. His father, Mathew Carey, was an Irish republican revolutionary strongly influenced by circles who were, in turn, influenced by Jonathan Swift. Mathew Carey's early Irish nationalism is humanist in the same sense as Franklin or Hamilton's American nationalism.

Mathew Carey was kicked out of Ireland for "defaming the British" when he resurrected Swift's *Modest Proposal for the Universal Use of Irish Manufactures*. He then made his way to France where he worked with Benjamin Franklin and the French General Lafayette. From France, Carey began printing and distributing Franklin's *Notes from America* to leading humanist circles throughout Europe, to keep them informed of the progress of the American Revolution. He later returned to Ireland to start a republican newspaper with the funds advanced for the purpose by Franklin and Lafayette.

Franklin, Lafayette, and Carey, too, were conspirators in a joint America-"League of Armed Neutrality" war against Britain of which the successful American Revolution was a part. The league of European continental powers stretching from Spain and France in the west to Russia in the east provided the decisive strategic element of humanist-organized monarchies to enable that battle against Britain to succeed. The plans did not end there; the league intended an invasion of Britain itself to bring an end to more than a century of British-based monetarist financial rule over Europe. To this end, Lafayette sought and received from the young Mathew Carey a detailed assessment of the possibility of establishing a republican state in Ireland. Ireland, at the time, was a probable launch point for an invasion force against Britain to be headed by Lafayette.

The plan became unworkable with the outbreak of the so-called French Revolution, which also nearly prevented the consolidation of the gains of the American Revolution in the form of the present Constitution.

Upon his arrival in the U.S., Carey quickly became an ardent supporter of Alexander Hamilton; he continued his collaboration with Franklin until the latter's death. Contemporary opinion placed Carey second only to Hamilton as the nation's leading protagonist for the "American System." His work with Franklin encouraged him to found the nation's first book publishing company following their successful U.S. publication of Condorcet's *Historical Sketch for the Progress of the Human Mind*.

Mathew Carey adopted the humanist organizing method of Franklin. As Franklin reports in his *Autobiography*, the Junto, a secret organization, agitated for continual improvements, the first fire company, and the first network of printing establishments in the nation. It was this model that was followed by Carey and the Philadelphia Association for the Promotion of National Industry to effect such improvements as the construction of the first railroad in Pennsylvania. For this reason, Edgar Allan Poe once said of his publisher Mathew Carey that he reminded one of Ben Franklin.

Around Mathew Carey's Philadelphia circle developed the second generation of American political economists. The American humanist was not disposed to adopting a professorial chair of economics. They plunged into the study of political economy out of necessity, as a deluge of classical British economics and economists threatened to stop development of the U.S. along the lines first elaborated by Franklin and adopted by the first U.S. Congress when it decided in favor of the celebrated reports of Alexander Hamilton.

After the assassination of Hamilton by Aaron Burr in 1804, major responsibility for keeping alive the American System program fell to this group of secondary leaders, which included as its chief spokesmen the Whig leaders John Q. Adams, Henry Clay, and John Calhoun (early in his career) and the members of Mathew Carey's Philadelphia circle, most notably such forgotten figures as Baltimore's Daniel Raymond, Hezekiah Niles, and the brilliant German leader Friedrich List.

As Mathew Carey documents his own contributions in his *Autobiography*, he vigorously pursued the policies put forward in Hamilton's report. In fact, he was a director for two terms of the Pennsylvania subdivision of the National Bank. Among other contributions was his defense of Joseph Priestley, the English chemist who collaborated closely with Franklin.

Priestley was forcibly exiled from England and had come under attack from William Cobbett. Cobbett was the chief U.S. publicist for the antihumanist circles around Jeremy Bentham and Parson Malthus in England. Cobbett's primary role was to conduct what today would be known as a Water-gating operation against leading U.S. Hamiltonians. The ensuing newspaper war between Carey and Cobbett eventually led to the dissolution of Cobbett's Pennsylvania newspaper, the *Peter Porcupine Gazette*, and his departure to England.

It was only with the defeat of the "League of Armed Neu-

trality,” sealed by the 1815 Treaty of Vienna, that Britain was again freed to continue open hostilities against the United States. In the eighteenth century, France was Europe’s leading industrial power and the leading national power in the league. Objectively, Britain could not defeat France in a war, so Britain manipulated France to defeat itself. Using Swiss and French agents under London’s direction, Britain wrecked French credit, mobilized the “sansculotte” slum population of Paris, and then set in motion the Jacobin Terror to abort any French humanist attempt at reproducing the American Revolution in Europe. By 1814, continental Europe was reduced to war ruin and the young American nation had fought another war against Britain—the War of 1812. The unfavorable aftermath of that war and continued trade war by the British against American commerce and industry was creating havoc within the United States.

The treaty that concluded the War of 1812 had given the New York merchants junior-partner status in the East India Company. Britain sought to “legalize” its trade war with the United States by having the U.S. drop its dirigist policy in favor of “free trade.”

Albert Gallatin, the Secretary of the Treasury under both President Madison and President Jefferson, was Britain’s “agent-in-place” for this subversion attempt. The Treasury’s London office under Gallatin was used as a training center for agents to influence U.S. economic policy toward free trade. There, Gallatin’s staff met with both Jeremy Bentham and David Ricardo, who instructed them not to have Hamilton’s dirigist system taught in the schools and colleges of the United States. Bentham even offered to Gallatin his services to rewrite the U.S. Constitution—an offer Gallatin relayed to Jefferson, Madison, and the U.S. Congress.

It was Gallatin who sought to manipulate President Jefferson over the question of the Louisiana Purchase. Jefferson was properly concerned that the United States should expand its territory across the Mississippi River to the Rocky Mountains—from the Gulf of Mexico to Canada—to prevent occupation by hostile governments allied with the British. The actual policy debate over the Louisiana Purchase, however, occurred over whether the territories were to be developed *before* they were admitted as states in the union. Gallatin pushed a program of “free” plots of land, while the leading Federalists and Whigs insisted that the lands should be settled by men with enough capital to invest in manufactures and agricultural improvements. With the experience of the French Revolution fresh in mind, they had no intention of creating a state run by beggars and speculators.

As part of Britain’s subversion, Adam Smith’s *The Wealth of Nations* was taken off the dusty bookshelves and made popular throughout the country. *The Wealth of Nations* first appeared in this country during the first year of the Revolutionary War. During the period after 1815, it was revived especially by the shipping interests of New England and New York, and by the slave states of the deep South.

It was also during this period that Mathew Carey and other supporters of Hamilton sought out and wrote their own textbooks on political economy to refute the works of Smith and, later, Malthus and Ricardo.

With the publication of his *Olive Branch*, Mathew Carey opened a campaign throughout the country for a continued national commitment to Hamilton’s economic policy. He immediately took up the study of political economy which, as he states in his *Autobiography*, he had not paid any attention to before reading *The Wealth of Nations*. His first work took on Adam Smith’s proposals to return the United States back to a colonial relationship with Great Britain. In this respect, *The Wealth of Nations* was British political intelligence propaganda. Of course, Smith paid due respect to the home market and its industries, but, as Carey states correctly, the whole proposal was a sham which he and Henry Clay’s close associates Daniel Raymond and Friedrich List proceeded to expose.

To Mathew Carey, the foundation of Smith’s proposal to establish “freedom of trade” was accompanied with “assurances” that the wiped-out American manufacturers and mechanics could find employment in “collateral manufactures,” especially agriculture.

These positions, absurd, futile, and untenable as they are, form the basis of the *Wealth of Nations*. To a person wholly unbiased by prejudice, it must be a matter of astonishment how a work, resting on such sandy and miserable foundation, could have obtained, and still more, have so long preserved, its celebrity. The monstrous absurdity of these doctrines and the facility with which they might be refuted, induced me to enter the lists against this Goliath with the sling and stone of truth.

Mathew Carey, Henry Clay, and others revived Hamilton’s Society for the Promotion of Useful Manufactures. The new Philadelphia Association for the Promotion of National Industry included manufacturers, as well as agriculturists, scientists, and skilled mechanics. As part of their work, Mathew Carey republished several times Hamilton’s *Report on the Subject of Manufactures*. In his prefaces to those editions, Carey correctly noted that Hamilton had already refuted all that Smith had to say and, in fact, Hamilton’s report subsumed the work of the great seventeenth-century French Finance Minister Colbert.

