

7. The 'Philadelphia Interests': the world after Lincoln

Following the American Civil War, U.S. statesmen, industry builders, military officers, scientists, and inventors in the nationalist faction fought against terrible odds to advance global technology and civilization. Assassins struck down their President in 1865, another President in 1881, and another in 1901. The nationalists were bankrupted in 1873, and U.S. government finances came under foreign control; piratical foreign representatives seized the great industries. By 1902, adherents of British policy governed the United States top-down, and blocked any further revolutionary technological advance.

Despite these obstacles, in the post-Civil War period the tightly knit nationalist faction created new infrastructure and industries which vastly expanded the power of man over nature, in the United States and abroad. Their crowning victory was the electrification of the United States and other nations by their protégé and fellow fighter, the inventor Thomas A. Edison.

"But wait!" the reader may be thinking. "Your history may suit a communist country, but not the United States. In capitalist countries, no one *planned* new technology. Sure, some inventors might have been idealistic at times; but money and the market drive our economy!" The idea that forethought and strategic purpose have guided man's progress, is perhaps even more unsettling to some people, than the thought that evil men conspire against that progress. This may be because, in 1996, such real progress is unthinkable, is banned by "budget cuts" and "ecology."

Yet, in 1870, there still existed a powerful American alternative to Wall Street, to British ideology. There was a general expectation of dramatic material progress; there were men and institutions determined to bring it about, and they had allies abroad. We report here on how some of the main industries were built, with their new technologies. In order to unmistakably *identify the strategists behind these enterprises*, we will review some of their other objectives, political and military; and explain how the nationalists were ultimately brought down.

At the heart of America's post-Civil War development, were the political and intellectual associates of Henry C. Carey and Alexander Dallas Bache, and the complex of government and private institutions they and their predecessors had built since Benjamin Franklin.

The nationalists' power revolved around the Pennsylvania Railroad (PRR), and the banking house of Jay Cooke. The

PRR had been built in the late 1840s; the city of Philadelphia bought a quarter of the corporate stock to subsidize construction. In 1857, PRR President J. Edgar Thomson hired the young engineer William J. Palmer—to become the sponsor of Thomas Edison—as his personal secretary; Palmer converted the railroad from wood- to coal-burning locomotives. The Pennsylvania Railroad grew to become the largest American corporation, with 6,000 miles of lines.

During the Civil War, PRR executives Thomas Scott and Andrew Carnegie organized the U.S. military telegraph office. William J. Palmer became a cavalry general and was awarded the Congressional Medal of Honor. Philadelphia nationalist Jay Cooke raised \$1 billion for the war effort: He sold U.S. bonds to ordinary citizens, and beat Wall Street's attempt to blackmail the President by denying credit to the government. Cooke continued marketing most of the federal government's bond sales after the war.

Thus a combination arose, involving banking, government, and Bache's naval and military connections, with immense potential power for technological transformation. At the center was economist Henry C. Carey, the grand old man of nationalist strategy. His books and articles defined the purposes of the nationalists' efforts. Carey's ideas informed the federal policy that protected the mills and kept federal finances out of the hands of the London-Wall Street banking axis. And Carey's behind-the-scenes relationships with the military, the scientists, and the pro-modern parties in each foreign country, were the web which held everything together.

By 1871-72 a unified set of large industrial companies was owned by a partnership, known informally as the "Philadelphia Interests," including J. Edgar Thomson, Thomas A. Scott, Andrew Carnegie, William J. Palmer, Matthew Baird, Samuel Felton, and others. They ran the Pennsylvania Railroad, the Baldwin locomotive company, the Denver & Rio Grande Railroad, the Pennsylvania Steel Company, the Kansas Pacific Railway, the Mexican National Railways, the Automatic Telegraph Company, and numerous other railroads, iron forges, machine builders, and coal mines.

Partner Andrew Carnegie was building the J. Edgar Thomson steel works in Pittsburgh, the world's largest and first truly modern steel mill. The Philadelphia Interests had just taken control of the Union Pacific Railroad, and had started George Westinghouse's career by installing his air brake on PRR trains.

Meanwhile the group's banker, Jay Cooke, with huge government land grants under Lincoln's law, began construction of the 2,000-mile Northern Pacific Railway.

The management of these enterprises overlapped with the Franklin Institute, the University of Pennsylvania and the American Philosophical Society. The cadres developed under Alexander D. Bache's leadership, and otherwise nested within this extended Philadelphia research/industrial complex, supplied the genius and drive for the most important U.S. engi-

neering and scientific endeavors. For example: Samuel Felton, president of several of the partners' railroads and steel companies, was the brother of Bache-Lazzaronian Cornelius C. Felton, who presided over vital scientific capabilities as president of Harvard College. Another example: Bacheite Benjamin Silliman, Jr. had published in 1855 a "Report on the Oil Rock, or Petroleum, from Venango County, Pennsylvania," on the chemical composition of underground oil and how to refine it; this was the beginning of America's oil industry, which was first promoted by the Philadelphia Interests.

