

EIRFeature

The 'land-bridge': Henry Carey's global development program

by Anton Chaitkin

Preface: Resuming America's mission

Lyndon LaRouche's pioneering Eurasian "land-bridge" program for world economic recovery, calls for intensive industrial development surrounding new high-speed rail lines across Asia and Europe. The struggle for and against its realization, is now, again, at the center of global politics.

LaRouche discussed his proposal in a Jan. 8 radio interview with "EIR Talks":

"If you take the combined population of China, the Asian archipelago, the Pacific-Indian Ocean archipelago, the subcontinent, Bangladesh, India, and Pakistan, and so forth, you have there the overwhelming majority of the human race, which is at present in a development orientation. That is the potential for the future growth of humanity, and its economy.

"If you link the great traditional machine-tool centers of Europe, that is, the triangle of Paris, Lille, Berlin, Vienna, and back to Paris, if you link that machine-tool driver of the world economy to the greatest population centers of economic growth in the world, through a land-bridge route, you create an absolute revolution, in terms of growth of economy on this planet. It's something which is in the vital interests of the United States to support.

"The British are determined that that shall not happen. . . ."

Nearly a century ago, the British Empire dragged humanity into World War I to stop just such a cooperative development; they later boosted Hitler into power in Germany, looking forward to another great war, for similar reasons.

The earlier "land-bridge" efforts, which we describe in this *Feature*, were launched following the Civil War by economist Henry C. Carey and Americans under his leadership. During the next decades, these nationalists and their international associates worked to make Germany, Russia, China, Japan, Mexico, Colombia, Peru, and other countries into modern, powerful nation-states.



A Baldwin locomotive on display at the Smithsonian Institution in Washington, D.C. In the nineteenth century, Baldwin's production for the U.S. railways, as well as shipments to Russia, Japan, China, and other nations, were used by Henry Carey's political faction to promote world economic development.

The following were among the particular goals of this initiative:

- Making Germany a superpower and America's partner in world development;
- Industrialization of Russia and China, with thousands of miles of rail lines;
- Development of Japan as an industrial power and counterweight to British genocidal Asia policies;
- World-wide electrification;
- The upgrading of labor and the condition of the people, as a necessary precondition for this industrial development.

And in order to succeed in these global purposes, the Carey circle planned an Irish uprising and the arming of Russia for a joint U.S.-Russian war effort to destroy the British Empire.

The planners of this world development crusade, who had sponsored President Abraham Lincoln, were the established leaders of America's industrial, military, scientific, and political life. Yet, by around 1902, British-allied financiers had displaced these nationalists from power, and their way of thinking—the heritage of the American Revolution—had become a fading national memory. Under Presidents Theodore Roosevelt and Woodrow Wilson, the mighty U.S.A. functioned in most respects merely as a British pawn.

Thus by 1905-14, the main players on the world stage, such as in Russia, China, Japan, and Germany, operated

in the desperate circumstances that *the actual American republic*, which had fought powerfully for the successful development of their nations, had, in effect, disappeared as an independent factor in world affairs.

Henry Carey (1793-1879) was probably the world's most famous living economist during the 1860s and 1870s. Carey's books and pamphlets were translated into most major languages, forming, with his predecessors Friedrich List, Henry Clay, and Alexander Hamilton, the main representation of the American or national school of political economy, opposing the British imperial school represented in print by John Stuart Mill and earlier writers such as Thomas Malthus, David Ricardo, and Adam Smith.

The political-economic initiative by Carey and his friends, outlined below, was in large measure responsible for the world's astonishing technological development in the late nineteenth century. The fight for this development policy and against British "free trade" frames the true, little-known history of all the great nations involved in the present political showdown, a century later.

This report has drawn upon manuscript collections and other archival sources which are readily available to historians, but which have been treated as politically untouchable during the reign of the Anglo-American "special relationship."

Let us now revisit and take inspiration from our predecessors' work, which we are called upon to resume.

The Union flexes its muscle

President Abraham Lincoln was shot on April 14, 1865, just as the Union was securing victory in the Civil War. Despite his murder, Lincoln's cherished program of government-sponsored infrastructure, education and science, his protection for industry and family farmers, continued and blossomed in the nurturing hands of the "Whig" nationalists, headquartered in Philadelphia. Lincoln had been one of them, himself a lifelong champion of the American System of political economy that opposed the British free-trade system.

Lincoln's transcontinental railway to the California coast was completed in 1869, at a Federal government cost of \$64 million and huge grants of land. The second Lincoln-authorized transcontinental rail line, the Northern Pacific to Washington state, immediately went into full construction.

With the power of a fully mobilized economy and the world's most effective military behind them, the American nationalists envisioned technological and political progress in Eurasia that could in effect secure and extend the Union victory. The first steps toward the "land-bridge" focussed on Russia and Japan.

It was proposed that Russian Tsar Alexander II, Lincoln's Civil War ally, should, with U.S. help, "construct a grand trunk railway from the Baltic to the Sea of Okhotsk [Pacific] of like gauge with our Pacific Central." U.S. Gen. Joshua T. Owen was speaking at an 1869 send-off dinner given by Henry Carey for the new American ambassador to Russia, Andrew Curtin. "We have discovered that true glory is only to be attained through the performance of great deeds, which tend to advance civilization, [and] develop the material wealth of people," General Owen continued. By participating in "girdling the globe with a tramway of iron," Russia itself would be strengthened and unified. The general spoke bluntly: The allies could "outflank the movement made by France and England, for predominance in the East through the Suez Canal; and America and Russia, can dictate peace to the world."

Henry Carey had for many years personally managed America's pro-Russian policy; his widely circulated newspaper columns had turned U.S. public opinion toward Russia during the 1854-55 Crimean War against Britain and France. Among Carey's invited dinner guests paying tribute to Ambassador Curtin (the former Pennsylvania governor), were the Russian legation, and America's premier railroad and locomotive builders, along with their Philadelphia banker, Jay Cooke. Over the next few years, contracts were signed, under the supervision of the Carey political machine, for the sale of Philadelphia locomotives to Russia.

Meanwhile, in the 1868 Meiji Restoration in Japan, revolutionaries under Prince Tomomi Iwakura overthrew the feudal Tokugawa warlords; they set up a modern central government guided by Japanese students of Henry Carey.

The world at that time knew Carey as the leader of nationalist political thought, who had been the economic mentor to Abraham Lincoln and to the Union's industrial strategy.

As Kathy Wolfe has reported (*EIR*, Jan. 3, 1992), Japan's consuls in Washington and New York, Arinori Mori and Tetsunosuke Tomita, worked closely with Carey. Tomita commissioned the first Japanese translations of Carey's works. Mori would return to Japan to form the Meiroku (Sixth Year of Meiji) Society, dedicated to "American System" economics, as opposed to British free trade; this Careyite grouping would spearhead Japanese industrial development.

In 1871, Carey's student and political agent E. Peshine Smith was appointed economic adviser to the Meiji emperor. Other Carey associates were also then in Japan, working with

Henry Carey and Abraham Lincoln

Poultney Bigelow, the spoiled, Anglophile son of U.S. diplomat John Bigelow, was visiting Germany late in the nineteenth century. He asked a minor German official, who was the greatest American? The German replied, "Henry Carey." Bigelow spluttered that this was outrageous—"No one in America talks about Henry Carey!"

But in fact, economist Henry Charles Carey had been the chief of the U.S.A.'s national party or pro-nationalist leadership, from the 1850s to his 1879 death, and his global influence continued for decades beyond.

Henry Carey, born in 1793, inherited this leadership from his father, Mathew Carey, who had been Benjamin Franklin's revolutionary agent in Ireland, a full century before the events chronicled in this report. During America's War of 1812, Henry Carey served in the Pennsylvania State Fencibles militia, until the defeat of the British. As Henry was growing up, his father's political partners included Bank of the United States President Nicholas Biddle, German-American economist Friedrich List, Protestant missionary leader Jedediah Morse, U.S. Military Academy Superintendent Sylvanus Thayer, and such important Europeans as the Cotta family, publishers of the work of Friedrich Schiller.

Abraham Lincoln, though a Midwesterner, was of this Carey-led national party, the nationalist elite. In 1846-47, having just been elected to Congress, Lincoln made a set of notes for himself, in favor of economic nationalism ("Fragments of a Tariff Discussion," in Lincoln's *Collected Works*). He writes, "I . . . try to show, that the abandonment of the protective policy by the American Government must result in the increase of both useless labor, and

the new government identifying mineral resources, planning transport, and outlining protectionist tariff strategies.

On March 15, 1872, representatives of the new Japanese government arrived in Philadelphia, having travelled from Japan's embassy in Washington under escort by U.S. Gen. William Painter.

The city fathers published the official *Diary of the Japanese Visit to Philadelphia in 1872* immediately afterwards, boldly contrasting American and British purposes in the world. The pamphlet described the visit as "an event of great importance . . . to the mission on which these pioneers of an advancing state of civilization in their own country were engaged . . . the development of a country which has hitherto been almost hermetically sealed against the commerce of the

world,—for the least concession made to the foreign trader was immediately followed by the presentment of that aggressive policy, that arrogance, and grasping spirit of monopoly which have ever followed the British footfall on foreign soil,—so that, outraged and indignant, the Government of Japan has from time to time rescinded the privileges granted, thus retarding the progress of the mighty work of development, not from choice, but from a feeling of absolute necessity as a means to preserve its national and political autonomy."

The first stop of the Japanese party was the Baldwin Locomotive Works. There, Japanese planners and engineers inspected engine models, machine tools, foundries, and plans for locomotives that Japan would purchase or build itself with American assistance.

idleness; and so, in proportion, must produce want and ruin among our people."

To simplify the question, Lincoln writes, "let us suppose the whole agricultural interest of the country to be in the hands of one" farmer with 100 laborers, and "the whole manufacturing interest, to be in the hands of" one other man with 20 laborers. Consider "A and B . . . a Pennsylvania farmer, and a Pennsylvania iron-maker, whose lands are adjoining. Under the protective policy A is furnishing B with bread and meat . . . and receiving in exchange all the iron, iron utensils, tools and implements he needs. In this process of exchange, each receives the *whole* of what the other parts with. But the . . . protective policy is abandoned . . . and A determines . . . to buy his supply of iron [etc.] . . . of C an ironmaker in England" (Lincoln's emphasis).

He then shows the ruin which comes from such free trade. Lincoln has determined, at the outset of these notes, that he will not think in terms of money and monetary prices: "The *labor* price only is embraced" in his study of the question.

Lincoln writes that "A desires to exchange ten barrels of flour, the precise product of one hundred days' labour, for the greatest quantity of iron he can get; [the British] C, also wishes to exchange the precise product of one hundred days' labour, in iron, for the greatest quantity of flour he can get." But new and *unnecessary* costs of "useless labour" now intervene, the costs to and profits of merchants, ocean shippers, wagoners, storage, and insurance. These are so many tolls which parasitize on the useful labor, that both A and C receive only three-quarters of their own labor value in exchange for their products.

The foolish farmer thinks he'll benefit from cheap foreign labor! Of course, the prices paid to farmers in Europe are also too low; and the farmer loses his home market. The folly of free trade causes a collapse and general unem-

ployment in American agriculture and industry.

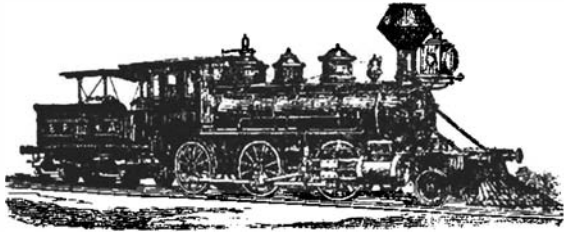
Lincoln divides the work force into "useful labour, useless labor and idleness." He explains that "all labour done directly and incidentally in carrying articles to their place of consumption, which could have been produced in sufficient abundance, with as little labour, at the place of consumption, as at the place they were carried from, is useless labour." (Lincoln comments, that if all productive labor should cease, and each individual should "work" by carrying food produced by others "continually about his habitation"—exactly today's "service economy"!—then "none would be left living.")