The impact of the association in at least sustaining Hamilton’s system as the policy intention of the nation is evident in this letter from President Madison to Mathew Carey.

I have read the pamphlet on our commercial policy, which is another proof of your disinterested zeal on an important subject. You have placed in a strong light the evils necessarily resulting from the excess of our importations over our exports and the necessity for re-

storing an equilibrium. I have read your essays as well as the report of Hamilton . . . and I must confess that I see no possibility of resisting the facts, principles and arguments they contain. What adds to their weight too with me is that, as you remark, we cannot be worsted by the experiment, as far as economical expediency goes. . . .

The remarks by the Senator from Pennsylvania, Andrew Stewart, during the 1827 debates on tariff legislation also evidence the impact of the association.

The gentleman from New York has called this a “New England Bill,” and, from principles of patriotism, he says he is opposed to it. “It is immaterial,” he says, “to us, whether we get our cloth from Manchester or Boston.” This may suit the patriotism of the representative of a city where it is said that three-fourths of the woolen business is in the hands of British merchants, and British manufacturers; but Mr. S. took his principles from another school. For he had been told in the course of the debate by a gentleman from South Carolina that there are two schools of political economy—one headed by Adam Smith, and the other by Mathew Carey—a British and an American school, and we are warned by that gentleman against giving up the sound doctrines of Smith, for what he is pleased to call the “Statistical Nonsense of Mathew Carey.” Now Sir, although the views of Adam Smith and other British writers may suit the purposes of the gentlemen from New York and South Carolina, yet they must give me leave to say that I would not give one page of the “Statistical Nonsense of Mathew Carey” on this subject for all the theories of Adam Smith, and their long and learned speeches into the bargain. . . .

One of the more important figures engaged in the fight for the American System was the German republican Friedrich List. List was brought to America and introduced to the Pennsylvania circle by Lafayette in 1824. List was already familiar with the works of Daniel Raymond, Henry Clay, Alexander Hamilton, Mathew Carey, and others principally through Carey’s earlier extensive collaboration with the German educator Christopher Daniel Eberling. To combat propaganda from Britain that was defaming America as a land of savages, Eberling requested and got a steady stream of reports on the latest developments in internal improvements, books, and samples of every leading newspaper in the young nation. What Eberling faced was an international campaign on the part of Great Britain to prevent the model American republic from being exported.

Professor List himself played a leading role in exporting significant portions of the American System when he established the *Zoll-Verein* or German customs union upon his

return to Germany in 1832. What List accomplished in part was the elimination of the customs duties between the various Germanic states. In its place, a national German customs policy was enacted, following the example of the United States. As Henry Carey later noted in his review of List’s book, *The National System of Political Economy*, it was this accomplishment that enabled Germany to become a nation.

List, like Mathew Carey and Daniel Raymond, had nothing but contempt for Adam Smith. List even postulated that Adam Smith, while on his deathbed, had all his personal papers burned so that the world would never know his evil.

List’s book *The National System of Political Economy* was written following his return to Germany, but was begun while List was in the United States working with the Philadelphia Association between 1825 and 1832. He was commissioned by Mathew Carey and Charles Ingersoll, the association’s treasurer, to write a series of open letters attacking Adam Smith and free trade, and explicating the principles of the American System of political economy.

List did write a series of twelve open letters in which he proposed, among other things, that the U.S. save the Latin American countries from having to repeat the U.S. experience of carving a nation out of wilderness by exporting U.S. technological know-how to Latin America.

List’s proposals on that account became a permanent feature of Whig foreign policy. His book was to be used by the association to counter what had become the hegemonic works of the British economists in the nation’s colleges.

The programs enunciated by List and others remained the policy commitment of the nation until Andrew Jackson entered the White House in 1829. The factions led by Henry Clay then formed the Whig Party in opposition to Jackson. The vigorous fight in behalf of the American System, led by Clay in the Congress, prevented Jackson from doing much damage until he was re-elected for a second term. After Jackson vetoed the charter of and withdrew federal money from the National Bank, the southern cotton planters forced Clay behind the Compromise Tariff of 1833. They threatened secession if U.S. tariffs against Great Britain were not ended. In fact, it was Great Britain’s Prime Minister Lord Palmerston’s policy in the early 1830s to get the United States to adopt the free trade policy in order to prevent the expense of another costly war.

The measures taken by Jackson, who was still publicly expressing his support for the American System, led to the depression of 1837. The bank’s destruction handed large sections of the South to the nullifiers (or secessionists) because otherwise enlightened southerners were unable to obtain the needed credits to diversify out of cotton, tobacco, and other raw materials into industry. The institution of slavery, which had begun to die out, spread as the British were given a free hand to demand southern debt service payments to New York banks and eventually to the bottomless coffers of the Rothschild and Baring banking houses.

Martin Van Buren's election to the presidency and Rothschild agent August Belmont's later election to the leadership of the Democratic Party solidified the Rothschilds' control over the U.S. Democratic Party.

The abolitionist movement, which began attaching itself to the Whig Party, was also coming under Great Britain's direction. Consider the fact that Harriet Beecher Stowe's patron, Arthur Tappan, and William Lloyd Garrison were both on the Board of Directors of Albert Gallatin's Baring-connected bank. These abolitionists lobbied for the North's secession from the Union. So, it is by no means accidental that both the southern "slavocracy" and the northern abolitionist movement were British free traders in economic as well as social philosophy.

The actions of both were coordinated from the top by the London-based Cobden Clubs. This organization had on its Board of Directors the leading members of the House of Rothschild, and Thomas Baring. John Stuart Mill, son of the detestable John Mill, was their chief political economist.

U.S. membership included such so-called liberals as the Boston cotton merchant Edward Atkinson, the leading abolitionist William Lloyd Garrison, as well as the top theorists for the southern slavocracy.

It was primarily the abolitionists, together with the William Seward-Thurlow Weed New York faction of the Whig Party, that prevented Clay or any other Whig leader of his calibre from winning the presidency. They forced compromise after compromise on the issue of the extension of slavery, all in the name of "states rights."

The Founding Fathers of this country had fully intended the slave trade and slavery to be stopped at the earliest possible date. The first draft of the Declaration of Independence, written by Thomas Jefferson with the aid of Benjamin Franklin, reads in part:

He [the king—A.S.] has waged cruel war against human nature itself, violating its most sacred right of life and liberty, in the persons of a distant people, who never offended him, captivating and carrying them into slavery in another hemisphere, or to incur a miserable death in their transportation thither. This piratical warfare, the opprobrium of infidel powers, is the warfare of the Christian king of Great Britain. Determined to keep open a market where Men should be bought and sold, he has prostituted his negative for suppressing every legislative attempt to prohibit or to restrain this execrable commerce. And that this assemblage of horrors might want no fact of distinguished dye, he is now exciting those very people to rise in arms against us, and to purchase that liberty of which he has deprived them by murdering the people upon whom he also obtruded them—thus paying off former crimes committed against the liberties of one people with crimes which he urges them to commit against the lives of another.

This draft of the Declaration of Independence was not adopted out of deference to South Carolina and Georgia in order to gain their support in the prosecution of the Revolutionary War and the later signing of the U.S. Constitution. However, it was understood that both the slave trade and slavery would be halted as soon as practicable.

Henry C. Carey and Karl Marx vs. The Manchester School

In an essay published in the early 1960s, Arthur Schlesinger, like other British-tinged historians, recognized the significance of Karl Marx's assessment of Henry Carey as the "most important of the American economists."

After making that statement and dutifully identifying Carey's humanist commitment as the reason for Marx's positive assessment, Schlesinger asserts that "after all, Carey was much closer to the classical economists [Mill and Ricardo—A.S.] than he was to Marx."

The fact that Schlesinger could get away with publishing such nonsense and receive a Pulitzer Prize for his glorification of Andrew Jackson's Administration without a cry of moral indignation from the American population, suffices as evidence of the utter ignorance in which most Americans have been kept regarding their own history.

In actual political practice, it was Henry Carey who sought to demonstrate to Marx the differences between the American System and the British System of the classical economists for whom they both shared a mutual hatred.

Such falsified historiography on the part of Schlesinger represents the on-going British-centered intelligence warfare against both the Soviet Union and the United States.