Henry Carey's disciple Joseph Wharton, founder of the Bethlehem Steel Company, led the Washington D.C. lobbying on behalf of Carey and the PRR group. They secured protective tariffs so high as to block any British interference with U.S. development. Joseph Wharton founded the Wharton School of Business (later a school for swindlers and parasites) as a Careyite nationalist center.

British financiers open fire

In 1871, at the height of the nationalists' power, the British forged a new Philadelphia-New York-London axis that would be used to break the entire American political leadership. London banker Junius S. Morgan merged his New York son, J.P. Morgan, into the Austrian-origin Drexel banking house of Philadelphia. The new firm was "Drexel, Morgan"—later, J.P. Morgan & Co.

Anthony Drexel owned the *Philadelphia Ledger*, which had a joint editorial operation with the London *Times*. The *Ledger* began relentlessly slandering Jay Cooke, the main banker for the U.S. government and the Philadelphia Interests; they said Cooke was going bankrupt, that his depositors and lenders would lose everything. These articles were circulated throughout the world, while Drexel, Morgan coordinated an all-out war against Cooke's credit standing within the financial community. Furious "anti-corruption" propaganda by the Anglophiles against all railroad building had already caused the Congress to shrink from further support for Cooke and his colleagues, and Cooke was weakened. Drexel's campaign struck its target with explosive effect.

Jay Cooke & Co. folded and closed its doors on Sept. 18, 1873. Within two days the Northern Pacific and most other American railroad construction halted. The new steel mills shut down, banks collapsed, stocks crashed. In this Panic of 1873, the Philadelphia industrialists were totally removed from the transcontinental railroad business. The overall pace of development in the American economy was never again to be recaptured. The goal of densely settling populations along the western routes of transcontinental railroads was abandoned by the men who took over the lines.

In 1879, the year that Henry Carey died, the Specie Resumption Act was officially implemented, ceding sovereignty over U.S. monetary policy to the international holders of gold.

Britain's Newcomen Society gloated over the change: "Drexel, Morgan & Co. achieved a major position in the dis-

tribution of U.S. Government bonds, a field that previously had practically been dominated by the Philadelphia banking firm of Jay Cooke. . . . After Cooke was forced into bankruptcy by the Panic of 1873, the Drexel-Morgan firm held an unrivaled position in this field of finance. . . . To the United States Treasury, [Morgan] could now offer distribution facilities . . . [involving] Drexel-Morgan . . . J.S. Morgan & Co. in London, . . . [and] international distribution through Levi Morton and the Rothschild firm." In fact, those very British firms constituted a syndicate which had gained iron control over U.S. government finances.

But in the darkening 1870s, Henry Carey and his associates did not submit. We will here offer thumbnail sketches of four "projects"—three foreign nations, and one famous man's career—projects which were carried out under conditions akin to enemy military occupation, and which the nationalists would continue for a few crucial years after Carey's death.

Japan gets on the track

The U.S. nationalists had opened up Japan in the 1850s, when Commodore Matthew Perry brought a fleet loaded with a railroad train and a telegraph system; with U.S. backing, Japan went on to create a new pro-modernization government. In 1872, Japanese Prince Iwakura and much of his regime came to visit, staying in the home of Jay Cooke. His delegation was preparing a trade treaty and a loan of \$15 million for Japanese development, and Cooke was negotiating for Asian connections with the Northern Pacific system. The allied nationalists envisioned a global belt of railways, canals, and shipping operations to vastly increase the effectiveness of their economies.

At that time Henry Carey's associates, led by geologist/industrial planner Benjamin Smith Lyman and economist E. Peshine Smith, were in Japan coordinating the American-allied government's identification of mineral resources, planning railroads, and outlining tariff strategies. This was the birth of Japan's industrial might.

The fiercely anti-British John Bingham became ambassador to Japan in 1873. Bingham hung on to his post through several U.S. regimes until 1885, battling British diplomat Harry Parkes for influence over Japan's destiny: Should it be a powerful technological republic or a British-model chauvinist empire, a plaything of British geopolitics?

The eventual collapse of America's nationalist faction was a tragedy for Japan as well as for the United States. The Japanese entered modern times on an American train, but the British sidetracked it.

Russia's western start

As America's most influential newspaper writer, Henry Carey had swung public opinion behind Russia in its 1854-56 Crimean War with Britain. Carey himself went to Russia in 1859, apparently to secure a U.S.-Russian alliance in the deepening U.S. sectional crisis. During the Civil War, Czar

Alexander II did send his fleet to New York and San Francisco to prevent British direct intervention on behalf of the Confederacy, and the United States began supplying ironclad warships to Russia.