It is the "most worthy object of any good government," Lincoln writes, to secure "to each labourer the whole product of his labour, or as nearly as possible." Useless labor and idleness "are heavy pensioners upon" useful labor, "robbing it of its just rights." So we should "drive useless labour and idleness out of existence" by "making war upon" useless labor.

Henry Carey was the potent force behind the Lincoln Republican Party. The Republicans first appeared in 1854 after the demise of the old Whig Party, but the first Republican national Presidential nominating convention was held in Carey's Philadelphia, in 1856. That gathering was preceded by a Pennsylvania state Republican convention, chaired at the outset by Henry Carey himself. The party's 1860 convention in Chicago was a showdown between the Lincoln candidacy, promoted by Carey, and the candidacy of William H. Seward of New York.

Carey wrote the economics platform on which Lincoln was nominated for President. Carey then supplied his own students and associates for the Lincoln administration. They implemented the radical economic-nationalist policies adopted during the Civil War, which brought about the unprecedented advancement of U.S. industry to the end of the century.

ЛОКОМОТИВНАЯ МАПУФАКТУРА
„БАЛДВИНЪ“
 ГГ. БУРНГАМЪ, ПЕРРИ ВИЛЬЯМСЪ и К^О,
 въ ФИЛАДЕЛЬФИИ, ПЕНСИЛЬВАНИИ—Соед. Штаты.



Изготовляютъ ЛОКОМОТИВЫ всевозможныхъ устройствъ для перевозки товаровъ и пассажировъ, приспособленные къ экономическому сожжению дровъ, кокса, смолстаго или антрацитнаго угля.

Распространеннымъ употреблениемъ въ Пенсильваніи топлива локомотивовъ антрацитомъ, выдвигавшая мапуфактура болѣе всякихъ другихъ подобнахъ заведеній приобрѣла особую снптность въ изготовленіи ЛОКОМОТИВОВЪ, ОТОПЛЯЕМЫХЪ АНТРАЦИТОМЪ.

Заводъ «Балдвинъ», изъ числа всѣхъ занимающихся исключительно производствомъ локомотивовъ, въ настоящее время самый обширный во всемъ свѣтѣ; фирма эта принимаетъ на себя поставку по контрактамъ паровозовъ для желѣзныхъ дорогъ въ Россіи, съ доставкой ихъ ко всѣмъ портамъ Россійской Имперіи на борту корабля.

Локомотивы мапуфактуры «Балдвинъ», отопляемые антрацитомъ, въ употребленіи на воровско-ростовской желѣзной дорогѣ.

Иллюстрированные каталоги локомотивовъ высландются по требованію.

За свѣдѣніями обращаться по адресу:

BALDWIN, LOCOMOTIVE WORKS.
 Philadelphia, Pennsylvania U. S. A.,
 SS15. 22. 34—36.

A Baldwin Locomotive Works advertisement circulated in Russia, approximately 1880.

The history student today may imagine himself in the place of those Japanese visitors, by perusing the Baldwin Locomotive Works' nineteenth-century order books, now in the Smithsonian Institution, Museum of American History Archives Center, in Washington, D.C. There is a complete record for each of the thousands of locomotives ordered from the company, including configuration, materials used, price (in the range of \$9,000-\$18,000 each), and place of delivery.

Baldwin's shipments to U.S. railways and to Russia, Japan, China, Australia, Mexico, Brazil, etc., were calculated to promote world economic development by Baldwin's politically motivated controllers.

Baldwin, then emerging as the world's largest capital-goods producer, was just one segment of a conglomerate including the Pennsylvania Railroad, the Franklin Institute for scientific and technological research (in association with the American Philosophical Society and the University of Pennsylvania), the Pennsylvania Steel Company, the William Sellers machine-tool works, and numerous other industrial and mining enterprises, which flourished under the Republican Party's 50-90% tariffs against British imports.

Owned jointly by partners known as the "Philadelphia Interests," this conglomerate was the heart of America's power, in the political-military-industrial complex whose

guiding light was Henry Carey. Among the Philadelphia partners were J. Edgar Thompson, Andrew Carnegie, William Sellers, Baldwin chief executive Mathew Baird, and Gen. William J. Palmer, a Medal of Honor-winning Civil War cavalry officer who would soon begin building Mexico's national railways.

The Japanese visitors inspected the American Button-Hole Sewing Machine Company (hosted by its vice-president, Abraham Hart, who was also Henry Carey's partner in the Carey family publishing firm); the U.S. Navy Yard, to observe the manufacture of naval armaments; the ultra-modern Sellers machine works; and the William Cramp & Sons shipbuilding company.

During this 1872 visit, Prince Iwakura, Japanese cabinet ministers, and the embassy party (about 30 persons in total) were guests in banker Jay Cooke's house, while they prepared a treaty with the United States and a loan of \$15 million for Japanese development. Cooke was negotiating with Japan for Asian connections with the Philadelphians' Northern Pacific system, intended as part of a global belt of railways, canals, and shipping operations that was to vastly upgrade the economy and power of many sovereign nations.

Jay Cooke's banking house was vital to the nationalists' efforts in that era (see *EIR*, Feb. 9, 1996, "The 'Philadelphia Interests': The World After Lincoln"). Cooke had been the U.S. government's principal private banker since the Civil War. He had sold over a billion dollars of small denomination government bonds to the public, to outflank the extortion practiced against the Union cause by London and Wall Street bankers.

Baron Friedrich von Gerolt, the German ambassador to the United States, joined Cooke, the Philadelphia Interests, and the U.S. government in financing and promoting the Northern Pacific railroad construction westward, toward its Asia/Pacific rendezvous. Cooke quietly negotiated agreements aiming at U.S. annexation of the western half of British Canada.

As the Northern Pacific completed its link from the Great Lakes to the Missouri River in the Dakota Territory, the railroad created a terminus city on the Missouri River and named it "Bismarck," in honor of the German chancellor; Bismarck has remained the capital of North Dakota.

Carey versus London: 'The Queen pushes dope'

The British Empire viewed this American world leadership as gravely threatening, and in 1873, the British struck with fury.

London *Times* financial editor H.B. Sampson, his "intimate house guest," Philadelphia *Ledger* editor George Childs, and the *Ledger's* owners at the British-allied Drexel-Morgan

bank, concocted a series of libels against the solvency and honesty of Jay Cooke and the Northern Pacific Railroad, and against their fundraising in Germany, “predicting” an anti-Cooke panic. These slanders were reprinted as leaflets, and distributed in banking circles in the United States and Europe. British bankers froze Cooke out of the money markets, and the Barings and Rothschilds talked down the value of the U.S. government bonds that Cooke was then marketing.

A scandal was gotten up against the Union Pacific railroad, pivoting around Credit Mobilier executive Francis R. Train, of the notorious British intelligence Train family. Congressional hearings smeared the chief political friends of the railroad builders. The demoralized, frightened Congress suspended payment on the old Union Pacific bonds, and thus undercut the market for all railroad securities. Congress then refused any subsidies for the cash-strapped Northern Pacific.

In September 1873, under increasing pressure from international bankers, the Cooke banking house was forced to shut its doors. This set off a panic, closing the New York Stock Exchange for seven days, and closing factories, shops, and mines throughout the country. Northern Pacific railroad construction was suspended for six years. London’s Drexel-Morgan (later House of Morgan) and Rothschild banks replaced the ruined Jay Cooke as the principal bankers handling the bonds of the U.S. government.

There was at this time (1873) a worldwide depression of commerce, industry, and employment, with great historical consequences, as we shall see.

The gravely weakened American nationalists determined to proceed as best they could, in the face of this British sabotage. Henry Carey was then 80 years of age; but, rather than capitulate to feudal oligarchs and their power, Carey fought back with a series of global initiatives that would transform and uplift humanity. Over the next months and years, Carey and his followers worked toward sweeping political and economic objectives in Europe, Asia, and Ibero-America: world industrialization, the defense of labor, and the defeat of the British Empire.

Henry Carey’s 1876 pamphlet, “Commerce, Christianity and Civilization Versus British Free Trade: Letters in Reply to the London Times,” quickly circulated and eagerly received overseas, was a clarion call for the world development fight. Carey singled out the British monarchy’s destruction of China with opium as the chief crime of the age.

The pamphlet consisted of open letters from Carey to the London *Times*, replying to its editorial of Jan. 22, 1876.

The *Times* had complained that the viewpoint of “Mr. Carey, of Philadelphia, the redoubtable champion of the protective system in the United States,” has been “repeated in hundreds of magazines and newspapers, and forming the staple of endless orations, has affected the economical policy of the Union up to the present time, and is held by multitudes. . . .”

The *Times* warned that free trade, “the cardinal doctrine



The Franklin Institute for scientific and technological research, in Philadelphia.

of English political economy, . . . to question which must indicate ignorance or imbecility,” is rejected by the Americans, by the French, and even by “heretical” Canadians, who are immigrant “Englishmen and Scotchmen who have grown up in our Free Trade pale, and have been taught to believe that the exploded doctrine,” protection of home industry, “could not be honestly held by an intelligent person.”

In the pamphlet, Carey asks the British rulers to look at themselves as others see them, as pirates and mass killers. These lines from Robert Burns serve as the dedication on the pamphlet’s cover page:

Oh wad some power the giftie gie us
To see oursel’s as others see us!
It wad frae monie a blunder free us
And foolish notion.

The pamphlet is most striking for its attack on Britain’s policy of destroying China with opium.

“Early in the free-trade crusade,” Carey writes, “it was announced in Parliament that the smuggler was to be regarded as ‘the great reformer of the age,’ and from that hour to the present . . . Gibraltar, Malta, Nova Scotia, Canada, and other possessions [have] been chiefly valued for the facilities they

have afforded for setting at defiance the laws of the nations with which Britain has professed to be at peace.” Carey devotes the bulk of the pamphlet to describing how this British “great reformer” has done his criminal work in East Asia.

He writes that the East India Company’s opium smuggling into China, practiced with “bribery, fraud, perjury, and violence,” grew to huge proportions before the English monarch renewed the company’s charter with the “express understanding . . . that opium-smuggling should not . . . be interfered with. . . .”

“Thus sanctioned by the royal head of the English Church,” the dope trade was aggressively expanded. The Chinese “emperor’s councillors [advised] him to sanction domestic cultivation of the [opium] poppy,” and thus stop a demand that was draining the country of all [its] silver. . . .” Carey gives the emperor’s memorable reply: He may not have the power to stop Britain’s “introduction of the flowing poison . . . *but nothing will induce me to derive a revenue from the vice and misery of my people*” (emphasis in the original).

“So much,” writes Carey, mocking the British Empire’s religious pretense, “for a ‘barbarian’ sovereign for the conversion of whose unenlightened subjects to the pure doctrines of Christianity so much anxiety is felt by many of those eminent Britons [who lobby] . . . in behalf of the ‘great reformer of the age’ . . . on the shores of the China seas or on those of the United States.”

Carey recounts Britain’s bloody “bombardment of Canton . . . [compelling] the poor Chinese to pay \$21,000,000 for having been [forced] to submit to the humiliation of being plundered and maltreated by the ‘great reformer’; and . . . to cede Hong Kong, at the mouth of the Canton River, to the end that it might be used as a smuggling depot throughout the future.”

Carey tells of Britain’s unprovoked war of 1857, which forced China to legitimize the annual import of “millions of pounds, of a commodity that in Britain itself was treated as a poison whose sale was . . . subjected to close restriction.” China was then “thrown open to the incursions of British agents and travellers” who showed “an insolence . . . [d]etestation, contempt, ferocity, and vengeance” toward Asians, which seemed not “reconcilable with the hypothesis that Christianity had come into the world.”

Carey describes the downfall of India, from its relatively prosperous state before British occupation, to devastation and hunger under Britain’s “work of annihilation”: the forced closing of native Indian cotton manufacture, 70-80% taxes imposed on peasants, the diversion from the production of food and cloth, to the cultivation of opium with which to enslave China.