The populations of the United States and the Soviet Union share a common commitment to industrial and technological progress. The Soviet Union's population associates such a commitment with the name of Karl Marx and its realization in the government's five-year plans. In the United States, Henry Carey and other supporters of the American System left this country a legacy which the average citizen associates with the "idea of progress."

On that account and especially after Lenin's successful 1917 revolution, British intelligence networks within both the U.S. and Soviet Union found it necessary to exploit both real and imagined differences in order to prevent the leadership of the two countries from making their shared humanist commitment the basis for international policy agreements and ventures—typified by the military collaboration between the U.S. and U.S.S.R. during World War II and by current efforts at scientific collaboration.

It is by no means accidental that Arthur Schlesinger, as a member of President Kennedy's National Security Council, was in part responsible for enhancing the credibility of British agents inside the Soviet Union associated with Georgii Arbatov and his U.S.A.-Canada Institute. That Soviet institute controls the archives of Karl Marx and, in early 1977, reprinted

in its *U.S.A.* magazine an error by Karl Marx regarding the Whig economist Henry Carey as evidence that Marx regarded Carey as a “bourgeois vulgar economist.” That same epithet is repeated in most Moscow editions of the works of Karl Marx.

In truth, the term “vulgar” was used by Marx to characterize John Stuart Mill, the hated enemy of both Marx and Carey. Mill, a contemporary of Marx and Carey, was the chief economist of the Cobden Clubs, and thus published and organized in behalf of the House of Rothschild and the Baring Brothers’ banking interests.

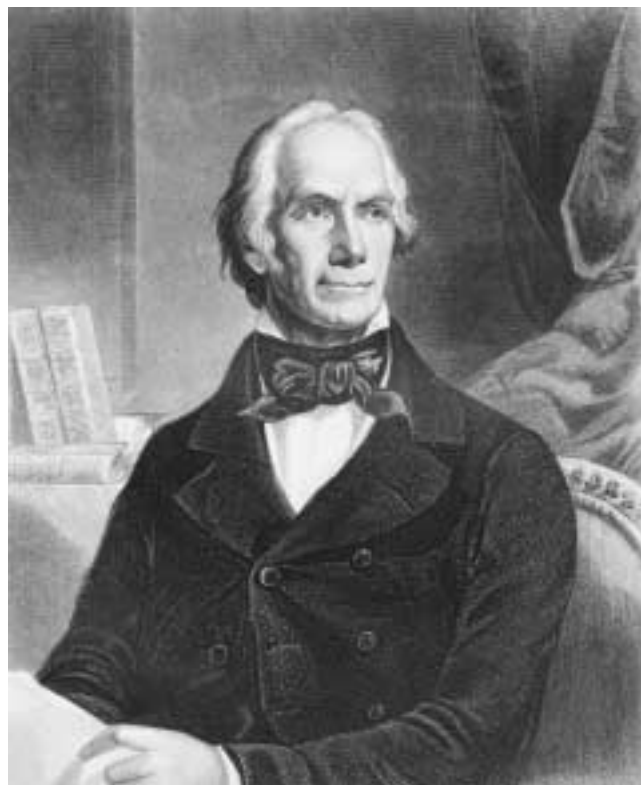
What is it that Marx actually had to say about Carey?

That bourgeois society in the United States has not yet developed far enough to make the class struggle obvious and comprehensible is most strikingly proved by H.C. Carey, the only American economist of importance. He attacks Ricardo, the most classical representative of the bourgeoisie and the most stoical adversary of the proletariat, as a man whose works are an arsenal for anarchists, socialists, and all the enemies of bourgeois society. He accuses not only him, but Malthus, Mill, Say, Torrens, Wakefield, McCulloch, Senior, Wakeley, R. Jones, etc., in short the economic masterminds of Europe, of tearing society apart and paving the way for civil war by their proof that the economic basis of the different classes must give rise to a necessary and ever-growing antagonism between them.

What is true is that Marx was almost totally ignorant of the humanist struggle of the eighteenth century which culminated in the American Revolution. Thus, he was unable, often to the point of ridiculous stubbornness, to recognize the difference between the American System and the British System, and took the latter to be the model for modern industrial capitalism.

Carey, on the other hand, in his first attempt at political economy, his 1840 *Principles of Political Economy*, thoroughly debunked Ricardo’s theory of rent by showing it to be both factually and historically absurd. Carey demonstrates how yesterday’s values are depreciated by today’s advances in technology by focusing on the effects of technological progress in an economy on the determination of value. For this, Friedrich Engels credits him with being the first to state that the value of a commodity is its necessary cost of social reproduction and not its accounting cost. Carey, also in this context, defined the combined quantity and quality (or productive power) of labor to be the sole determinant of economic value in a capitalist economy.

Carey’s book dealt a blow to the political-economic theory that was at that time reigning hegemonic. But Carey had not yet come around to the superior wisdom of his father, Mathew, and Alexander Hamilton that tariff barriers were needed to prevent the destruction of U.S. industry by Great Britain. He also accepted what was “positive” in Adam



The factions led by Henry Clay formed the Whig Party, which fought for the American System in opposition to President Andrew Jackson. Abraham Lincoln was a dedicated partisan of Clay.

Smith’s *Wealth of Nations* and stubbornly refused to recognize that it was merely bait. The eighteenth-century French economist Pierre Dupont de Nemours has even charged that “everything that is true in this respectable, but tedious work” is to be found in Turgot’s *Reflections on the Formation and Distribution of Wealth*; “everything added by Smith is inaccurate.”

But with the depression of 1848, Carey was to take over from Henry Clay the leadership of those forces committed to the protective policy. This leadership position forced Carey to hone his analysis of British monetarism.

In *The Past, The Present, and The Future* (1848), Carey begins to argue correctly that the entire British economic system was nothing more than an apology for a foreign policy of looting, bent on destroying the industrial capability of the rest of the world.

The *Harmony of Interest*, written in 1851, is a polemical restatement of his proposal for a labor-industry (or “producing classes”) alliance against the free trade movement in the U.S.

In *Harmony of Interest*, Carey singles out the Ricardo-Malthus school of British economists for the particular attention of his readers. The Malthusian doctrine of overpopulation is false, says Carey, because industrialization and improve-



The sabotage of Alexander Hamilton's dirigist economic program, by agents of the British System, allowed the growth of the "slavocracy," as a base for Britain's war against the United States. Hamilton's ideas were revived, after his death, by Mathew Carey, and later by his son Henry.

ments in agriculture have historically enabled man to increase his population. The Ricardian doctrine of ground rent is equally absurd. Using examples of settlement patterns in Pennsylvania, Carey proves that man does not move from the "best" lands to poorer ones. Rather, there are no "best" lands until they become man-improved by the introduction of agricultural implements, fertilizer, and dredging techniques. As further evidence against the Ricardian doctrine, Carey discusses the work of his German friend and chemist Liebig in the application of fertilizer and crop rotation methods to farmland. In capitalist society, such improvements by man give value to land and justify rent; Ricardo's is the system of a common thief.

Carey then describes the British System:

The impoverishing effects of the system were early obvious, and to the endeavor to account for the increasing difficulty of obtaining food where the whole action of the laws tended to increase the number of consumers of food, and to diminish the number of producers, was due the invention of the Malthusian theory of population,

now half-a-century old. That was followed by the Ricardo doctrine of rent, which accounted for the scarcity of food by asserting, as a fact, that men always commenced the work of cultivation on rich soils, and that as population increased they were obliged to resort to poorer ones, yielding a constantly diminishing return to labor, and producing a constant necessity for separating from each other, if they would obtain a sufficiency of food. Upon this theory is based the whole English politico-economical system.

We thus have here, first, a system that is unsound and unnatural, and second, a theory invented for the purpose of accounting for the poverty and wretchedness which are its necessary results. Overpopulation is the ready excuse for all the evils of a vicious system, and so will it continue to be until that system shall see its end, the time for which is rapidly approaching.

On the Rothschilds' role in the British System. Carey remarks:

Rothschild may be taken as the type of the whole system, and the following notice of him and of his modes of taxing those by whom he was surrounded, furnishes a picture of the speculators of every kind, in England, who live at the cost of the labourers of the world.

