
Book Review

Lincoln's 'American System' policy was a far cry from Reaganomics

by Nicholas F. Benton

Lincoln and the Economics of the American Dream

by Gabor S. Boritt
Memphis State University Press, Memphis,
Tenn., 1978
420 pages, \$12.95

Last June 13, in a speech to regional press in the East Room of the White House, President Reagan pointed up to the famous portrait of Lincoln and said, "You see above me there is a portrait of, perhaps, our greatest President, Abe Lincoln. He lived what's been called the most moving life in the American experience. . . . He was our great unlettered genius who became a poet of great ease and fluidity. He was a politician, and a gifted one. And he told the truth."

It is a sad irony that, as shown by his economic policies, President Reagan knows so little about the real Abraham Lincoln. If this nation is to avoid economic and strategic ruin, a rediscovery of the real Lincoln is essential. Gabor Boritt's book is a good place to start.

Boritt's *Lincoln and the Economics of the American Dream* is not the final word on the economic policy that, under Lincoln's direction during his four short years as President, propelled this nation forward for the better part of a century of progress. But in an era when there are almost no works in print on "American System" economics, Boritt's book, despite its flaws, points in the right direction.

Most Americans will be shocked to find how the core thesis of Boritt's work—that "economics supplies a major key to fathoming Lincoln"—demonstrates that Lincoln's economic policies were totally opposite to the monetarist insanity, popularly known as "Reaganomics," which has brought Reagan's name closer to association with Herbert Hoover, or that infamous Dr. Mudd who came to the aid of Lincoln's assassin, than with Lincoln himself.

Beyond Boritt, the best anthology in print of the original works of "American System" economists is Allen Salisbury's

The Civil War and the American System (New York: Campaigner Publications, 1978, 438 pages, \$5.95). Better still for understanding these policies are the writings of our nation's only living "American System" economist, Lyndon LaRouche.

Clearly, President Lincoln's views are not merely a subject of historical curiosity, but of keenest relevance to the present crisis. His rise from political obscurity to become President of the United States in its hour of worst crisis, his prosecution of the war to preserve the Union, and his lasting economic achievements during his short stay in the White House were not based on populist charisma, but the consequence of being steeped in the science of what was named by his political model, Henry Clay, the "American System."

The "American System" meant using the government's ability to generate credit and other means to create national wealth through technological progress. It was abhorred by the British enemies of the American Revolution, who sought to destroy it from the time it was first conceived by George Washington's treasury secretary, Alexander Hamilton, and articulated in Hamilton's 1791 *Report on Manufactures*.

Britain's Adam Smith wrote his famous *Wealth of Nations* as a first-generation polemic against the "American System" as expressed by Hamilton and his immediate circle of supporters, which included Benjamin Franklin's friend, the Irish-born activist, Mathew Carey, and his son, Henry C. Carey. To the British, Smith's "free trade" argument meant freedom to accumulate wealth through exploitation every form, from slavery to drug trafficking, speculation, and usury.

The modern-day heirs to the British enemies of the American Revolution have recently expressed their continued hatred for the "American System." The New York Council on Foreign Relations published a volume in its *1980s Project* series, targeting "neo-mercantilism," which it identified with the policies of Hamilton, as the greatest enemy of its designs.

Lincoln's economics

A big part of the effort by the British and their kindred anti-republican elites in the United States to destroy the "American System" has involved decorticating the memory

of Lincoln's economic policies. This was done by launching a project to glorify the American image of "populism" in the 1880s, which included the idea that healthy American identity is rooted not in rigorous science (either physics or, correctly understood, its branch, economics), but only in "common sense." Starting with Albert J. Beveridge, biographies of Lincoln focused on the anecdotal tales of "honest Abe's" simple frontier upbringing, his generous sense of humor, and habit of punctuating an argument with a folksy parable.

Certainly Lincoln, with less than a year of formal training, did not seriously grasp economic policy, Beveridge and others implied, in writing their "revisionist" garbage. It was only native, simple honesty and virtue, combined with natural political instincts, which made Lincoln what he was, they said.