Britain’s hypocrisy is exposed: “Loud and frequent . . . have been the [London *Times*’s praise] of the [British] government . . . in endeavoring wholly to suppress the little remaining slave trade of Eastern Africa.” But Carey calls attention to the slavery “developed in Eastern Asia, . . . by Englishmen”:

“There is no slavery on earth to be compared with the bondage into which opium casts its victim,” destroying the body, demolishing the nerves and the free will, reducing man to brute.

Carey quotes from missionaries in China: that “Christian . . . Great Britain to a large extent supplies the China market with opium, is constantly urged as a plausible and patent objection to Christianity.” The bishop of Victoria (Hong-kong) is quoted, showing more candor than today’s lying Christian Solidarity International: “I have been again and again stopped while preaching, with the question, ‘Are you an Englishman? Is not that the country that opium comes from? Go back and stop it, and then we will talk about Christianity.’ ”

Carey describes the descent of England itself into impoverished barbarism for the working population, and idle boredom for super-wealthy aristocrats, reminiscent of ancient Rome and America’s southern slave states.

He surveys the world: the Turkish Empire, the Spanish American nations, India, all ruined and looted after being forced to submit to British free-trade policy. Yet Germany, France, and even Australia (defying mother Britain), have moved toward self-sufficiency, insofar as they have deliberately developed their home industry.

The United States, Carey concludes, has overthrown Negro slavery, so it has escaped from “British free-trade despotism,” under which the slave South and the free North had exchanges “only through the port of Liverpool, which thus was constituted the great hub of American commerce.”

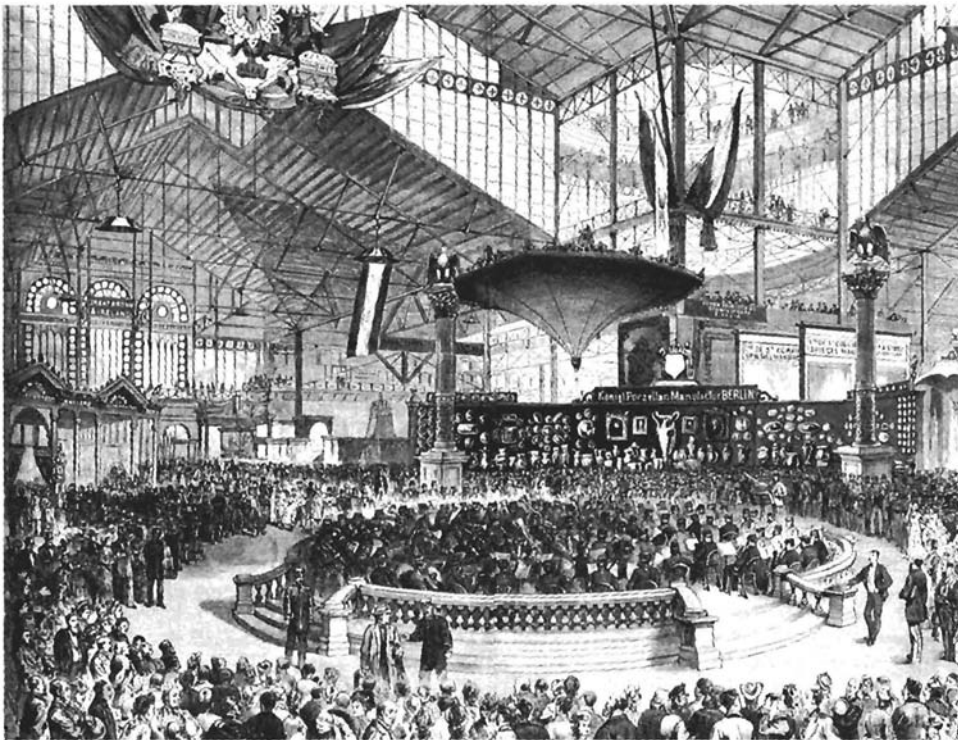
Now America, looking “in a contrary direction,” has effected “a growth of internal commerce that places the country fully on a par with any other nation of the world.”

The battle for Germany

The issuance of Carey’s 1876 pamphlet intersected a decisive political contest in the heart of Europe between adherents of the British and American political outlooks. Carey and his nationalist circle, on both sides of the Atlantic, sought to shift Germany’s course toward government patronage of industrial progress, and into an implicit strategic alliance with the United States. Success would depend on overcoming Germany’s dangerous political and religious fractures.

From about 1860 up through the 1870-71 consolidation of the German Empire, Germany had wandered away from the direction given the nation by Friedrich List (1789-1846). List had been an organizer of America’s Whig nationalism, in partnership with Henry Carey’s father Mathew Carey, and Henry Clay and John Quincy Adams. List had returned from Pennsylvania to his native Germany, to create the *Zollverein* (protective tariff union) and plan the railroads, making List the father of German national unity.

But Prussia had given in to free trade under the hegemony of the Anglo-French alliance and the London-Paris “Cobden”



At the U.S. Centennial Exposition in Philadelphia in 1876, a band plays in the center of the 21-acre main building. Among the many European visitors to the Exposition were German industrialist Emil Rathenau, and Franz Reuleaux, head of the German machine builders' delegation.

treaty of 1860. Speculation, fraud, and looting expanded until a financial collapse devastated Germany in 1873, coincident with the British-induced collapse of Jay Cooke's banking house in America.

Socialists told German workers that industrialists were to blame for their unemployment. And Chancellor Bismarck—the victim of a British “sucker game”—was further dividing Germany with the *Kulturkampf*, his political war against the Roman Catholic Church, the enforcement of restrictions against Catholic religious and educational activities, and the demand that Rome not control the German Church.

Against this disastrous drift, the nationalists worked to fundamentally reorient German national policy. Closely coordinating with Henry Carey and his Philadelphia circle (and, beginning in 1878, with the aid of the new pope, Leo XIII), the Germans succeeded in shaping a decisive new course of action. The British-dictated free-trade policy was dropped, and the German government supervised a vast industrial and technological development program. For the remainder of the century, America and Germany were the twin motors of universal progress.

We will now examine the international collaboration that led to this great advancement. It should be of rather urgent interest today, for our befuddled statesmen, to see how the leaders of 120 years ago were extricated from self-defeating policies, from unnecessary economic depression, and from the trap of a “north versus south” clash of religions.

As we examine the actions and strategy of the Carey circle, we must see the republican-nationalist United States as

the nineteenth-century civilized world saw it. Having survived the Civil War, the British-instigated slaveowners' rebellion, America was the pivot of mankind's hopes against the British Empire and reaction.

Two hundred and fifty members of the Prussian Chamber of Deputies had signed an address to the American ambassador, in response to Lincoln's assassination in 1865: “You are aware that Germany has looked with pride and joy on the thousands of her sons who in this struggle have placed themselves so resolutely on the side of law and right. You have seen with what pleasure the victories of the Union have been hailed, and how confident the faith in the final triumph of the great cause and the restoration of the Union in all its greatness has ever been, even in the midst of calamity.”

Deputy William Löwe had said of Lincoln, in the Prussian Chamber, “In the deepest reverence I bow my head before his modest greatness, and I think it is especially agreeable to the spirit of our own nation, with its deep inner life and admiration of self-sacrificing devotion and effort after the ideal, to pay the tribute of veneration to such greatness, exalted as it is by simplicity and modesty.”

(These tributes to Lincoln may be usefully contrasted to the attitude of the London *Times*, which had reacted to Lincoln's announced decision to free the slaves with editorials on Oct. 6, 7, and 14, 1862, denouncing Lincoln as a “violent zealot” who “will appeal to the black blood of the African” and “excite the negroes . . . to murder the families of their masters. . . .”)

Löwe and other German nationalists would come to the

fore a decade later, in the German economic crisis and policy conjuncture.

German historian Lothar Gall¹ writes that in 1875, Chancellor Bismarck invited “the [political] parties . . . to state their wishes and make their offers . . . principally as regards the violently controversial area of future economic policy, where the Chancellor had very deliberately left all his options open. . . .

“The first to respond were not in fact representatives of the parties. They were the spokesmen of the protectionist interests. . . . In conversation with Baron von Stumm-Halberg and Wilhelm von Kardorff, both of whom were [legislative] deputies . . . but figured here purely in their capacity as representatives of associations, [Bismarck] advised them in December 1875 to remain on the offensive and to feel free to attack the free trade policies of the government. Furthermore, he added, the chances were that they would soon begin to find increased support among agrarian interests as well; in this quarter, too, highly critical voices were already beginning to be raised against the policy of free trade.”

Following this December 1875 discussion of Bismarck with Kardorff and his colleague, the tempo of political change picked up dramatically.

But who were these policy advisers, identified as representatives of “protectionist associations”? Utilizing the still-unpublished manuscripts mouldering among the Henry Carey papers at the Pennsylvania Historical Society, we are enabled to get a better glimpse *behind* the events of the great policy shift.

On Feb. 12, 1876, a German journalist named Stöpel wrote to Henry Carey, describing the circulation of some of Carey’s writings, edited and issued by Baron Kardorff, a German follower of Carey’s.

About three days later, the Central Association of German Industrialists (or “Central Verband”) was founded in Berlin, as an umbrella organization for the protectionist point of view in German trade and industry. About a week afterwards, on Feb. 22, 1876, the Confederation of Fiscal and Economic Reformers was founded among the landlords and farmers, to promote protectionist measures in agriculture.

A certain Herr Grothe reported from Berlin in a letter dated March 26, 1876, to Henry Carey:

“. . . The *protective* movement in Germany has very enlarged [sic]. To my Central Verband assist now the *greatest majority* of industries in Germany and a part of agriculturalists. . . . In the Reichstag we have now formed a fraction for protecting industries . . . I tell you the names: Dr. Löwe; von Kardorff[f]; Comte Bethusy-Huc; Baron of Schorlemer-Alst; Baron and ex-minister of Varnbüler; Dr. Grothe; Dr. Hammaher; ex-minister Wind[t]horst; Dr. Bühl; Ackermann; Dr. Thilenius; Fäustle; Prof. Frühauf; von Borkum-

Solfs. . . .

“The Protectionists have about 140 friends of the Reichstag, the free-traders about 80-100 Members; about 200 Members are neutral and opportunists. Our ministers are not radical free traders; [to the] contrary it is possible that all Ministers were now elected from the protectionist party.”

On May 15, 1876, Baron Kardorff wrote to Carey, describing the rapid progress of the Carey circle in Germany, including their success in procuring Bismarck’s dismissal of Trade Minister Rudolf von Delbrück:

“Dear Sir!

“Returning from a meeting of a union of gentlemen of the protective party at Leipzig to my parliamentary duties, I was rejoiced by the ‘Letters to the London Times’ [which Carey had just published in the United States] and the portrait you were so kind to send me. Wishing to give the full knowledge and use of your brilliant little pamphlet to my own countrymen, I began on the spot the translation of the letters, with the intention of publishing it in a separate little volume with a preface written by myself in reference to the ideas about the necessity of self defense against the theories and the agitation of the radical Manchester free trade men, I wish to impress upon my people.

“The day before yesterday I see in the *Mercur*, a weekly journal published by my friend Dr. Stöpel at Frankfurt, that he also has begun to translate the letters. But, on the whole I think my own translation is a better one and notwithstanding the competition of my friend I shall publish it in the above-mentioned shape.

“I would not have done it without your own permission if time was not pressing. But our government is bound, to give warning for the revision of our commercial treaties with Italy, France, Great Britain, Belgium, etc. at the date of the first of July—and I hope that the necessary changes in these treaties will be influenced by the rigor and clearness of your exhibit of the workings of the British free trade policy in the whole world.

“Therefore pray excuse the proceeding of your humble follower as justified by extraordinary circumstances.

“We have had a great triumph, Mr Delbrück, a vehement free trade man and till now chief of the trade department of the German empire, having been induced to take his leave; but the battle is not yet won, the daily journals nearly all writing in obedience to the instructions of the Cobden Club [British free-trade society with honorary members among Anglophiles in America and Germany], and public opinion vacillating between the two sides of the question.”

Despite bitter opposition from free traders, Germany successfully revised its fundamental tariff policy, with a new German protectionist duty on iron, steel, and other products, adopted in July 1879. As a result, smelting and machine works enterprises increased 30%, and employment went up 40%, with higher wages, over the next six years alone.