The name of Nathan Meyer Rothschild was in the mouths of all city men as a prodigy of success. Cautiously, however, did the capitalist proceed, until he had made a fortune as great as his future reputation. He revived all the arts of an older period. He employed brokers to depress or raise the market for his benefit, and is said in one day to have purchased to the extent of four millions. The name of Rothschild as a contractor for an English loan made its first public appearance in 1819. . . . The Old and the New World alike bore witness to his skill. . . . Minor capitalists, like parasitical plants, clung to him, and were always ready to advance their money in speculations at his bidding. He became the high-priest of the temple of Janus, and the coupons raised by the capitalist for a despotic state were more than a match for the cannon of the revolutionist.

The Slave Trade, Foreign and Domestic, written in 1853, identifies Harriet Beecher Stowe's *Uncle Tom's Cabin* as an important element in a British attempt to balkanize the United States. In it, there are many of Karl Marx's contributions to the *New York Tribune*, including one which exposes the hypocrisy of the British liberal's antislavery movement by showing Stowe's connection to the landed aristocracy of Great Britain, most particularly Lady Sunderland who was financing Stowe and who had just kicked all the peasants off her land to make room for a game preserve. Marx's appellation, "The Lady Sunderland Self-Glorification Society," be-

came “canonized” among Whig circles in the U.S.

Carey’s discussion of chattel slavery deals with the effects of British policy worldwide. Entire populations were enslaved, restricted to engaging in primitive agriculture and mineral extraction, and denied participation in technological progress. Carey treats India and how the British East India Company systematically supplanted the positive influence of Mohammedan culture with the introduction of the vicious ideology of Hinduism.

In a letter to Friedrich Engels, discussing *The Slave Trade*, Marx shows his stubbornness on the issue of the American System versus the British System.

Carey, the American national economist, has published a new book, *Slavery At Home and Abroad*. Under “slavery” are here included all forms of servitude, wage slavery, etc. He has sent me his book and has quoted me repeatedly (from the *Trib*). I told you before that in this man’s previously published works the harmony of the economic foundations of the bourgeois system was described and all the mischief was attributed to superfluous interference by the state. The state was his bogey. . . . The root of all evil is the centralizing effect of big industry. But this centralizing effect is England’s fault because she turns herself into the workshop of the world and forces all other countries back into the rudest agriculture, divorced from manufacture. For the crimes of England the Ricardo-Malthus theory and especially Ricardo’s theory of ground rent are in their turn responsible. The necessary consequences alike of Ricardo’s theory and of industrial centralization would be Communism. And in order to avoid all this, to oppose centralization by localization and a combination of factories and agriculture all over the country, the final recommendation of our ultra-free trader is—protective tariffs. In order to escape the effects of bourgeois industry, for which he makes England responsible, he resorts like a true Yankee to hastening this development in America itself by artificial means.

. . . The only thing of positive interest in his book is the comparison between the former English Negro slavery in Jamaica and the Negro slavery in the United States. He shows that the main body of Negroes in Jamaica, etc., always consisted of newly imported barbarians, as under English treatment the Negroes were not only unable to maintain their population, but lost two thirds of the number annually imported; the present generation of Negroes in America, on the other hand, is a native product more or less Yankeeised, English-speaking etc., and therefore fit for emancipation.

Your article on Switzerland was of course a direct smack at the leader in the *Tribune* and their Carey. I have continued this hidden warfare in a first article on India in which the destruction of the native industry by

England is described as revolutionary. This will be very shocking to them. For the rest, the whole rule of Britain in India was swinish, and is to this day.

Marx repeats this error throughout *Das Capital* and in the following quote from *Grundrisse*:

It is not surprising that the production relationships in which this immense new world has developed so surprisingly, quickly and fortunately are considered by Carey as the normal, eternal conditions of social production and distribution, contrary to what has taken place in Europe, especially in England—which for Carey is the real Europe where the production relationships have been hindered and disturbed by the inherited obstacles of the feudal period. What more natural from his point of view, than that these relationships should have been caricatured and falsified by the English economists, who have confused the fortuitous distortions of these relationships with their inherent character.

To this view, Marx objects that, according to Carey,

It is a law of nature, for example, that wages should increase with the productivity of labor. So if reality does not correspond with this law, whether in India or in England, we have to make an abstraction of the influence of the state . . . taxes, monopolies, etc. Naturally, Carey does not inquire to what extent these state influences—public debt, taxes, etc.—themselves grow out of bourgeois conditions; thus, in England, for example, they are not at all the result of feudalism, but rather of its dissolution and defeats.

Carey’s criticism of the English theory of landed property, wages, population, class contradictions, etc. resolves itself into one thing only—American conditions against English conditions. Bourgeois society does not exist in the pure state in England; it does not there conform to its nature and definition. So why should the ideas of English economists on bourgeois society be the true and untroubled expression of a reality they have never known?

Marx’s errors regarding the American Revolution duly noted, Marx as well as his close associates counted among the most potent allies of the nation during the Civil War, which was recognized by President Lincoln in his distinction between the British abolition societies and Marx’s International Workingman’s Association.

Marx wrote for the *New York Tribune* during that period when, for all intents and purposes, Carey was the financial editor of the paper. Carey’s personal friend and collaborator at the *Tribune*, Charles Dana, had added Marx to the *Tribune* staff and requested that Marx begin to write articles on En-

glish domestic and foreign policy. Marx's tenure stretched from the early 1850s through 1860. During that decade, Carey had more or less determined that the survival of the American System largely rested with himself and what became known as his Philadelphia Vespers circle—the center of Whig humanism in the United States.

Although Marx, in his theoretical work, rejected Carey's *Harmony of Interest*, which, in essence, was Carey's proposal for the cooperation of the industrialists, laborers, and farmers under an American System, in point of fact, Marx's actual political practice defended the American System forces against the British free traders and the social reformers and assorted liberals associated with them. Hence, the hatred bestowed on both Marx and Carey by the British liberals which continues to this day. Charles Dana even penned a letter defending Karl Marx from the slanders of British agent Herr Vogt. The letter was published in the first edition of Marx's work *Herr Vogt*.

The Carey-Lincoln Tradition and the Fight for the Republican Party

The dissolution of the Whig Party following the death of Henry Clay in 1852 and the passage of the Kansas-Nebraska Act in 1854, which effectively repealed the Missouri Compromise of 1820 prohibiting slavery in the Louisiana Territory north of Arkansas, sparked what can only be described as a mass strike movement which gave birth to the Republican Party. The first national campaign of the Republican Party in 1856 gave them a majority in the U.S. House of Representatives despite the electoral defeat of their presidential candidate John C. Frémont.

The difficult task which the Whigs, Lincoln and Carey, faced was to establish the hegemony of Whig policy in the new party. Frémont was the candidate of a coalition led by New York's William Seward and the Jacksonian-turned-free-soiler and abolitionist William Cullen Bryant: the British free trade wing of the party. Lincoln was a supporter of Henry Clay and the American System all his political life. Contrary to the populist garbage peddled by the poet Carl Sandburg, Lincoln was the heir of earlier republicans who fought the political battles for the most rapid introduction of internal improvements to civilize the Midwest and West of the United States and against the Jacksonian notion of "rugged individualism." Lincoln detested the proletarianism (in the Roman, not Marxian, sense of the word) in his own Vice-President Andrew Johnson.

The state of American politics at the time made Whig control of the Republican Party a matter of urgency. The Democratic Party was led by Rothschild agent August Belmont, and the South, beginning with the Administration of President Buchanan—a documented embezzler—was preparing for a secession war through appropriation of the nation's military arsenals.

In 1855, the southern planters had prepared their seces-

sionist *raison d'être* in a work that was widely distributed throughout the South, titled *Cotton is King*. Representative William D. Kelley (R-Pa.) concluded the following discussion of the South's free trade policy with a quote from that book.

The opposition to the protective tariff by the South arose from two causes; the first openly avowed at the time, and the second clearly deducible from the policy it pursued; the one to secure the foreign market for its cotton, the other to obtain a bountiful supply of provisions at cheap rates.