Former Pennsylvania Gov. Andrew Curtin went to Russia as U.S. ambassador in 1869. Henry Carey hosted a send-off dinner for Curtin, where a U.S. general proposed that the czar should build a trans-Siberian railway, to link up with the United States, and to break British hegemony.

Carey's Philadelphia friend, George H. Boker, was ambassador to Russia from 1875 to 1878, and a new venture was undertaken.

The Russians appointed the publisher of Carey's polemical anti-British magazine articles, banker Wharton Barker, as Russia's American financial agent. In 1878 Barker built four battle cruisers for the Russian Navy in Philadelphia. Wharton Barker went to Russia to plan iron and coal mines, forges and factories, for the transformation of southern Russia. He formally proposed that the two nations prepare as allies for a war against Great Britain, aiming at "the accomplishment of the common work of Russia and America, namely the dismemberment of the British Empire."

Wharton Barker and his closest associates brought about the nomination of their candidate, James A. Garfield, who was elected U.S. President in November 1880. The czar signed the industrial development contracts with the Philadelphia organization on March 10, 1881; on March 13, Czar Alexander II was assassinated. One week later, Garfield was inaugurated; President Garfield was shot in July, and died in September. The new czar, Alexander III, continued some of the proposed southern Russian development, but now without participation by the clearly dangerous Philadelphians.

Count Sergei Witte, an advocate of Friedrich List's nationalism, would build Russia's Lincoln-style trans-Siberian railway and begin the country's industrial modernization in the 1890s. But the Russian Revolution overthrew Witte, and cut the American tie.

Ireland and the Carey submarine

One hundred years after Mathew Carey had become an Irish revolutionary, his son, Henry Carey, plunged in and took responsibility for reviving the Irish struggle for independence from Britain. Carey's disciple, Philadelphia Irish immigrant physician William Carroll, was designated head of the Irish revolutionary underground—the Fenians, or *Clan na Gael*—in 1875. Dr. Carroll was chairman of the Clan na Gael executive committee from 1875 to 1880; he was backed in the movement's leadership by other Carey allies, notably Knights of Labor chief Terence V. Powderly, and University of Pennsylvania economics Prof. Robert Ellis Thompson.

Carroll and his colleagues sent cash and guns to Ireland, and in 1878 Carroll toured the British Isles, reuniting the bickering Irish underground into a cohesive force of 20,000 members. (Twenty years later this Careyite initiative would

result in the formation of the Sinn Fein, which went on to free most of Ireland from British rule.) Dr. Carroll's main partner in this work was Irish revolutionary John Devoy, who had become foreign editor for James Gordon Bennett, Jr.'s *New York Herald*. Several others of the Carey-allied Irish nationalist movement joined Devoy in guiding the *Herald*—a newspaper that would be useful to Thomas Edison.

Perhaps Dr. Carroll's most spectacular enterprise was the invention of the submarine. The *Clan na Gael* "skirmishing fund" paid Irish immigrant John Holland approximately \$60,000 to build prototype underwater warships; Carroll justified the expenditure by reference to Robert Fulton's similar craft in the 1790s. The three-man submarine *Fenian Ram* was tested in New York harbor in May 1881; the British embassy protested, but Garfield refused to interfere with the Irish operation. (Garfield died soon afterwards.) The U.S. Navy in the 1890s decided to revive the *Clan na Gael*'s project, and paid John Holland to build the Navy's first battle submarines.

8. The real Thomas Edison

Thomas Edison was called by admirers "the Franklin of the nineteenth century," and it is not surprising that he should be slandered by his detractors precisely as was Franklin: "a mere tinkerer," "uneducated," "unscientific," "an empiricist." The Dec. 31, 1995 *Washington Post* labeled Edison "a grease monkey. A putterer. A mechanic." As the lie was put about, that Franklin was a "British agent," so has Edison been called a Wall Street stooge. It is said that J.P. Morgan sponsored Edison's work, or that speculator Jay Gould gave Edison his start.

These and other calumnies constitute an outpouring of Anglo-establishment rage which is puzzling until one knows who Edison really was.

At the height of their power, the Philadelphia industrial-scientific-political grouping (see previous sections) *discovered Thomas Edison* as a young, clever inventor of telegraphic devices. They set him up as an independent full-time inventor. They encouraged him into astonishing inventions. When they were grievously weakened, financially and politically, they schemed to make Edison famous. Recognizing the force of his genius, they asked him to invent the electric light and tutored him in the history of the field. They protected Edison as far as possible from the brutal sabotage of J.P. Morgan, their enemy, and they stayed with Edison, through to the victorious electrification of the world.

The following report is, as far as is known, the first published attempt to systematically account for Edison in his real relations to the "principalities and powers," and to see Edison's own thinking in the context of America's technolog-