1. Lothar Gall, *Bismarck, The White Revolutionary*, London: George Allen and Unwin, 1986; English translation of 1980 German edition), pp. 73-76.

Beyond the protective tariff, Germany adopted a thorough *dirigism*. Industries were cartelized for greater productivity, as in the pooling of laboratory facilities. Large banks, interlocking with the state-sponsored cartels, were set into motion for the financing of national and international development programs. The government intensified its sponsorship of education, and constructed a vast network of railroads, canals, and ports; subsidized merchant ships; and built a world-class navy.

Other aspects of the great shift in German affairs under Bismarck—the pro-labor social welfare laws, the German-U.S. partnership for German and worldwide electrification, the turnabout in relation to the Catholic Church—would have tremendous worldwide consequences. We must look further, behind the scenes in America, and into the realms of labor radicalism and Catholic Church politics, to understand these developments.

The Centennial: renewed American Revolution

Carey and his allies spurred their worldwide organizing by obtaining Congressional sponsorship for a great celebration of the 100th anniversary of America's Declaration of Independence. The 1876 Centennial Exposition in Philadelphia, the capital city of the 1776 Revolution, called forth displays of the industrial progress of the United States, the Germans, and all the world's nations.

The huge exposition buildings in Fairmont Park were erected by the Philadelphia Interests industrialists such as William Sellers, who was a leader of the Franklin Institute, along with Baldwin boss Mathew Baird. The Carey forces managing the exposition were led by Henry Carey's political

Emil Rathenau's part in the 'land-bridge'

Emil Rathenau (1838-1915) was the founder of the German Edison Company (later known as Allgemeine Elektrizitäts Gesellschaft, AEG), which electrified Germany's cities and industries. The following are extracts from a report by Frank Hahn.

Emil Rathenau and Thomas Edison were direct business partners, and became dear friends. They often visited each other, and learned new things from each other.

Rathenau thought of machines as the "tools for the future," and the realization of his plans resulted in the most rapid economic boom in history: In less than 25 years, there were 7 million new jobs created, as the immediate result of the "replacement of physical labor by machines."

AEG functioned as a kind of private NASA. New branches of production, machine types, and affiliated spin-off enterprises were continually being founded, which all aimed at one goal: the electrification of the world economy. To this aim, Rathenau gathered together the best economists, engineers, and construction contractors of this time under the roof of the AEG. . . . Thus even before production, there was research into and development of new technologies.

Rathenau concentrated on electrification of transport, electrification of the chemical industry, and the building of large power stations and "full coverage" electrical networks.

His goal was nothing less than the electrification of the

world economy. So, he expanded AEG in the 1890s to become a worldwide enterprise, with affiliates in 18 countries: Austria, Switzerland, Italy, France, Belgium, Great Britain, Spain, Romania, Bulgaria, Russia, Denmark, Norway, Sweden, South Africa, Mexico, Brazil, Chile, and Argentina. Among other projects, AEG built the great electrical grids in Seville, Bilbao, and Madrid, Spain; as well as Warsaw, Poland; Genoa, Italy; and Buenos Aires, Argentina—and later in Russia.

After the successful introduction of electrical streetcars in Halle, Germany, in 1892, the city of Kiev, Ukraine gave AEG the task of constructing the grid for electric streetcars and to deliver 66 trolley cars to operate on it. Rathenau went to Russia himself, and soon there were tramways built in Moscow, Lodz, and Astrakhan. Not long after followed the electrification of St. Petersburg.

The word got around: "Berlin is the capital of the Russian electrical industry."

[At the same time, Frank Sprague, a partner of Thomas Edison and the Philadelphia Interests, introduced electric streetcars and subway trains to the United States—ed.]

In 1904, AEG began to work in China, though preceded there by Siemens, which had already built some streetcars and electrical generators there. Starting in 1912, AEG got the job of electrifying the Trans-Siberian Railroad.

The electricity generating plant at Niagara Falls, New York [with engineering directed by Coleman Sellers of Philadelphia's William Sellers machine works—ed.] was financed in part by Deutsche Bank. When Edison Electric Light was formed in the United States in 1889, the majority of shares was held by four German enterprises: AEG, Siemens and Halske, Bankhaus Stern, and Deutsche Bank.

lieutenant, Morton McMichael, the former Philadelphia mayor and America's leading Whig publisher, who was chairman of the Fairmont Park Commission.

The Philadelphia Interests displayed their industrial wonders. Baldwin contracted several exceptionally beautiful lo-

comotives, just for the Centennial. And the Careyites' 29-year-old protégé, Thomas Alva Edison, put on a display of his automatic printing and multiplex telegraph devices.

Only days before the July 4th opening of the Centennial, Edison had completed his move into his new Menlo Park,

Franz Reuleaux's 1876 'Letters from Philadelphia'

Franz Reuleaux, the head of the German machine builders' delegation to the U.S. Centennial celebration in Philadelphia, wrote a series of reports on the exposition, in the form of open letters. They were printed serially in the European press, with great public impact and resulting in international controversy.

The letters beautifully illustrate the moral and philosophical character of the republican nationalists, Carey and his allies, who, despising chauvinism, fought to bring modern technology to the world.

Reuleaux, a professor of the science of development of machines at the Berlin Technical Institute (Berliner-Gewerbe-Akademie), served as the institute's president from 1876 for about 30 years. His teaching, writing, and political leadership were of very great influence in late-nineteenth-century German industry.

During his three months in Philadelphia for the Centennial, Reuleaux studied the methods of the city's great industries, the most important of which were the "Philadelphia Interest" firms led by Henry Carey's political partners. It is certainly the Carey circle to which Reuleaux refers, when he suggests, in the first letter, that a "master's hand" was behind the Philadelphia exposition.

The following are translated excerpts from Reuleaux's "Letters from Philadelphia" ("Briefe aus Philadelphia"), published in 1877 by Vieweg and Sons. Reuleaux and his writings were brought to *EIR*'s attention through the research of Lothar Komp.

From the First Letter, June 2, 1876:

These numerous separate exhibitions, many of which are of vast dimensions, produce, together with the great exhibition halls, an impression much like the movements of a mighty fugue, in that every voice intones anew the main movement, each, however, with its own character, entwining and interweaving itself with the other figures, until, finally, the entire tremendous industry-orchestra, roaring and thundering, comes together to bring the theme

to the conclusion.

Never before has this overall impression been so perfectly achieved. In any case, the effect betrays a master's hand at the conductor's baton. . . .

Today I wish only to elaborate, in broad outline, on the reproaches that have been hurled against us. The quintessential charge is the motto: German industries' fundamental principle is "cheap and bad."

Unfortunately, for the most part, this really is the fundamental principle of our industry, at least insofar as its first half is recklessly applied, and therefore, as the consequence, its second part follows. Even though competent, upright industrialists who condemn this principle have endeavored to work against it in our country, even though many whose hearts are fond of our industry have spoken out against it, it nonetheless has the upper hand, and thus manifests itself all too clearly in our exhibition.

Second reproach: In the industrial and fine arts, the only motif Germany knows is the partisan-patriotic, which does not belong in the world arena, and which no other nation has brought; Germany no longer has feeling for unbiased beauty which is beautiful on its own merits.

Indeed, once this is said to us, we are overcome by a feeling of shame when we wander through the exhibition, and in our section we observe the Teutons, Prussians, Kaisers, crown-princes, "Red Princes," Bismarcks, Moltkes, and Roones, made of porcelain, biscuit, bronze, zinc, iron and clay, painted, embroidered, knitted, printed, lithographed and woven, which come marching out, battalion-like, from every nook and cranny to greet us.

From the Ninth Letter, Aug. 25, 1876:

First of all to be emphasized, is . . . that in the recent decades, American industry has worked its way up to, for the most part, admirable heights. For this she can thank not only the skillfulness of her intelligent workforce, of which we Germans form a considerable portion, but also, without a doubt, the protective tariff.

The protective tariff has called forth, reared, and brought to a state of high perfection industries which did not exist here before, and it continues to have this same effect today. In Germany, one should not be astonished by this; because, in previous times, we ourselves used the protective tariff for entirely the same purposes and with the greatest success.

New Jersey "invention factory," under the sponsorship of Philadelphia Interests partner Gen. William J. Palmer. Palmer's executive secretary, Edward H. Johnson, had become Edison's business manager. University of Pennsylvania Prof. George Barker, head of research at the Franklin Institute,

was now Edison's science adviser.

Twenty months later (in March 1878), Barker would arrange for Carey, Carey lieutenant Morton McMichael, and George Boker, who had just completed his work as U.S. ambassador to Russia, to conduct a private telephonic ex-

Furthermore, the majority of American industry has sought its strength in the quality of its products. By this means it has succeeded, little by little, in pushing back a long line of foreign imports. The essential means to accomplish this are, firstly, the machine which spares bodily exertion and, secondly, human intelligence in the form of the skillfulness of the workers, by granting them high wages. Both factors together provide a product which, at relatively cheap prices, is of good, and for the most part of very excellent quality.

From the Tenth Letter, written aboard ship returning to Europe, early September 1876:

In the last few days of my transoceanic sojourn, more and more attacks [on the "Letters from Philadelphia"] from Europe have reached me which, in their violence, lack nothing. . . .

For me they are a proof that the enemies have written themselves into quite a rage. The English press could not resist adding slightly to the translation, to increase their instinctively awakened triumphalism, by telling their English readers that I called German products "cheap and nasty."

From an unpublished research paper by Lothar Komp:

In the introduction to his book *Konstruktör (The Designer)*, which for many decades was among the most important textbooks for aspiring machine-builders, Reuleaux attacked those who hold the view "that all polytechnical teaching must be subservient to the ruling principle of 'cui buono?', that all teaching methods must have a concrete relationship to specialized and 'bread and butter' studies [*Brotstudium*]."

Reuleaux, on the other hand, inspired his students with Schiller's inaugural address at the University of Jena, entitled "What Is and to Which End Do We Study Universal History?"

In his ceremonial speech celebrating the 50th anniversary of the Berliner-Gewerbe-Akademie in November 1871, Reuleaux refers to the achievements of universal minds like Leonardo da Vinci and Gottfried Wilhelm Leibniz and emphasizes: "Therefore, that education which achieves the utmost is inconceivable unless universal education is made possible. Therefore it is wrong, to expect

the utmost from specialized education, as penetrating as it may be."

. . . The accusations in his book *Kinematik*, published in 1875, are harsh:

"Today some want the machine engineer to believe that he should see his science merely as an expedient, which he is to learn and to practice only as it is immediately useful for his field. He is told that it should be his means of living, not, as the previous schools intended, an enlargement of his range of vision, an elevation of his viewpoint, a strengthening of the penetrating force of his intellect.

. . . The previous path, which made the German technical universities great and exemplary, was that which equipped the pupil with true scientific knowledge and lent to his technology itself that contemplative nature (*Innerlichkeit*) which brightens the range of vision and enables it to discover the possibility of forging ahead into new realms."

. . . The students of . . . Reuleaux accomplished what Reuleaux had demanded in his *Letters from Philadelphia*. Germany broke from strict adherence to the free-trade doctrine, and experienced a considerable increase in the living standards of its workers, per household. It was the graduates of the technical universities who achieved the breakthrough of shifting Germany over to "production according to the American system" [of standardized machined parts].

The components of machines and other goods were now, through the consistent application of machine tools, to be so precisely manufactured that they were to become interchangeable. Although this form of production is, at first, more expensive, because of the high cost of the machine tools, and of the highly paid specialized workforce, it made possible a drastic increase in the productivity of German industry. It is to be noted, that, without the principle of interchangeability, every single part of a machine, down to the last screw, must be "tailor-made." Around 1860 in Germany, it was still the case that, because of the lack of precision in the production process and the lack of standardization, for every nut, there was one and only one specially made bolt.

Universal interchangeability, on the other hand, demanded extraordinary precision in the production of individual parts; indeed, far more precision than was necessary for the functioning of one individual machine. This objective was only to be achieved with the most up-to-date machine tools.

periment with Edison in a University of Pennsylvania classroom.