. . . But they could not monopolize the market unless they could obtain a cheap supply of food and clothing for their Negroes, and raise their cotton at such reduced prices as to undersell their rivals. A manufacturing population with its mechanical coadjutors in the midst of the provision growers, on a scale such as the protective policy contemplated it, was conceived would create a permanent market for their products and enhance the price; whereas if this manufacturing could be prevented, and a system of free trade be adopted, the South would constitute the principal provision market of the country, and the fertile lands of the North supply the cheap food demanded for its slaves. . . . By the protective policy, the planters expected to have the cost of both provisions and clothing increased, and their ability to monopolize the foreign markets diminished in a corresponding degree. If they could establish free trade, it would insure the American markets to foreign manufacturers, secure the foreign markets of their leading staples, repress home manufactures, force a large number of northern men into agriculture, multiply the growth and diminish the price of provisions, feed and clothe their slaves at lower rates, produce their cotton for a third or fourth of former prices, rival all other countries in its cultivation, monopolize the trade in the article throughout all of Europe, and build up a commerce that would make us the ruler of the seas.

. . . As the protective system coupled with the contemplated internal improvements, if successfully accomplished, would inevitably tend to enhance the price of agricultural products, while the free trade, anti-internal improvements policy would as certainly reduce their value, the two systems were long considered so antagonistic that the success of one must mean the death knell of the other. Indeed, so fully was Ohio impressed with the necessity of promoting manufactures that all capital thus employed was for many years entirely exempt from taxation. . . .

"We must prevent the increase of manufactures, force the surplus labor into agriculture, promote the cultivation of our unimproved western lands until provisions are so multiplied and reduced in price that the

slave can be fed so cheaply as to enable us to grow our sugar at three cents a pound. Then without protective duties, we can rival Cuba in the production of that staple and drive her from our markets. . . .”

Southern policy was the very antithesis of the technologically vectored growth demanded by the American System. Both Lincoln and Henry Carey were right when they insisted that slavery not only oppressed and degraded the slave, but degraded the productive and mental power of all American labor. It was precisely on this point that Lincoln distinguished himself as a presidential candidate in his 1858 senatorial contest with Stephen Douglas, the intellectual author of the Kansas-Nebraska Act and the *Dred Scott* decision. The latter allowed the southern slave owner to cross state lines, if necessary, to reclaim his property—the slave.

It was also on this question of labor power that Karl Marx’s closest American collaborator, Joseph Weydemeyer, was drawn closer to support of Whig industrialists. Weydemeyer’s polemic from 1853 on was aimed at refuting the “over-population” theories of Malthus. In 1853, Weydemeyer published a series of pamphlets, *Sketches of National Economy*, to recruit the German emigré population, particularly in the U.S. West, away from the “spread the poverty” notions of the German emigré agent Weitling.

Following the passage of the Homestead Act in 1854, Weydemeyer again intervened to prevent the newly opened lands from becoming the domain of agriculture only, as the southern free traders wanted. In early 1855, the Central Committee of the American Workers League published a series of pamphlets by Weydemeyer which called for, in part:

Introduction of large-scale agriculture on those vast areas known as state lands, not in the interests of big capital, but in the interest of workers who constitute the great mass of the nation. Hence, inviolability and indivisibility of state property, development of these lands by workers’ associations under the control and with the help of the states. Connecting industrial enterprises with agriculture and administering them in the same way, so that the saving of human labor by the introduction of machines is not at the expense of the workers, and so that a healthy life and healthy home no longer seem incompatible with large-scale business undertakings.

Henry Carey, too, was insistent that the Republican Party adopt the American System as its policy. He perceived that unless the new party did so, the nation would be hopelessly divided into competing sections—all ruled by the British ideology of free trade. From 1856 until the presidential contest of 1860, Carey’s Vespers circle organized industrial associations in the Midwest, West, and especially, the border states to agitate for the American System.

Much of this agitation was initiated by the Home Protective Union of Pennsylvania of which Carey was president.

Carey and his circle were determined that William Seward would not get the presidential nomination of the Republican Party.

Of primary importance in the fight which preceded the adoption of a national development platform at the 1860 Republican Party convention were the open letters from Henry Carey to the “free trade” wing of the Republican Party and its leader, William Cullen Bryant.

The policy discussions that were generated around these open letters, which were printed in the nation’s protectionist press, reoriented the Republicans’ campaign focus for the upcoming presidential race. As late as 1856, nearly everyone, including some leading Whigs, were content to wage the campaign just on the issue of slavery and its prohibition or extension. Carey said as much in a letter to Ohio Whig leader Judge McLean in June 1858:

We have had a great meeting here, having for it’s object the reinauguration of protection as a part of the political platform. The ultra-Republicans do not like it, and yet they will be forced to stand by it—Pennsylvania, New Jersey, Delaware, and Maryland being fully determined as I think to have nothing to do with any party that has yet to determine between free trade and protection. . . .

At the same time, Carey continued to warn against the “radical” abolitionists around Harriet Beecher Stowe. In 1859, following the John Brown raid on the arsenal at Harper’s Ferry, West Virginia, which was financed and planned in large part by agents of the British East India Company, Carey wrote:

A year ago, we had the Kansas murders on our side. Now, our opponents have the Harper’s Ferry riots on theirs, and if we do not act with great caution, we shall fail to win the race. . . . It is my final belief that Messrs. Beecher, Phillips, and others, are in this quarter, the most efficient allies of the pro-slavery power. Reflect upon this and then try and persuade your editors to pursue such a course of action as will permit that we may re-elect a good mayor . . . and that we may give the Republican candidates in the autumn a handsome majority. . . .

Carey, particularly in his open letters to Bryant, warned the nation that the British were behind the attempts to wreck the Union.

In common with Franklin and Adams, Hancock and Hamilton, those men clearly saw that it was to the industrial element we were to look for that cement by which our people and our States were to be held together.

Forgetting all the lessons they had taught, we have now so long been following in the direction indicated by our British Free Trade friends—by those who now see, as was seen before the Revolution, in the dispersion of our people the means of maintaining colonial vassalage—that already are they congratulating themselves upon the approaching dissolution of the Union, and the entire re-establishment of British influence over this northern portion of the continent. For proof of this, permit me to refer you to the following extracts from the *Morning Post*, now the recognized organ of the Palmerstonian government:

“If the Northern States should separate from the Southern on the question of slavery—one which now so fiercely agitates the public mind in America—that portion of the Grand Trunk Railway which traverses Maine, might at any day be closed against England, unless indeed the people of that State, with an eye to commercial profit, should offer to annex themselves to Canada. On military as well as commercial grounds it is obviously necessary that British North America should possess on the Atlantic a port open at all times of the year—a port which, whilst the terminus of that railway communication which is destined to do so much for the development and consolidation of the wealth and prosperity of British North America, will make England equally in peace and war independent of the United States. We trust that the question of confederation will be speedily forced upon the attention of Her Majesty’s ministers.

“The present time is the most propitious for its discussion. . . . If slavery is to be the nemesis of Republican America—if separation is to take place—the confederated States of British North America, then a strong and compact nation, would virtually hold the balance of power on the continent, and lead to the restoration of that influence which, more than eighty years ago, England was supposed to have lost. This object, with the uncertain future of Republican institutions in the United States before us, is a subject worthy of the early and earnest consideration of the Parliament and people of the mother country.”

Shall these anticipations be realized? That they must be so, unless our commercial policy shall be changed, is as certain as that the light of day will follow the darkness of night. Look where we may, discord, decay, and slavery march hand-in-hand with the British free trade system—harmony and freedom, wealth and strength, on the contrary, growing in all those countries by which that system is resisted. Such having been, and being now the case, are you not, my dear sir, in your steady advocacy of the Carolinian policy among ourselves, doing all that lies in your power toward undoing the work that was done by the men of ’76?

Repeating once again my offer to place your answers to this and other questions within the reach of a million and a half protectionist readers, I remain Yours, very respectfully, Henry C. Carey.

Needless to say, Bryant could not effectively answer at the time. When the Republican Party convened for the Chicago Convention of 1860, they committed themselves to a program of internal improvements and to building a continental railway. They adopted this resolution penned by Henry Carey:

That while providing revenue for the support of the general government by duties upon imports, sound policy requires such an adjustment of these imports as will encourage the development of the industrial interest of the whole country; and we commend that policy of national exchanges which secures to working-men liberal wages, to agriculture remunerative prices, to mechanics and manufacturers adequate reward for their skill, labour, and enterprise, and to the nation commercial prosperity and independence.

After the Chicago convention, Carey wrote to a friend:

Happily the Republican, or antislavery, party has recently readopted Protection as one of the essential parts of its platform and has nominated as its candidate for the presidency a man who has been all his life a protectionist. He will be elected, and we shall then have a total change in the policy of the country, as you shall see.