Boritt's work attempts to reunite Lincoln with his true identity, his commitment to a rigorous application of the "American System"; but it suffers from a lack of sufficient in-depth grasp of "American System" economics. In an autobiographical note, Professor Boritt, who teaches at the Civil War Institute of Gettysburg College, writes (as a naturalized citizen born in Hungary): "The Lincoln image that is the birthright of most American children, as much the creation of mythology as history, was not mine. This fact, fortunate for a historian, was enhanced by another auspicious accident. As a sophomore at Yankton College in South Dakota, I became intrigued by some early Lincoln utterances and found myself reading the first volume of his collected works before I had read any of his biographies. Having had few preconceived notions about Lincoln, I received my first deep impression of him from his own words. The remarkable facet of the first volume of Lincoln's writings, which covers half of his public life, is the quantity of material which falls under the heading of economics."

Tracing Lincoln's career from his first political speech in 1830 through his four years in the White House, Boritt shows how his commitment to the "American System" of Henry Clay, was foremost in his thoughts—like an intense period of studying the most advanced texts on the subject of his day, including those of Henry C. Carey, during the early 1840s.

Lincoln was born in Kentucky in 1809, three years after his fellow Kentuckian, Clay, first entered Congress. Although he left Kentucky at age 7, Lincoln was 15 and an avid reader in 1824, when Clay made first ran for the presidency, and then threw his support behind John Quincy Adams. The fierce debates over national banking and the "American versus the British system," as Clay put it, were not lost on the serious-minded Lincoln during the 1828 presidential campaign either. So, Lincoln was not speaking from mere frontiersman's "common sense" when he made his first political speech on record favoring "internal improvements" soon after he arrived in Sangamon County, Illinois, in 1830.

As Boritt documents, during Lincoln's years in the Illinois state legislature in the 1830s, he promoted the Illinois-Michigan canal, linking the Great Lakes to the Mississippi

River, using as his model the Erie Canal (completed in 1825 and debt-free after only 11 years) which had transformed the economic potential of the nation's interior. In a legislative caucus known as the "Long Nine of Sangamon," Lincoln led the 1837 "internal improvements" assembly in Illinois, which passed an omnibus bill allocating \$10 million for two trunk railroads crossing the state, north-to-south and east-to-west, and six spurs connecting all the largest towns, as well as \$8.5 million to complete the Michigan-Illinois canal. That was until the financial crash of 1838, brought on by 10 years of Jackson and Van Buren administration policies, temporarily ended all such plans.

Boritt documents how Lincoln's life-long anti-slavery sentiment and advocacy of "the ideal that all men should receive a full, good, and ever increasing reward for their labors so that they might have an opportunity to rise in life" were moral commitments sharpened into policy by Lincoln's mastery of "American System" economics. "Lincoln accepted the Civil War to save, above all, his dream . . . his underlying moral assumption, his devotion to the idea that America stood for fair reward for man's labor, for equal, constantly expanding opportunity for all." The Union, Boritt concluded, was for Lincoln, the "carrying vessel" of this dream.

This "expanded opportunity" was, for Lincoln, achieved through "support of governmental policies that primarily aimed at economic development," clearly favoring productive over non-productive employment and opposing the accumulation of wealth through speculation and usury as the British *laissez-faire* system (copied by Reagan's economic policies today) sought.

During his presidency, Lincoln used this outlook to set into motion the longest period of sustained growth in American history. This was accomplished by the following initiatives: the Greenback currency act (creating \$300 million in cheap credit for economic expansion), the Morrill Tariff, the Homestead Act (which expanded the economy through opening up new lands for development for whomever wanted it), the Railroad Act (which allowed for the westward expansion and ultimately a transcontinental railroad system), the Land-Grant Colleges Act (which created "agricultural and mining" colleges to educate young pioneers in the most advanced technologies), the creation of the Agriculture Department (to help modernize farming), a nationally chartered banking system (which included mandatory deposits into the federal treasury and taxing of state banks to help finance internal improvements), and the creation of immigration bureaus throughout Europe.

This impressive combination of credit, industrial incentive, population growth, and education policies not only pulled the United States through its horrible Civil War, despite over a half-million casualties, but rapidly propelled it into becoming the greatest industrial power in the world.

Copies of Boritt's book are available from Ben Franklin Booksellers, 27 South King Street, Leesburg, Va. 22075 at \$12.95 each.