Dmitri Mendeleev, whose “Periodic Table” hypothesis was revolutionizing chemistry, was among the visitors at the 1876 exposition. That Russian scientist and economic nationalist was then in Pennsylvania investigating the petroleum industry—a field of work which the Pennsylvanians and allied patriotic industrialists had just invented, but which John D. Rockefeller was crookedly monopolizing.

Another European visitor at the Philadelphia Centennial was the German industrial and technological innovator, Emil Rathenau. Five years later, at the 1881 Paris electrical exposition, Rathenau would meet Edison’s representatives, namely Carey-circle operative Edward Johnson, Edison’s business manager, and George Barker, science director for the 1881 display of Edison’s new electric light. Since Rathenau had been in Philadelphia, Professor Barker had counseled and steered Edison to embark on the invention of electric lighting and public power.

Upon viewing the Edison light in Paris, Rathenau was moved with a vision of humanity uplifted with the aid of electrification, and he became the partner of Edison and the Careytes in that endeavor. Rathenau’s German Edison company was to be an essential component of the transformation of Germany following the late-1870s policy shift to national patronage of industry. (See box, p. 39.)

The ‘Kulturkampf’ trap

To proceed with their great economic and political objectives, the republican nationalists were required to solve dangerous social and religious problems in Germany.

We may look back from our vantage point of 120 years, and observe with calmed passions the dilemma of a Western nation that has been manipulated into a needless, destructive political-religious conflict. Unfortunately, what we observe seems horrifyingly like what the British oligarchy and its scribblers such as Samuel Huntington seek to incite today, a contrived “clash of civilizations” of the West against Islam.

The people and institutions of a major world religious faith, with a foreign center, are falsely defined as the “enemy,” as dangerous to the security and sovereignty of the state.

Thus was Germany’s Chancellor Bismarck, the wily East Prussian Junker aristocrat, squaring off in his *Kulturkampf* (or “struggle for civilization”) against the Roman Catholic Church, led by Pope Pius IX.

The May Laws and other measures against German Catholics were adopted by Prussia and the newly consolidated German Empire in the period 1871-73. This followed the July 18, 1870 decree of Pontifical Infallibility issued by the Council of the Vatican.

British Crown agents were playing a double game with

respect to the Church. Anglicans intrigued with north European Protestants, Jansenists, Old Catholics, and Orthodox Russians to whip up reaction to the “dangerous Papal infallibility doctrine.” The London-based stooge Giuseppe Mazzini had been thrown against Italy, his revolution and freemasonry terrifying and cornering the Vatican.

As pope from 1846 until his death on Feb. 7, 1878, Pius IX had, because of his fear of “revolutionary republicanism,” looked favorably upon the British-backed slaveowners’ rebellion against the American Union. Meanwhile, British Catholic “conservative” counsellors within the Church helped keep the Vatican confined to the false choice: protection of the Church by “black nobility” oligarchs, versus giving in to the atheist onslaught. Pius was rendered incapable of communicating with Germany’s leaders, who had made the Catholic Church their enemy.

Henry Carey had worked in many ways to outflank the British Mazziniite game in Europe. Carey met with Count

Carey and Pope Leo XIII vs. John Stuart Mill

Political strategy in the late-nineteenth-century world revolved around the opposition between the view of man typified by Henry C. Carey and by Pope Leo XIII, on the one side, as against that of British Empire propagandist and “classical economist” John Stuart Mill.

In his 1859 *Principles of Social Science* (Vol. 1, pp. 28-31), Carey quotes his adversary Mill, describing what Mill claims is economic science:

“Political economy considers mankind as occupied solely in acquiring and consuming wealth . . . except in the degree in which [desire for wealth] is checked by . . . aversion to labor and the desire of the present enjoyment of costly indulgences. . . . All [man’s economic acts], though many of them are really the result of a plurality of motives, are considered by political economy as flowing solely from a desire of wealth. . . . Not that any political economist was ever so absurd as to suppose that mankind are really thus constituted, but because this is the mode in which the science must necessarily be studied.

“. . . For the sake of practical utility, [the principle of population is to be] interpolated into the exposition.” (Mill, *System of Logic*, Book VI, Chapter 8)

Carey comments that here “we have the political-economical man, on the one hand influenced solely by the thirst for wealth, and on the other so entirely under the

Cavour—advocate of railroad-building modernization—in the late 1850s, and worked with Italian patriots to promote a unified Italian nation.

Carey and his German allies confronted the *Kulturkampf* as a British-induced suicidal trap, blocking Germany's national development and its vital global role.

The problem was solved only with aid from the outside, with the Carey-led movement for dirigist nationalism, and with a new pope, Leo XIII, who understood British perfidy.

The German Catholic Center Party was of no help. Ludwig Windthorst (1812-91) led the Center Party, which he had co-founded in the 1860s. We have observed Windthorst's name, above, as a participant with the protectionists in the Reichstag. Indeed, the Catholic Center Party's support for the protective tariff was a decisive factor in making a majority for that policy. The Center Party organization itself, however, did not initiate the policy shift, although Catholic industrialists in western Germany played a crucial role. As

their depression-wracked constituency demanded change, the party accepted the inducement to make a deal with Bismarck under the emerging nationalist policy.

Ludwig Windthorst himself was a rather weak-principled individual; perhaps his greatest distinction was that under the *Kulturkampf*, he had become Bismarck's personal nemesis (Bismarck said that his life revolved around his wife and Windthorst, the one to love and the other to hate).

Windthorst wrote that Britain was "the country of hereditary wisdom" in politics, and in general he followed Britain's free-trade doctrine. He was a fervent devotee of John Stuart Mill. This is an excellent political litmus test for that era: Henry Carey was known to "swear like a trooper" when Mill's name came up. Mill had been intelligence director for the British East India Company, and in the 1870s headed up British Empire political intelligence operations in America and Europe.

Leo XIII was elected pope in February 1878, after he

control of the sexual passion as to be at all times ready to indulge it, however greatly such indulgence may tend to prevent the growth of wealth."

"[British] political economy," writes Carey, "presents for our consideration a mere brute animal, to find a name for which it desecrates the word 'man', [otherwise previously] recognized . . . as expressing the idea of a being made in the likeness of its Creator.

"It was well asked by Goethe—'What is all intercourse with nature, if by the analytical method, we merely occupy ourselves with individual material parts, and do not feel the breath of the spirit which prescribes to every part its direction, and orders or sanctions every deviation by means of an inherent law?' And what, we may ask, is the value of an analytical process that selects only the 'material parts' of man—those which are common to himself and the beast—and excludes those which are common to the angels and himself?"

"Such is the course of modern political economy, which not only 'does not feel the breath of the spirit,' but even ignores the existence of the spirit itself, and is therefore found defining what it is pleased to call the natural rate of wages, as being 'that price which it is necessary to enable the laborers, one with another, to subsist and perpetuate their race, without either increase or diminution'—that is to say, such price as will enable some to grow rich and increase their race, while others perish of hunger, thirst, and exposure."

Carey sharply contrasted the purpose of his own global infrastructure program: "To the highly organized community . . . every new road brings with it increase of power

over nature, with increase of life," and the practice of Mill's British Empire: "Railroads are now being made *for*, but not *by*, the people of India, but their effects must, inevitably, be the same with those observed in Ireland. [Their] object . . . is the further promotion of the export of the raw produce of the soil, and the further extension of the centralizing power of trade; to be followed by increased exhaustion of the land . . . and more rapid decay of commerce."

As for Pope Leo XIII, he wrote, in his 1891 encyclical, *Rerum Novarum: On the Condition of the Working Classes*, that "animal nature . . . is far from embracing human nature, but rather is much lower than human nature, having been created to serve and obey it. What stands out and excels in us, what makes man man and distinguishes him generically from the brute, is the mind or reason. . . . Workers are not to be treated as slaves; justice demands that the dignity of the human personality be respected in them. . . ."

"[I]t is incontestable that the wealth of nations originates from no other source than the labor of workers. Equity therefore commands that public authority show proper concern for the worker so that from what he contributes to the common good he may receive what will enable him, housed, clothed, and secure, to live his life without hardship. . . . [I]t is of absolute interest to the State that those citizens should not be miserable . . . from whom such necessary goods proceed. . . . Workers' associations ought to be so constituted and so governed . . . as to attain the object . . . that . . . the members secure, so far as possible, an increase in the goods of body, of soul, and of prosperity."

had closely monitored the German crisis for seven years. Leo immediately applied his new power to solving the problem.

Windthorst is known to have been "irked" at the course Leo took, in circumventing the Center Party and negotiating and working directly with Bismarck. Though the Center Party took part in the protectionist legislation, Windthorst continued in different ways to oppose Bismarck, backed the Socialists, and played a part in Bismarck's eventual dismissal by Emperor William II, in 1890.

The Vatican-authorized biography of Leo XIII, written by Rev. Bernard O'Reilly and published throughout North America and Europe just after Leo's 1903 death, indicates Leo's views of the *Kulturkampf* problem:

"It is known what active sympathy the Church of England gave to the Old-Catholic faction, which, in the minds of representative men in Great Britain, promised to separate from the Papacy the great body of German Catholics. In London, as in Berlin, [there were] those who were most hopeful of such a result. . . . So wrote the greatest of British newspapers. 'It may be necessary for the German government to make the experiment of reforming the Roman Catholic Church within their country; and if they could succeed it would be an admirable achievement. But, for our part, we think it more likely that they will fail'—The London *Times*,

Wednesday, December 11, 1873."

This Vatican-approved biography states, that "Dr. Döllinger and his followers . . . [had] formed themselves into what is known as the 'Old Catholic' church, which allied itself with the Jansenists of Holland, [and] with the Church of England. . . . [T]his 'Old Catholic' church . . . assembled in council with the Jansenist prelates and priests of Utrecht, [and] with the representatives of the Protestant Church of England. . . .

"During the seven years which preceded his own elevation to the Papal Chair [as Leo XIII, he, as] Cardinal Pecci, from his watchtower in Perugia, had followed with intense and sympathetic interest the noble struggle of the German Catholics . . . against the overwhelming power of a state . . . backed in its warfare against Catholicism by the combined forces of the secret societies and the influence and unscrupulous press controlled by the lodges or salaried by the state."

The biography continues, "One of the first acts of the Holy Father was to write to the [German] Emperor William, notifying his Majesty of his election and expressing his deep regret at the rupture between Germany and the Holy See."

Leo's biographer quotes Bismarck's later explanation, that he had always desired the "laws of conflict" to "lead

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to peace. . . . The hope entertained meanwhile that a Pontiff more disposed to peace was realized. . . .

"I began, as soon as the present pope ascended the throne, to open . . . negotiations with Monsignor Masella," the papal nuncio in Munich.

Kulturkampf was soon abandoned, by agreements reached between the German government and the Vatican.

Behind the German policy shift

The nationalist program, for Germany to adopt protective tariffs, was certainly identified with the steel and coal producers and railroad builders. On the opposing, free-trade side, were Junker aristocrat landlords, importing merchants, and stock speculators. Yet, in the creation of a national consensus for state-sponsored industrial development, many aristocrats came over to the protectionist side, and merchants and investors generally flourished under the secure prosperity that resulted from the protectionist policy.

In reality, the political struggle was not between the material interests of contending economic sectors within a particular country. Rather, the leading advocates of national development knew they were fighting against a British Empire determined to stop them, and against a British-led worldwide free-trade lobby.

The case of John Prince Smith is typical of the British efforts inside Germany. The founder of Germany's free-trade movement, Smith was a British agent of influence, living in the character of an English schoolmaster stationed in the Baltic port of Elbig. In the late 1840s, Prince Smith had set up the Free Trade Union in Berlin and Germany's Association of Free Trade Societies. Though their propaganda made appeals to Germans' supposed material interests, these groups, the Cobden Club and other free-trade lobbyists, made little effort to disguise their British Empire affiliation.

The leaders of the protectionist movement, Carey and his allies, who proposed to "girdle the globe with a tramway of iron," proceeded programmatically from an idea of the dignified nature of man, and of mankind's needs, fundamentally opposed to the degraded British imperial view. The nationalists' goals went far beyond the immediate material interests of industrialists; in fact, the Careyites had repeatedly to contend with and correct the narrower notions of employers' self-interest, in order to save their skins as industrialists. But because the Careyites' idealism coincided with the only means for universal national prosperity, a powerful consensus was forged behind the nationalist program.