The Fight for the American System

When Abraham Lincoln entered office in March of 1861, the Civil War was weeks away. Four southern states had seceded from the Union immediately after the announcement of Lincoln’s victory in the October 1860 election; the rest were to follow in rapid succession. The immediate cause of the Civil War was the firing on Fort Sumter, a Federal fort in South Carolina, by the Confederate insurrectionists. But what drove the North and the South to war was the British conspiracy to overthrow the American System in favor of free trade policies.

The new Lincoln Administration found the United States Treasury virtually bankrupt. The actions taken by Andrew Jackson against the National Bank had set the standard for federal nonintervention into the currency and banking affairs of the nation, which was followed by subsequent Presidents in deference to states rights. Jackson’s dismantling of “Biddle’s Bank” was followed by the 1846 passage of the Independent Treasury Act by the “free trade” Democrats. The act prevented the U.S. government from regulating the affairs of the banks and stipulated that the government should be treated like any other depositor.

Thus, in 1861, Abraham Lincoln and his Administration

were faced with waging a dual war: one against the monetarist bankers of particularly New York and New England, the other against their surrogate, the Confederate Army.

It was Great Britain's intent to gain full financial control over not only the southern Confederacy, but the North. Any one familiar with the history of British financial manipulation of foreign wars knows that the ABCs of counterinsurgency entail such control of the purse strings of all warring parties as to predetermine the outcome of the battle or the war itself.

Congress was out of session following Lincoln's inauguration, so Secretary of the Treasury Solomon Chase turned to the Associated Banks, headed by James Gallatin, the son of Albert Gallatin, for an immediate loan to the Treasury of \$150 million in specie (gold coin). Chase arranged to have the banks buy government bonds in three sets of \$50 million each in intervals of six days. The specie returned to the banks after it was paid out by the Treasury Department as salaries, materials purchases, and so forth. The Associated Banks also had the right of marketing several million dollars worth of government refinancing bonds, known as 7:30 bonds.

The Associated Banks intended to sell the U.S. debt overseas to the Rothschild and Baring banking houses. In fact, the Barings wrote continually to Chase saying they would be glad to take a part of the securities the Associated Banks had assumed.

U.S. historians widely hold and propagate the belief that the reason behind the Associated Banks' abrogation of their agreement with Treasury Secretary Chase and suspension of specie payments to the government on December 28, 1861 was the *Trent* Affair. Two Confederates, Mason and Slidell, who were carrying diplomatic and financial papers, were enroute to London aboard the British vessel *Trent*. The ship was stopped by an American vessel and the Confederates were removed.

The November 1 *Trent* Affair indeed provoked a "diplomatic scandal." But, there had been other, more important developments in early December which forced the hand of the British and their Associated Banks' agents—the American System was adopted as government policy.

While Chase was negotiating for loans, Carey and his Vespers circle were engaged in furious letter-writing, negotiating, and lobbying efforts with senators, congressmen, and even the President to have the policies of Alexander Hamilton adopted.

In the fall of 1861, Carey received the following letter from Senator Morrill, the author of the protective Morrill Tariff:

I have had a full and fair conference with Secretary Chase. His philosophy is free trade and *ad valorem*s, but he confessed that in his present agony for money the latter failed. He suggested something like the Tariff of 1846. I told him it could not get 20 votes of the Republican Party in the House. At last he came into the same channel and agreed with me that all we could do

with the Tariff was to increase it upon several or even many things. . . . The Secretary prefers a new bill, but almost identical with the one passed. I have aided in preparing it and have found him willing to yield in all save three or four points. On the whole, he is willing to throw his theories to the dogs. All this, of course, you must regard as confidential and if you find a little not quite satisfactory you may thank your stars and possibly your humble servant that it was not worse. I think Chase, considering his antecedents, should receive generous treatment by all our friends. He is doing the best he can practically.

Secretary Chase's report to Congress in December 1861 proposed the passage of a Hamiltonian policy, a proposal seconded by Lincoln in his address to Congress on December 3, 1861. The Hamiltonian policy proposed by Carey and others included the Morrill protective tariff, the issuance of a currency that was internal to the United States and backed by the U.S. government's commitment to a policy of rapid industrial expansion, the sale of United States bonds (popularly known as the 5:20 bonds), the establishment of a national banking system regulated by the federal government, and a peace-winning program to industrialize the South. The national banks were intended to serve as investors in the future wealth of the United States through the purchase of 5:20 bonds and the issuance of long-term, low-interest loans to manufacturers, and by acting as a medium for the circulation of currency. (Carey had proposed such a banking system to Henry Clay years earlier; the system would have been under the jurisdiction of the United States Bank.)

In the fall preceding Lincoln's December address, Carey sent the President the following letters with a copy of his pamphlet urging the construction of a North-South Railroad to facilitate future attempts at industrializing the South:

If Henry Clay's tariff views would have been carried out sooner there would have been no secession because the southern mineral region would long since have obtained control of the planting area. Some means must be found to enable these people of the hill country to profit of our present tariff. . . .

Later Carey wrote:

How much more firm and stable might the antebellum union have been, had there developed then a policy which would have filled the hill country of the South with free white men engaged in mining coal and ore, making iron and cloth, and building school houses and churches, and establishing little libraries. . . .

Carey repeated the same message to Chase and Secretary of State Seward, particularly to encourage immigration to the U.S. The South. Carey argued, would need skilled mechanics

and other tradesmen if reconstruction were to be a success.

On December 3, 1861, Lincoln laid out the American System as the guiding principle of his Administration, a course he was to follow up to and including the day of his assassination. He urged Congress to consider the proposal by Carey to begin the construction of a railroad system into North Carolina, Kentucky, and Tennessee for the purpose of enabling the development of the mining and ore and other industrial interests in these southern states. Such transportation facilities were the obvious first step toward industrializing the South, a fact left out of the texts of modern day U.S. historians to create the myth that Lincoln's reconstruction policy was to readmit the South as it was. I quote here from the relevant sections of the December 3 address.

I deem it of importance that the loyal regions of east Tennessee and western North Carolina should be connected with Kentucky and other faithful parts of the Union, by railroad. I therefore recommend, as a military measure, that Congress provide for the construction of such road as speedily as possible. Kentucky, no doubt, will cooperate and, through her legislation, make the most judicious selection of a line. The northern terminus must connect with some existing railroad; and whether the route shall be from Lexington, or Nicholasville, to the Cumberland Gap; or from Lebanon to the Tennessee line, in the direction of Knoxville; or on some still different line, can easily be determined. Kentucky and the general government cooperating, the work can be completed in a very short time; and when done, it will be not only of vast present usefulness, but also a valuable permanent improvement, worth its cost in all the future. . . .

Regarding financial policy:

The operations of the Treasury during the period which has elapsed since your adjournment have been conducted with signal success. The patriotism of the people has placed at the disposal of the government the large means demanded by the public exigencies. *Much of the national loan has been taken by citizens of the industrial classes, whose confidence in their country's faith and zeal for their country's deliverance from present peril, have induced them to contribute to the support of the government the whole of their limited acquisitions. This fact imposes peculiar obligations to economy in disbursement and energy in action.*

Lincoln concluded the address by clearly stating labor's priority over capital:

It is not needed, nor fitting here, that a general argument should be made in favor of popular institutions; but there is one point, with its connections, not so hack-

neyed as most others, to which I ask a brief attention. *It is the effort to place capital on an equal footing with, if not above labor, in the structure of government. It is assumed that labor is available only in connection with capital; that nobody labors unless somebody else, owning capital, somehow by use of it, induces him to labor. . . . [However,] labor is prior to, and independent of capital. Capital is only the fruit of labor and could never have existed if labor had not first existed. Labor is superior of capital, and deserves much the higher consideration.*

The present author expects the British-tinged writer of U.S. history to indignantly protest this interpretation of Lincoln's annual address. The following brief quote from one of Lincoln's favorite "stump" speeches should firmly establish Lincoln as a self-conscious Whig humanist:

Man is not the only animal who labors; but he is the only one who improves his workmanship. This improvement he effects by Discoveries and Inventions. . . .

The policies which Lincoln would follow during his Administration could only conform to his own personal identity and commitment to the "idea of progress."