The creation of a social welfare system for the working class was a dramatic innovation in Germany's dirigist policy shift. By the late 1880s, German workers were protected by disability and health insurance, old-age pensions, and employer-paid accident insurance. Productive power grew with

industrialization and better national health: By 1913, there were only 409,000 annual deaths out of a German population of 66 million, compared to 1,219,000 deaths in 1888 out of only 48 million population.

As we look deeper into the politics of the 1870s-1880s, we will perceive more clearly the character of the political movement promoting the entire package of nation-building reforms, including the social welfare safety net adopted by Bismarck. This pro-nationalist movement included vital labor and religious components.

Right at the outset of the financial collapse of 1873, the German Union of Iron and Steel Manufacturers was established, to begin agitating for protective tariffs. They were supported by the very influential nationalist protectionist group, the Union for the Promotion of the Common Economic Interests of the Rhineland and Westphalia. The president of this latter Union, representing mainly Catholic industrialists, was the Irish immigrant W.T. Mulvaney; the group's politically well-known secretary was A.H. Bueck.

The Central Association of German Manufacturers, managed by Carey apostles such as Grothe and Kardorff, was established in 1876; Bueck was secretary of this group, as well as of the Rhineland-Westphalia group.

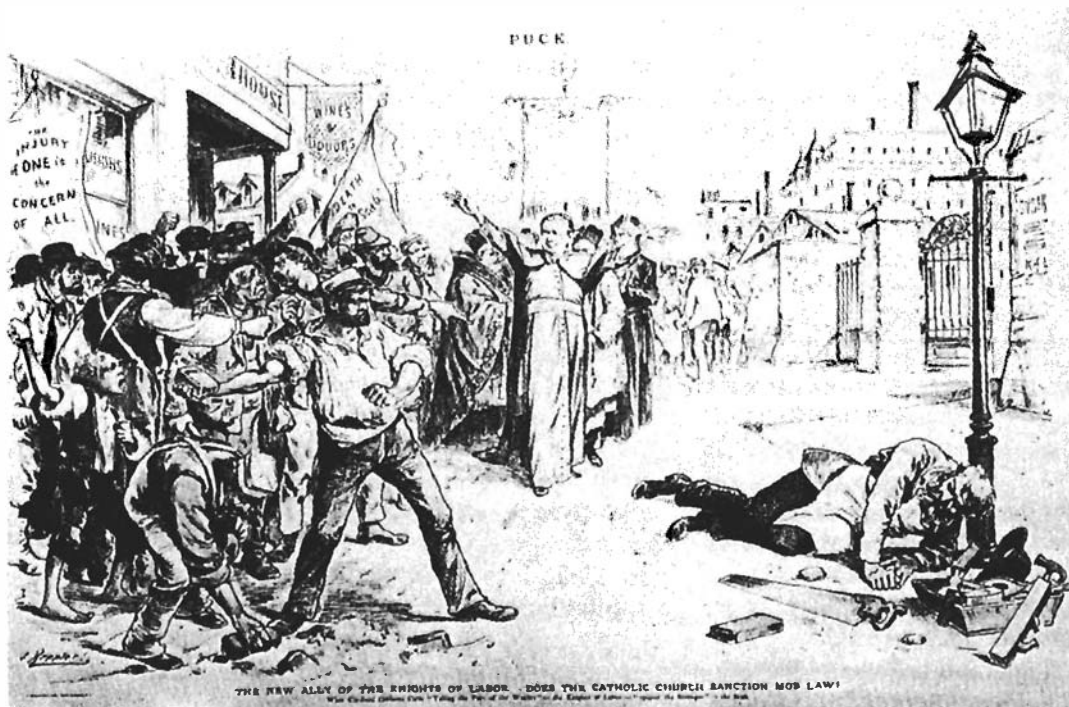
Pope Leo XIII, who came into office in 1878, exerted a powerful influence not only on the Catholic Church, but also much more broadly. Leo endorsed the dignity of labor, a decent living standard, and the right to organize unions, as set forth in his famous 1891 encyclical *Rerum Novarum*. Leo's views in the matter squared exactly with those of Carey and his movement.

Carey's 'knights' joust with Britain

It was just in this era of the late 1870s, that the Carey circle in Pennsylvania sponsored a new movement for the self-organization of labor. This labor initiative—made practical only by the approval of Pope Leo XII—was an integral part of the Careyites' bitter global contest against the British Empire.

When Henry Carey was around 80 years old, one of his Pennsylvania disciples named Terence V. Powderly began an international career, combining mass labor organizing and astonishing military and diplomatic enterprises. Powderly is best known as the head of the Knights of Labor, the most important nineteenth-century American working class organization. The world knows little of his participation in the elite Carey circle, which sought to crisscross Eurasia with railroads, and to arm Ireland and other nations for war against Britain.

In order to put the Knights of Labor into its true historical context, we shall now summarily describe some of the leading activists in the Carey inner circle, and their extraordinary joint



The British magazine Puck, March 23, 1887, attacks the Catholic Church for supporting the Knights of Labor, the anti-British mass workers' organization built by followers of Henry Carey.

projects in and beyond Carey's last years (he died on Oct. 13, 1879):

- Philadelphia financier **Wharton Barker**, publisher of Carey's works in Barker's magazine, *Penn Monthly*, and initiator of James Garfield's 1880 U.S. Presidential candidacy. Barker urged upon the Russian government "the accomplishment of the common work of Russia and America, namely the dismemberment of the British Empire." In 1878, Tsar Alexander II appointed Barker as his special agent to construct ships for the Russian Navy. (The arrangements with Russia were facilitated by the U.S. chargé d'affaires in St. Petersburg, Wickam Hoffman, who had served as an officer on Gen. W.T. Sherman's staff during part of the Civil War.) After building four warships at William Cramp and Sons shipyard, Barker went in 1879 to Russia, to launch iron and coal mines, forges and factories, for the industrialization of southern Russia. Meanwhile, in the 1870s, the Baldwin Locomotive Works filled orders for gradual Russian railroad development.

In 1881, both the Tsar and President Garfield were assassinated.

- Philadelphia physician **William Carroll**, from 1875 to 1880 chairman of the executive committee of the Clan na Gael (or "Fenians"). Carroll went clandestinely to Ireland and England in 1878, pulling together the feuding Irish dissidents into the Clan na Gael's Ireland affiliate, the Irish Republican Brotherhood (IRB), with 20,000 members. Carroll wrote that Ireland and America should be guided by Henry Carey's program, which it had previously seen from his father, Mathew

Carey, during the 1780s. The Carey-spawned IRB later employed Michael Collins, who, with Carey disciple Arthur Griffith, forced the British to a stand-off in the Anglo-Irish shooting war following World War I; thus was born modern Ireland.

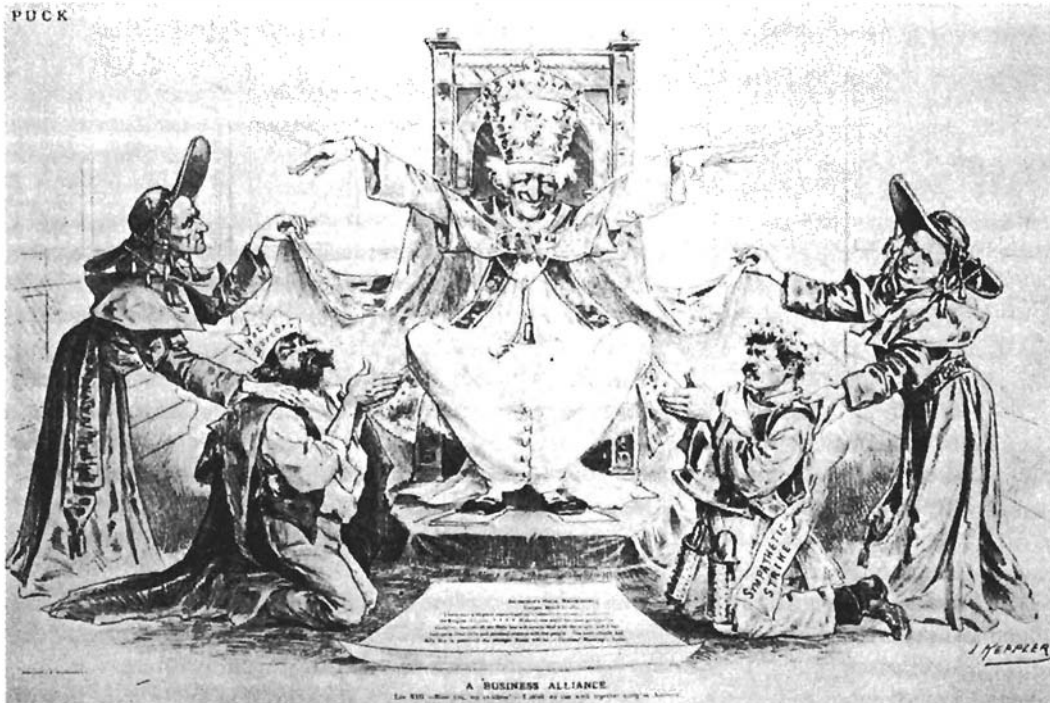
- **Robert Ellis Thompson**, Carey's editor and exponent as professor at the University of Pennsylvania, and the first dean of the Wharton School. Thompson helped monitor German political developments for Carey.

- **Terence V. Powderly**, treasurer of the "skirmishing fund" for the Clan na Gael. Powderly, Thompson, and the others collected American funds and sent guns and money to Ireland for the uprising, intended to be one front in a Russo-American war against Britain. Among those who were paid from Powderly's fund, was an Irish immigrant to the United States, inventor John Holland, who built the world's first modern submarines, on the American east coast, for the Irish revolution. The British embassy protested, in vain, to President Garfield, against the trials of the Irish revolutionary submarine in New York harbor. The U.S. Navy later hired Holland to build its first submarines.

Carey's "Irish brain trust," with their close ally John Devoy, worked in the 1880s to bring Irish-American voters over to protectionism, and against the British/Wall Street power combination.

It was thus, as an agent for the Careyite global political initiative, that Powderly became head of the Knights of Labor in 1879.

His parents had left Ireland in the 1820s, after his father



On April 13, 1887, Puck portrays a lunatic Pope Leo XIII blessing priests and their worker clients.

was jailed for “murdering” a rabbit on the property of an aristocrat. Born in Carbondale, Pennsylvania in 1849, Powderly got into Irish nationalist politics as a young boy. As a teenager during the American Civil War, he guarded railroad switches. He became a skilled machinist in a complex of railroad equipment building, steelmaking, and coal mining, in the northeastern Pennsylvania industrial area built up by Carey’s close friend and political partner, George Scranton. Scranton’s family dominated the city of Scranton, Pennsylvania, named for George.

In 1874, already a labor organizer, Powderly was initiated into a small Philadelphia-based secret society, the Knights of Labor.

In 1875 Powderly was fired by a boss who was notoriously anti-labor union, but was reinstated to his job by the intervention of the owner of the business, William Scranton.

In 1876, Powderly worked in state Greenback-Labor politics against the financiers’ national policy of Specie Resumption.

In 1878, Powderly was elected mayor of Scranton, Pennsylvania, against both the Democratic and Republican candidates.

In 1879, with the backing of the Carey machine, whose global strategy he was already helping to lead, Powderly was elected head of the Knights of Labor. Over the next few years, he made the Knights a mass phenomenon, with 800,000 U.S. members, employed and unemployed, blacks, women, and immigrants, Irish, German, and others. The Knights’ main goal, while defending workers’ living standards, was to bring

them together to discuss and learn American System political economy.

Powderly’s movement, which spread to Canada and England, terrorized the British Empire. The *Canadian* hierarchy of the Catholic Church forbade Catholics from joining the Knights, and demanded that the Vatican condemn the entire movement. But Powderly, a devout Catholic and an ecumenical leader, entered into negotiations with the Catholic Church hierarchy, going through Cardinal Gibbons of Baltimore and Archbishop Ryan of Philadelphia. Gibbons interceded with Pope Leo XIII, who rejected the British Empire’s demand to ban the Knights of Labor.

Puck, the British magazine which had made filthy attacks on President Lincoln during the Civil War, ran a cartoon on March 23, 1887, showing a mob of ignorant workers stoning a poor hardworking “scab”; the mob is blessed by a Catholic prelate. The caption reads, “The new ally of the Knights of Labor. Does the Catholic Church sanction mob law? What Cardinal Gibbons calls ‘Taking the Part of the Weaker’—the Knights of Labor—‘Against the Stronger’—the scab.”

On April 13, 1887, *Puck* ran a cartoon showing the crowned pope, looking like a lunatic, blessing sinister priests and their two low-life worker clients, a bearded one labelled “Holy Boycott” (i.e., the Irish rebellion), the other labelled “Sympathetic Strike”; the caption reads, “A business alliance: Leo XIII— Bless you, my children!—I think we can work together nobly in America.”

In an 1883 rally at New York’s Cooper Institute, Powderly was preceded on the platform by Henry Carey Baird, nephew

and disciple of the recently deceased Henry Carey. A newspaper account² gives Powderly's speech as follows, first quoting, then paraphrasing:

"I am a protectionist from the top hair of my head to the bottom of my boots, for two reasons. First, because I am a Pennsylvanian; and second, because I am an American. . . . He denounced the free-trade system as the result of British machinations. He called attention to the enormous purchases of land in this country by British capitalists: Sir George Read, K.C.B., 2,000,000 acres; the Earl of Dunraven, 6,000,000 acres; the Duke of Sutherland, 410,000 acres; Phillips Samson & Co., 1,300,000 acres; the Earl of Dunmore, 100,000 acres; English capitalists in Dakota, 45,000 acres; and that other foreign organization, the Standard Oil Company, 1,000,000 acres. . . . He had learned two or three trades, and he could make the drawings of a locomotive, and build it and set it up, and he felt that his opinion was worth something. . . ."

Powderly was forced out of the leadership of the Knights of Labor in 1893, when a cynical London-Wall Street political agent named Daniel de Leon and his leftist allies staged an organizational coup. The Knights collapsed, and de Leon went on to help found the American Communist Party.

China and America's mission



Wharton Barker

Wharton Barker, narrowly described in reference works as a "financier" and "publicist," was to persevere with the Careyites' international initiatives into the last decades of the nineteenth century.

His family background had prepared him morally and politically to stand steadfastly against British geopolitics. As a Philadelphia teenager, Barker had helped his father organize, arm, and train the 3rd U.S. Regiment of Negro troops for the Civil War, while

his father led the fight to racially desegregate public transportation in Philadelphia. His uncle, Bethlehem Steel and Wharton School founder Joseph Wharton, was a member of the Henry Carey inner circle and a principal financier of Carey's later political efforts.

In the last decade of Carey's life, Wharton Barker published the *Penn Monthly* for Carey and his followers (who then controlled the University of Pennsylvania; in 1880,

2. A New York newspaper, name unknown, clipping in the Terence V. Powderly Papers, Catholic University of America archives.

Barker became a university trustee and later the treasurer of the Board of Trustees). It was during this period that Carey's 1876 "Letters in Reply to the London Times" spurred the world's conscience with its blistering attack on the British rape of China. The *Penn Monthly* ceased publication after Carey's death in 1879. Barker put out *The American*, a weekly, from 1880 to 1900.

Barker had led the Carey circle's work in arming Russia and Ireland, and readying an American takeover of Canada, all aiming at "the dismemberment of the British Empire." His ally, Tsar Alexander II, was assassinated in 1881, three days after Barker received a telegram saying that the Tsar had decided for Barker to supervise industrialization in southern Russia, north of the Sea of Azov; and his successfully elected nominee, President James A. Garfield, was murdered a few months later. Thereafter, Barker concentrated on the industrialization and national unification of China.

As is the case today, all the Philadelphians' projects for infrastructure and modern industry had to contend constantly with British sabotage, often in the form of fomented regional wars or instigated rebellions. In a July 15, 1880 memorandum to Nikolai Karlovich Giers, acting head of the Russian Foreign Office, Barker warned Russia not to fall into the trap of "English statesmen anxious to embroil Russia" in a senseless war with China. We see his later efforts in China carried out in conjunction with his good relations with Russia; Barker continued, into the 1890s, to work in Russia to facilitate railroad construction there. It was in the 1890s that the Baldwin Locomotive Works and other Philadelphia firms would supply the equipment for the Russians to build the great Trans-Siberian Railroad.

In 1886-87, the government of the Chinese Empire contracted with Wharton Barker's organization to create banks, and to build railroads and telecommunications lines for the unification and military defense of China. The facilities were to be subject to strict Chinese national sovereignty. Barker aimed at setting up Hamiltonian national banking, to free China from British usury.

The announcement of Barker's arrangements with China brought a storm of abusive press attacks from the British and their New York and Boston allies.

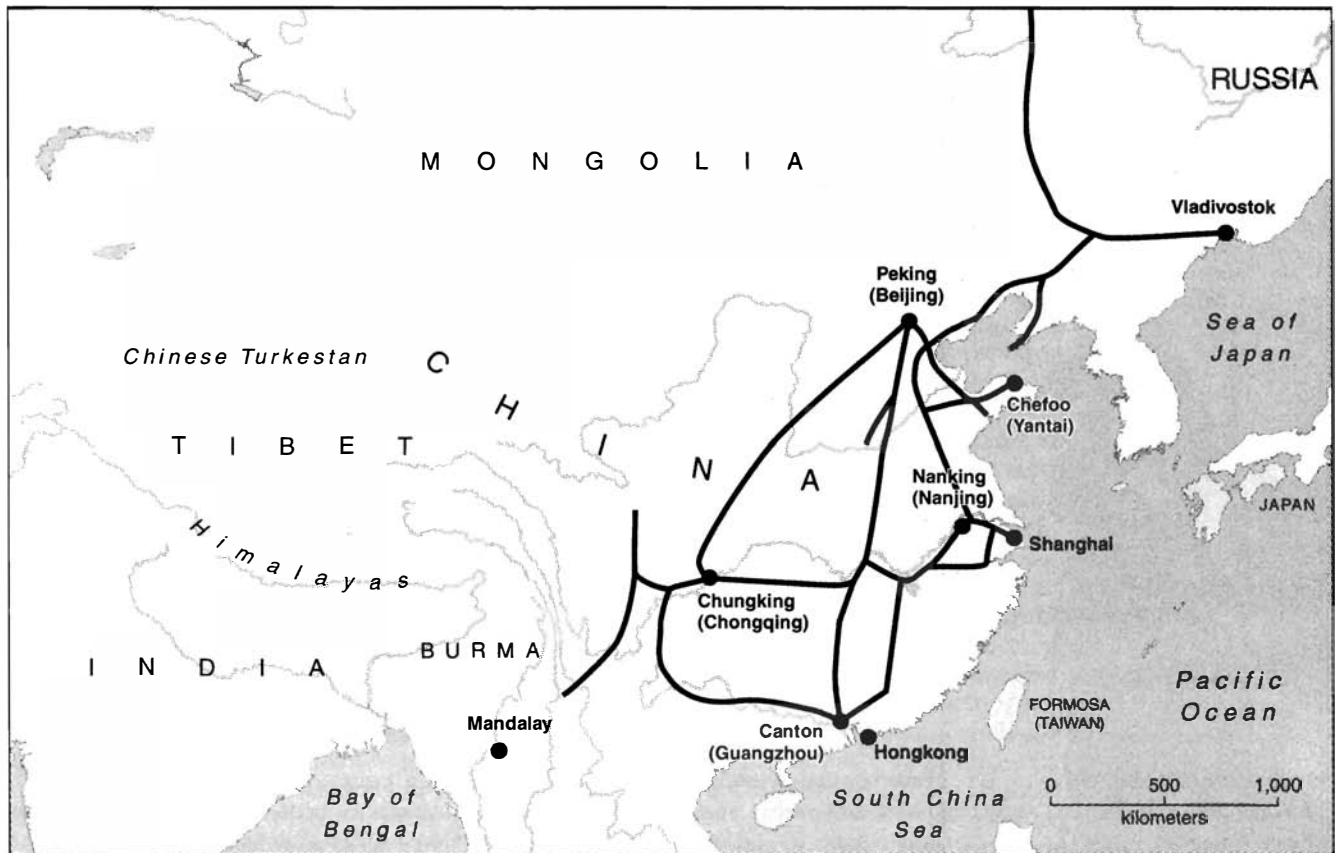
In response, Barker explained the program in his magazine, *The American*, Sept. 10, 1887, under the headline "Chinese-American Enterprises":

"Upon the initiative of a syndicate of Philadelphia capitalists, of whom Mr. Wharton Barker is the representative, concessions of far-reaching importance to the future development of the Middle Kingdom and to the commercial interests of the United States, have been granted. The negotiations to this end were conducted by Count de Mitkiewicz, of Washington, D.C. . . . They have covered a period of some months, and now appear substantially complete.

"If the Chinese have been more tardy than the Japanese in adopting the telegraph, the telephone, and the railways,

FIGURE 1

Chinese railroads projected by Wharton Barker



Chinese rail lines projected by Wharton Barker, redrawn by EIR from a map in the Wharton Barker Papers, Library of Congress manuscripts division.

or in taking advantage of the great mineral wealth of their country, they have at last taken up these instruments of modern progress in so thorough and effective a manner as to bid fair to distance their island neighbors. They have already a system of telegraphs connecting the cities along the coast, and extending inland along the Yangtse River as far as Hankow, and beyond. . . .

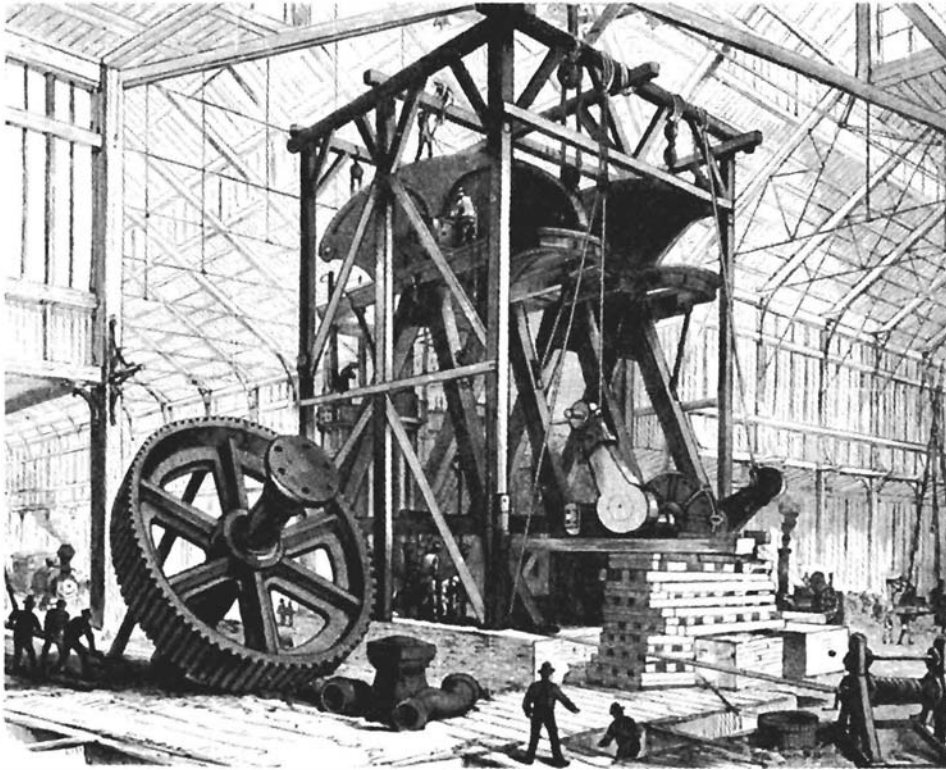
“The points covered by the telegraph lines indicate the proper route of the first railways to be built, viz., southward from Peking to Canton, connecting the great cities along and near to the coast, and westward along the Yangtse Kiang; while lateral routes acting as feeders to these lines will open up the interior.