When Gallatin and the Associated Banks got wind of the new policy—even before Lincoln and his Treasury Secretary addressed the Congress—they instantly and incessantly wrote to Secretary Chase urging him to adopt instead a stringent taxing policy.

On December 28, 1861, the Associated Banks suspended specie payments to the government. Fearing that all was lost, James Gallatin arranged a meeting with Treasury Secretary Chase and the group of congressmen who would be responsible for steering the "Hamiltonian" legislation through the U.S. Congress.

On January 9, Gallatin outlined his proposal; the Associated Banks proposed that Chase adopt a policy of immediate and direct taxation, allow them to sell an unlimited number of government six percent (or 7:30) bonds below par on the London market, suspend the "sub treasury law" by which the government gained regulatory control over the banks, and halt the issuance of government legal tender.

This plan was dismissed by Congress; Congressman Samuel Hooper (R-Ma.) commented that he would adopt no plan which called for "government shinning [begging] before Wall Street."

British reaction was furious over the failure to get this proposal through. On February 22 *The Economist* of London ran this editorial:

. . . If Congress had adopted an efficient system of direct taxation at the outset of the struggle, the European credit of the government might have been preserved.



The development of manufactures in the South would have destroyed the agrarian slave-based economy, to the benefit of the nation as a whole, as Henry Carey proved. The failure to implement that program cost 600,000 American lives. A 19th-Century ironworks in Milwaukee.

At a price they would have got some money, but now they will not get a sixpence in Lombard Street or on the continent, no matter what interest they offer.

William Cullen Bryant, editor of the *New York Post* and free trade spokesman in the Republican Party, began, at the behest of Boston cotton merchant and financier John Murray Forbes, a series of editorials attacking Lincoln's financial policy and calling for direct taxation of industry to pay off the war debts. After congressional passage of the legislation, Bryant met with Lincoln and editorially implored him to veto the measure. Lincoln refused.

From Britain, August Belmont, then meeting with the Rothschild bankers, and Thurlow Weed dispatched a plethora of protesting messages to Lincoln and Secretary of State Seward. At a meeting arranged by the Rothschilds with Prime Minister Palmerston and Chancellor of the Exchequer William E. Gladstone, Belmont was questioned as to the state of the American nation's defenses and the popular attitude toward England. In one outburst, Palmerston had the gall to say: "We do not like slavery, but we want cotton and we dislike your Morrill tariff."

Belmont wrote to Seward:

... The English government and people could not accept the North's justification for fighting the confederacy as long as this war is not carried on for the abolition of slavery in the southern states. Perhaps English sentiment could use the tonic of a reduction in the objectionable Morrill tariff? Nothing else could contribute so effectively toward disproving widespread southern assertions that the war was merely a contest between free trade and protection.

Palmerston certainly had his reasons for "disliking" the tariff—and the rest of American System policy being implemented. Such a policy on the part of the United States was once again bringing to the fore various international currents which had almost succeeded in destroying British domination at the time of the American Revolution.

Both Germany and Russia began adopting protective systems. The case of Russia is particularly important because it illustrates the point that the protective policy of the U.S. was absolutely not to be equated with isolationism.

Leading U.S. protectionists stated time and again that their aim was to enable the United States to become strong enough to rid the world of the odious British System once and for all. Thus, during the early part of the Lincoln Administration, the U.S. exported to Russia both the blueprints and the technicians for construction of American iron-clad ships which provided the basis for the modernization of the Russian navy and the brute-force development of Russia's iron industry. It was Henry Carey who, by stating the *Tribune's* editorial policy, was responsible in 1856 for U.S. diplomatic support of Russia against England during the Crimean War.

Within England itself, Karl Marx took hold of the international ferment to give direction to the International Workingman's Association. In the words of Pennsylvania Congressman William Kelley, "the producing classes" in England were engaged in a struggle which would finally force that country to adopt some of the best aspects of the American System. Insight into the danger which the British faced is afforded by two letters written by Karl Marx to Friedrich Engels.

On March 6, 1862, Marx writes:

... Of [England's—A.S.] total exports, amounting to 125,115,133 pounds (1861), 42,260,970 pounds' worth



“Britain,” writes Salisbury, “in its desire to replace the American System of industrial progress with the British System of Malthusian poverty and looting, created the Confederacy.” Here, an Alabama cotton plantation.

about the military operations of which it officially knows nothing. What extraordinarily facilitated the paper operations of the Yankees (the main point being the confidence placed in their paper money and therewith in their government) was without question the circumstance that in consequence of secession the West was almost denuded of paper money and therefore of a circulating medium generally. All the banks whose principal securities consisted of the bonds of slave states, were bankrupted.

. . . Then partly in consequence of the Morrill tariff, partly in consequence of the war itself, which largely put an end to the import of luxuries, the Yankees had a balance of trade and therefore a rate of exchange favorable to themselves and against Europe the whole time. An unfavorable rate of exchange might

to go to English “possessions” and “colonies.” If one adds to these England’s further exports to Asia, Africa, and America, 23 to 24 percent at most then remain for export to the European states. If Russia goes forward in Asia at the double quick march of the last ten years, until she concentrates all her efforts on India, then it is all up with John Bull’s world market, and this end is further hastened by the protectionist policy of the United States, which now, if only to revenge themselves on John Bull, will assuredly not give it up so soon. Moreover, John Bull discovers with horror that his principal colonies in North America and Australia become protectionist in precisely the same measure as John Bull becomes a free trader. The self-conceit, brutal stupidity with which John admires Pam’s spirited policy in Asia and America, will cost him damned dear. . . .

have badly affected the patriotic confidence in their paper on the part of the philistines.

For the rest—this comical concern of John Bull for the interest on the national debt that Uncle Sam will have to pay! As if it were not a mere bagatelle in comparison with Bull’s national debt; moreover the United States are unquestionably richer today than were the Bulls with their debt of a billion in 1815.

Again, on May 27, Marx writes Engels on the response of Britain to American financial policy.

Frantic over the American System financial policy adopted by the U.S. government, the British government shifted the emphasis of its policy away from the “hard line” of Palmerston, who had intended to go to war against the Union on the side of the South. The new approach was to be “softer” and guided by the liberals under John Stuart Mill and Chancellor of the Exchequer Gladstone, who was later to become Prime Minister. Mill, who was heard to exclaim “what are we to do without our New York banks,” argued for such a shift: the South, after all, had defaulted on its debt payment and was unreliable.

It is wonderfully fine how the *Times* [of London—A.S.] wails that . . . liberty must be lost in the event of the North tyrannizing the South. *The Economist* is also good. In its last number, it declares that the Yankees’ financial prosperity—the non-depreciation of their paper money—is incomprehensible to it (although the matter is perfectly simple). It had hitherto consoled its readers from week to week with this depreciation. Although it now admits that it does not understand what is its business and has misled its readers concerning this, it is at present solacing them with dark doubts

Mill’s circle of liberals, connected to both the British manufacturers and the Rothschild and Baring banks, controlled the Cobden Clubs—Britain’s world-wide agitators for “free trade.” The clubs’ U.S. members could be found within the free-trade wing of the Republican Party and within the U.S. abolitionist movement. The leading figures in the United States were Edward Atkinson, the Massachusetts liberal and cotton merchant; William Cullen Bryant, the editor of the *Evening Post* and the leading transcendentalist literary figure; Charles Sumner, the abolitionist and Senator from Massachusetts; William Lloyd Garrison; Harriet Beecher Stowe;

Charles Francis Adams, the U.S. Ambassador to England; and a host of others. The Cobden Clubs, as the true descendants of Jeremy Bentham, were primarily responsible for disseminating and popularizing the Manchester school of economics, the school of Ricardo, Malthus, and Smith, as well as every degraded form of nominalist thought which passed for science, including the theories of Charles Darwin.

The network of free-trade radicals in the U.S. were largely tied to East Coast shipping and banking interests, and to New England textile manufacturers and export-import bankers. The merchants and bankers depended largely on England, the export of cotton and other unfinished raw materials, and the import of finished goods from Britain. They would, on economic matters, support the interests of Britain against the United States. Their party loyalties were largely to the Democratic Party, particularly after Andrew Jackson's election to the presidency.

This is the network which was employed in the operation to destabilize Lincoln's government, utilizing well-tested British counterinsurgency methods and underwritten by Britain. There was speculation in gold on Wall Street in order to depreciate the Greenback currency, and an effort was made to undermine the Union's war effort through an attack on the Commanding General of the Army McClellan and through a manipulation of the slavery issue.