“... Among the most obvious [advantages resulting from such a system are] the greater commercial prosperity of the nation, the improvement in the general condition of the population that must result from intercommunication between the inhabitants of the various sections; the means of forwarding and distributing food supplies in time to avert the famines which, in seasons of bad harvest, have decimated

the population of entire provinces; and the facilities for moving and concentrating troops in order to suppress popular uprisings.

“China is rich in mineral wealth. A few mines of coal and gold have been opened. With railways these could be made much more profitable and a number of others would be developed. The commerce of the coast and river ports is already considerable; with railways connecting those ports with the interior this trade would be greatly increased.

“... To create such a railway system (in accordance with the government policy that railroads and mines must belong to the Chinese themselves), requires a more orderly system of finances than obtains at present. China, speaking of the eighteen provinces, presents a fine object lesson of an unfavorable phase of ‘state rights.’ The finances, if such they can be termed, of the various provinces are conducted independently, without reference to each other, and with regard to the Peking government only in so far as the annual tribute is concerned. There is no ‘budget’ in any of them. The Viceroys, appointed by the Emperor for three years, and



American technology for worldwide development: Here, the Corless Engine, which provided power for exhibits in Machinery Hall at the U.S. Centennial Exposition.

holding office at his pleasure, levy the taxes and determine that such and such impost must yield so much money, their object being to raise enough to enable them to pay the required tribute and run their own government. There is no general tax levied by the Imperial Government, and falling alike on all subjects; indeed, there is no general system of finance.

“This accounts for the high interest paid on such loans as the Government has effected . . . [even though] the receipts from the imperial customs are pledged as security.

“The establishment of a national bank has repeatedly been urged on the ground that it would help to regulate these matters, to the great advantage of the government and the people, and although the subject has been under consideration for about fifteen years, it is only now that decided steps for the founding of such an institution have been taken [emphasis added].

“Count de Mitkiewicz during his recent visit to Tientsin obtained for [Barker’s proposed] Chinese-American Telephone Company the exclusive right to erect telephones, operate telephone lines, and manufacture telephonic apparatus and appliances. . . . In addition to this, he returns to this country with the basis of a charter for a Chinese-American Bank, to be under joint American and Chinese control, and the capital of which is to be contributed jointly by Americans and Chinese. The functions of this institution . . . will include the placing of all government loans for such public purposes

as the construction of railways, the working of mines, and the contracting for supplies needed for such undertakings. It is also to have authority to issue bank bills and to provide a uniform currency in gold and silver; such bank bills and coin to be legal tender for their face value throughout the empire.

“ . . . Viceroy Li Hung Chang, Premier of the Chinese Empire and Pei-Yung Superintendent of the Board of Trade, has consented to accept the supervisorship of the Bank, and . . . he has sent as his envoy to this country . . . S.P. Ma Kie Chung, who, in conjunction with the Minister of the Chinese Imperial Government at Washington, is to confer with Mr. Wharton Barker as to the minor details in the plan of the intended bank.”

Barker had been informed, just before he published his program, that the British counterattack of libel was being planted in the *New York World* and *Sun* by the Bell Telephone Company. The Philadelphians had dealt with Bell before. Thomas Edison, whose inventions had perfected the telephone, had set up an international telephone company, backed by the American nationalists, rivaling that of Alexander Graham Bell, who was backed by the British and their opium syndicate partner in Boston, the Forbes family. The two groups fought it out, with Edison eventually losing to the British-Wall Street financial power.

The press, full of anti-Chinese racist filth, claimed first that Barker had really made no arrangements with the Chi-

nese government; then, that the arrangements were fraudulent; and finally, that China had decided to cancel them. These lies were patiently rebutted in the U.S. press by Chinese officials. Finally the London *Times* printed a triumphant headline, Oct. 13, 1887, "End of the Chinese-American Bank." The Chinese Empire had capitulated to British force and withdrew the Barker concessions. The combination of British banking capital and Navy were not then being matched by the British-neutered U.S. administration of President Grover Cleveland.

Barker tried again some years later. In the autumn of 1895, Viceroy Li Hung Chang called him back to China, where he negotiated to build 5,000 miles of railroad trunk lines, at a cost of \$125 million. The rail system was to be owned by the Chinese government, which was to use the revenue to develop a Navy and a merchant marine, while the railroad promoters were to build Chinese steel mills, locomotive plants, and textile mills. These efforts were also blocked. The Chinese imperial government was too degenerate to stand up to the British, while the United States was itself coming increasingly under British domination.

The American Whigs and the birth of modern China

Wharton Barker's entry in the standard reference work, *Who Was Who in America* (the volume covering deaths between 1897 and 1942), explains:

"Obtained, 1887, valuable railroad, telegraph and telephone concessions from China, withdrawn, 1888, by pressure upon Chinese Imperial Govt. by British Govt.; maintained correspondence with leading Chinese, some of them leaders in the revolution resulting in the republic, and regarded by them as authority on Far Eastern affairs; advocate of Am. cooperation in the development of China's material resources."

The mists of time, their own necessary secrecy, and the negligence of a British-dominated historiography, have all helped obscure the work of Barker and other Careyites toward the creation of modern nation-states. At present we do not know, for example, what part Barker personally may have played in the Chinese "revolution resulting in the republic."

But it is known that certain American nationalists, who shared Henry Carey's strategic objectives and whose paths intersected the Carey circle at many points, did in fact shape and sponsor the creation of Sun Yat-sen's organization; and Sun established modern China.

At the center of the story is the Hawaii-based American religious and political leader Frank Damon, who, with the support of his influential family, made Sun Yat-sen his protégé.

We can give here only the briefest account of this enterprise.

The Hsing Chung Hui, or Renew China Society—which would become the nationalist republican party of China, or Kuomintang—was founded in Honolulu, Hawaii, on Nov. 24, 1894. The founding meeting of about 30 persons took place at the residence of Li Chang, who had been brought from China by the independent Hawaiian government to serve as an adviser.

In this period, Frank Damon's brother, Samuel Mills Damon, was minister of finance of the Hawaiian government. The British-backed Hawaiian monarchy was overthrown in 1894, but the American patriots in Hawaii were resisting annexation to the United States, where racialism and imperial tendencies were growing.

Li Chang administered an oath to the founding members, led by Sun Yat-sen, to work for the "overthrow of the Manchus, the restoration of China to the Chinese, and the establishment of a republican government." As the organization grew under Li's and Sun's guidance, spreading throughout the Hawaiian Islands, its members took military training twice a week at Frank Damon's home.

Back in 1886, Damon had raised the money to send Sun Yat-sen back to China to do revolutionary organizing. In 1910, Damon would preside over Hawaii's send-off celebration for Sun to go to China and establish the Republic.

Damon sponsored Sun's movement in his capacity as head of the Hawaiian Protestants' missionary work to the Chinese. But Frank Damon wore many other hats. He and his father, Rev. Samuel Chenery Damon, were extremely sophisticated leaders in the realm of political intelligence.

Rev. Samuel Damon was in Hawaii as a missionary for the American Board of Commissioners for Foreign Missions (ABCFM), a group founded by Jedediah Morse against the British-backed Boston Brahmins and their Unitarianism. Damon arrived in Hawaii in 1842; two years later, the ABCFM's president, Theodore Frelingheysen, ran for U.S. vice president on the Whig ticket with Henry Clay.

Reverend Damon was an ardent Whig, and, on the eve of the U.S. Civil War, he wrote that racial harmony would prevail in Hawaii, "if we continue to treat man as man, irrespective of color or race; but a war will come when the wicked doctrines of the London *Times* are allowed to prevail, and the Anglo-Saxon is allowed to displace an [allegedly] inferior race in the interests of trade and civilization." Reverend Damon had educated a Japanese youth, Manjiro, who as the first Japanese English-speaker, translated for the 1850s U.S. naval expedition opening up Japan.

In 1869, Reverend Damon travelled across the American mainland on the first eastward train of the new transcontinental railroad. In Boston, he attended a festival commemorating the birthday of the universal scientist Alexander von Humboldt.



Baldwin locomotives in parts and boxes, after delivery to the port of Newchang, near Beijing, China.

In 1876, Reverend Damon attended the Centennial Exposition in Philadelphia as the official Hawaiian delegate, as a believer in the revolutionary influence of the “onward march of manufactures, trade and commerce.”

Meanwhile, his son Frank went on to Germany in 1876. From 1878 to 1880, at the time of the most intense ferment over Germany’s future course and place in the world, Frank Damon served as First Secretary of the Hawaiian government’s legation in Berlin. In 1878, the U.S. ambassador there was a Carey-allied poet from Pennsylvania, Bayard Taylor. In 1879, Carey’s disciple, Philadelphia Congressman William “Pig Iron” Kelly, discussed political strategy with Chancellor Bismarck in Berlin. Frank Damon himself reportedly “hobnobbed with Bismarck and Kaiser Wilhelm” during this period; Damon learned at least five languages while in Germany, including Sanskrit.

This, then, is the Frank Damon who protected and sponsored the organization of Sun Yat-sen’s movement.

Sun Yat-sen, considered by the Chinese as the father of their twentieth-century republic, proposed in the 1920s an immense infrastructure program for the rapid agroindustrial development of the entire country: 50,000 miles of railroads, 500,000 miles of new roads, canal and river control projects, and the construction of new cities.

Sun’s program, and his fierce resistance to British Empire world dominance, were rooted in the republican nationalism of Henry Carey and Abraham Lincoln—the movement which gave birth to the modern world.

Bibliography and acknowledgments

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The enduring legacy of Sun Yat-sen and Carey

Helga Zepp LaRouche, the founder of the Schiller Institute, is now celebrated as the "Silk Road Lady." This is to honor her for her inspiration of the growing worldwide interest in developing a Eurasian Land-Bridge, a "New Silk Road" of prosperous industry from China to Europe. Speaking on Dec. 15, 1996 at a conference of the Schiller Institute in Germany, Mrs. LaRouche said:

"Just a couple of weeks ago, the 130th birthday of Dr. Sun Yat-sen, the founder of modern China, took place. We, for that occasion, published the book *The Vital Problem of China*, by Dr. Sun Yat-sen. . . . We published it in Chinese, and we did so, because it is one of the best analyses of what led to World War I. . . .

"Dr. Sun Yat-sen really understood the British. He said: 'Britain seeks friendship only with those which can render her services, and when her friends are too weak to be of any use to her, they must be sacrificed in her interest. Britain's tender regard for her friends is like the delicate care usually shown by farmers in the rearing of silkworms: After all the silk has been drawn from the cocoons, they are destroyed by fire or used as food for the fish. The present friends of Great Britain are no more than silkworms and they are receiving all the tender care of Britain simply because there is still some silk left in them.'

"After the horrible experiences the Chinese had with

colonial aggression in the nineteenth century, one can really say that China had the extraordinary fortune in having as the founder of modern China, Dr. Sun Yat-sen, born on Nov. 8, 1866, who happened to be a Christian. He studied for five years in Hawaii, namely the fundamental difference between the American and the British system. He became . . . a follower of the *National System of Political Economy* of Friedrich List, which he had translated into Chinese.

"He wrote a very beautiful book in 1921, which we only had to update a little bit with our Eurasian Land-Bridge report, called *The International Development of China*, which already contained the idea that China, with the aid of the most advanced technology and infrastructure, would become the new world of the twentieth century, and by doing so, would create the economic basis for world peace.

"Chinese President Jiang Zemin, at the large birthday celebration of Dr. Sun Yat-sen, quoted Dr. Sun extensively. He said: 'Dr. Sun proposed that China should be optimistic and learn from the strength of other countries. If we take the right for development in our own hands, we will survive. . . .'

"The Chinese . . . want our cooperation in building up China economically. They want our scientific and technological expertise. And they want our active European cooperation to build a new era of mankind.

"Rather than having our nations, our industries, and productive jobs collapse, why don't we join hands and help ourselves, by helping China and the other countries of Eurasia?"