The following letter, written by Henry Carey to Treasury Secretary Chase in January 1862, illustrates the problem.

... Last night at a large public meeting in this city one of the speakers asserted clearly and distinctly that General McClellan had been ordered by the President and the Secretary to take the South by the Peninsula—that he had protested it—that he had said however that he was only a soldier and must obey orders—and that he would do so, although it would certainly involve the ruin of the army. That the reverse of all this was true was not for a moment doubted by many of the audience, but who among them was there, who could certainly expect that such was the fact? Not even a single person present. The real facts, as given to me by a friend almost at the moment of their occurrence, I have always believed to be, that General McClellan urged the Peninsula route—that the Secretary opposed it—and that it was with no small difficulty he was induced to side with the former. If this is really so, why should not the world know about it? All believe the President honest, and all would be found ready to excuse any error of judgement that he might admit.

Some explanation must certainly soon be given for if it be not, we shall have war among ourselves—the McClellan and anti-McClellan factions as bitter as are now the patriots and the rebels. Let things go on as they are now going and there may arise a danger yet overlooked for—the appearance of McClellan and his army at the gates of Washington and not at those of

Richmond. A more unscrupulous faction than that which is now advocating ruin does not exist even in Carolina, and the government, by its silence, is doing all in its power to give it strength. Let us go on for another month and you will, my dear sir, find it very difficult to negotiate the notes you are now authorized to issue. For every reason then, I pray you to let your friends know what are the real facts.

What had been unleashed upon the American nation was "countergang" warfare in the midst of the war against the secessionists. The Commanding General of the Army, McClellan, was an ardent "states rights" Democrat who, by his own admission, was not politically motivated to wage war against the South and would have accepted peace at any price.

Having a target in McClellan, the radicals opened a campaign against the Administration on two fronts: demand for the removal of McClellan from office and agitation for an immediate proclamation ending slavery. It cannot be overly emphasized that the so-called radicals of the stripe of Charles Sumner, William Lloyd Garrison and William Cullen Bryant did not give a damn about ending slavery. It was merely a convenient issue around which to destabilize the Lincoln Administration. William Cullen Bryant's newspaper, *The Evening Post*, opened the campaign, early in 1862, shortly after Lincoln refused to veto the legal tender bill.

The focus of the slavery issue was the Wade-Davis emancipation bill, passed by Congress, but vetoed by Lincoln—and for a very good reason. The measure would have placed a lien on southern cotton for the accounts of New England textile manufacturers and the Rothschild-connected bankers Belmont and Seligman as security for payment of southern debt contracted before the war.

Lincoln incurred the wrath of the free traders for his veto of the bill, not because he was unwilling to free the slave, but because he would not set up the South for postwar financial looting against the South's entire population, including the freedmen.

The Wade-Davis Bill had the added onerous feature of treating slaves as southern property which could be confiscated together with the bales of cotton.

The newspapers of William Cullen Bryant and others harangued Lincoln for being pro-slavery; in their private correspondence, they were vexed. Cobden Club member Edward Atkinson received many such letters, including one from New England cotton merchant Forbes who wanted to "wring Lincoln's scrawny neck" for vetoing the legislation.

Free trade radicals infested Congress; they were even members of the congressional committee on the conduct of the war. Their waving of the Wade-Davis banner forced Lincoln to bypass Congress. As Commander in Chief of the Union's armed forces, Lincoln issued his Emancipation Proclamation as a military decree. He also proposed a period of apprenticeship for the newly freed men to enable them to contribute to a postwar industrializing South.

Another “free trade” attack which Bryant led was against the Greenbacks and the government’s investment policy, which centered on creating a national banking system. Government 5:20 bonds would be sold to those banks as a basis for issuing low-interest credits to industry and to facilitate the circulation of currency. Gallatin’s Associated Banks refused to participate in the national banking system and gave the government no aid in its sale of the 5:20 bonds.

Philadelphia banker Jay Cooke had been employed by Treasury Secretary Chase to become the sole agent for the sale of 5:20 bonds. Several of Henry Carey’s associates, principally Stephen Colwell and William Elder, both important Whig economists in their own right, and Samuel Wilkerson, prepared the propaganda Cooke utilized to sell the bonds. Elder and Colwell were later appointed by Lincoln to posts in the Treasury Department: Elder as the official Treasury statistician and Colwell as an economist.

The original bill, authorizing the sale of 5:20 bonds, contained no provision for paying the interest on the bonds in gold. Thus, if the bill as it was prepared by Thaddeus Stevens’s House Ways and Means Committee had passed the House, it would have had the effect of severing the domestic economy of the United States from the British early in Lincoln’s Administration. The British pound sterling, at the time, was the gold-backed world reserve currency. But before the bill was passed, August Belmont and James Gallatin worked out a compromise with Republican Congressman Spaulding of New York which allowed the bonds to be purchased with Greenbacks, but their interest was to be paid in specie.

The compromise was the first step in pegging the value of the U.S. Greenback to gold, and allowed Belmont and other New York merchants engaged in the export-import trade to speculate in gold through the Associated Banks and thus create fluctuations in the value of Greenbacks as measured by the British gold standard.

Congress was eventually forced to pass two bills in 1864: one coerced the Associated Banks to join the national banking system by forcing them to pay a ten percent tax on every transaction outside the system; and another, authored by Thaddeus Stevens at Lincoln’s request, outlawed all sale of gold in the New York Gold Room.

In the meantime, the actions of the Associated Banks prompted the Whig mayor of New York, George Opdyke, an ardent opponent of John Stuart Mill, to seek Jay Cooke’s assistance in founding a national bank in New York with twice the reserves of the Associated Banks. Opdyke had been instrumental in organizing, through a small faction in the New York City Chamber of Commerce, petitions to Treasury Secretary Chase and to Congress to make the Greenbacks legal tender. He was well informed and sought to keep the protectionist forces up to date on the work being done in England by Karl Marx and the IWMA, and constantly pointed to the fact that they were holding demonstrations all over England in support of the Union. As Marx writes in a letter to Engels on January 2, 1863:

The *Times* and Co. are utterly furious over the workers’ meetings in Manchester, Sheffield, and London. It is very good that the eyes of the Yankees are opened in this way. For the rest, Opdyke has already said at a meeting in New York: “We know that the English working class are with us, and that the governing classes of England are against us.”

Both Elder and Wilkerson’s pamphlets and circulars, produced for the government loan office, were largely educational on the national banking system and informed the world of the development policy of the country. A report by William Elder, written in the latter part of 1863 and titled *The Debt and Resources of the United States*, puts forth the Whig perspective on abolition as well as the nation’s development policy.

The very best and healthiest of all the causes of this prosperity is that one which has given us our own work to do—the congressional legislation of 1861-1862 upon import duties aided by the high rate of foreign exchange. For more than a year, we have had the competing industry of Europe under a tolerable commercial blockade, and the policy which saves a Nation’s work for its own hands has had a demonstration of its wonder working power among us, which will not be lost when gold falls to par and peace puts in practice the wisdom that war has taught. . . . Someone may turn upon us with impatience and ask whether we mean to prove that war is a blessing? No, alas! No. War, Pestilence, and Famine are a leash of evils, usually associated, but happily separated in our case, sparing us the most terrible, and so far modifying the fury of the leader of the train, and with this further mitigation, that for the time it has broken up a wretched system of commercial policy, greatly more destructive to the industrial interests of the nation than all the usual waste of war. It has muzzled the two blood-hounds that always hunt in couples, slavery and free trade, slavery ever crying for free foreign trade, and free trade meaning nothing but slave men. Even a national debt may be lighter than a paralyzed industry, and may indirectly give the strength to bear its burden, by protecting labor itself from foreign invasion, and keeping it free to build up a Nation’s wealth.

This fifty-page pamphlet and others like it were translated into German, Spanish, French, and Russian, and were distributed throughout. The pamphlet included charts of U.S. growth since the adoption of the protective policy, and the projected development of U.S. resources once the war is ended. Most importantly, the pamphlet contrasted the U.S. national debt with the British national debt, and the U.S. development policy with British looting. In short, it was a “how-to-do-it” pamphlet for other nations to follow.

To be continued.