

## THE 1870S SHOWDOWN

# America's Former Greatness And the World's Future

by Anton Chaitkin

### A Spectacular Irony

The United States introduced to the world a modern way of life; “captured the lightning,” and put nature’s powers at humanity’s service. The brightened world applauded America’s inventions and the example of its skilled, well-paid producers. Its national dignity was that the common citizen could accomplish anything needed to solve problems, through genius and persistent work.

Following the Union victory in the Civil War, with active government nurturing of industrial growth, the success of this American outlook was rapid and startling; there were limitless technical accomplishments. Newly powerful, the USA extended the hand of friendship to rising nations, and showed them the way to overcome British imperial stratagems blocking their industrialization.<sup>1</sup>

In a highly coordinated fashion, leaders everywhere adopted the American nationalist strategy as the guide to the formation of their own countries’ power. Thus did the anti-imperial American Revolution blossom in the emergence of Russia, Germany, Japan, and in the na-

tional movements that led to the modern states of China, India, Ireland, and elsewhere.

But the London imperial center and its Wall Street offshoot at length gained power over American industry and strategy. By the 21st Century, the USA had surrendered its world-shaping way of life, closed its productive industries, and thrown itself into a suicidal Anglo-American casino economy and permanent war scenario.

In recent months, sentient Americans have grown increasingly alarmed at the prospects for survival as the U.S. government and the bankrupt “Western” system have lurched toward thermonuclear confrontation with Russia and China.

Together with India and some other developing countries, these supposedly adversarial nations are building nuclear plants and planning for fusion energy, resuming a bold space program, constructing high-speed rail lines to cure backwardness.

We must face the brutal truth: that these new leading nations are moving the world to a peaceful, cooperative order, and are thus resuming the old American strategy for human progress, while the Americans, ignorant of their heritage, have abandoned their successful existence.

### Revolutionary Philadelphia

You are about to read of stirring events occurring largely in Philadelphia. Now a post-industrial shadow of its former vitality, that city was at the center of world strategic action, from the American Revolution up to a

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1. The U.S. envisioned a world of skilled, modern nations. U.S.-Russian cooperation in particular could hasten this development, and bring about peace, with a “land-bridge” connecting by rail the whole Western Hemisphere and through Eurasia. After the Russians built their Trans-Siberian Railroad, emulating Lincoln’s Transcontinental Railroad, Tsar Nicholas II proposed bridging the Bering Strait. The Chinese have recently revived the project for a Bering Strait tunnel as a proposal for action.



Portraits of Thomas Edison by Abraham Archibald Anderson (above) and of “Benjamin Franklin Drawing Electricity from the Sky,” by Benjamin West (right). Franklin’s republican concepts shaped the work of the American System thinkers discussed in this article, notably including Edison.

shattering climax in the decade of this narrative.

Long before Benjamin Franklin ran the Secret Committees of the Continental Congress, procured the essential foreign support for the Revolution, and supervised the writing of the Declaration of Independence, he was world-famous as the pioneer of the science of electricity. He had decisively broken with British imperial philosophy; he had gone to England itself, and had roused and guided the inventive initiatives of anti-imperial Britons in the Industrial Revolution.

The success of Franklin’s life work helped spread a new concept of republicanism: a popular ambition to



master nature’s secrets, and to rapidly increase common living standards. His image, and his city of Philadelphia, became associated with the idea—the demand—that these goals should guide a nation’s policy.

It began with Franklin nurturing his partners and young “Junto” followers as a revolutionary movement for industrial progress and political change. This same movement continued to act in Philadelphia as the headquarters of the American Revolution and the continuing center of *economic nationalism*.

What then was the National Idea inherent in the U.S. Constitution, written in Philadelphia, and in Alexander Hamilton’s credit system, executed through the Philadelphia-based Bank of the United States?

To grasp its meaning, to see into the minds of America’s founders, you must place that idea in its real context: bloody political conflict.

The global contest between the republic’s power and that of its enemy, the old imperial financier oligarchy, underlies all serious issues of U.S. history, from the Revolution to the present day.

Franklin’s city first took off in the 1820s. Nicholas Biddle (the president of the Bank of the United States) and Mathew Carey (Irish insurgent leader, a Franklin

protégé, who became the prophet of American nationalism) together guided development-minded investors and local and state governments to begin commercially mining American coal for the first time; to build a huge network of canals to pour out the new fuel into shops and cities; to forge iron, and to erect the most advanced

machine-building shops.

U.S. President John Quincy Adams and Congressional leader Henry Clay worked closely with them, raising protective tariffs, and assigning Army engineers to begin planning the first American railroads, which were funded by the Bank of the United States.

Philadelphians of genius and humanity founded the Franklin Institute in 1824, to envision, plan, and test new technologies and to educate an inventive working population. Physicist/surveyor Alexander Dallas Bache (1806-67), Franklin's great-grandson, became the Institute's research chief and coordinated with Germany's Carl Gauss a global network of pro-republic scientists (Bache's friends took control of the Harvard and Yale science programs before the Civil War). Mathew Carey mentored immigrant economist Friedrich List, who left Pennsylvania as a U.S. consul, consolidated German states under a tariff union, and started up the first railroads in Germany.

Philadelphia and the state government financed creation of the Pennsylvania Railroad. Engineering and scheduling discipline from former military personnel, and the interchangeable parts system introduced at U.S. armories, would make the Pennsylvania Railroad the world's largest company by the 1860s. The Baldwin Locomotive Works was the biggest supplier to the railroads and the world's most important capital goods producer; it trained several generations of creative skilled workers.

## Geometry of the Showdown

Two distinct sides faced each other in the global struggle for the world's future, from 1871 to a direct collision in 1881.

Within the USA and in each of its allied developing countries was a core grouping of political-economy strategists, industrialists, scientists, senior military officers, nationalist politicians, and certain labor organizers. The creative souls comprising the informal "national party" were united by a passion to free mankind



*History of the Baldwin Locomotive Works from 1831-1913*  
*The huge Baldwin Locomotive Works in Philadelphia, around the beginning of the 20th Century. Baldwin was the world's biggest supplier to the railroads.*

from ignorance, backwardness, and poverty, and from the British-centered imperial financial system and its perpetual wars.

Against them was the oligarchy: the Anglo-Dutch monarchy, private bankers, and aristocrats, the permanent royal institutions such as British intelligence operating through state and private channels; and their wealthy, anti-national allies within each country and inside the USA (Wall Street, Anglophile academics, and press). The British used extortion, assassination, and riots. They employed anarchist and other provocative movements—forerunners of the 21st-Century “color revolutions” and blind terrorists.

The leaders of the two sides, in the time-period of the action we shall describe, are identified in the accompanying box.

The Civil War's mass slaughter ended with the murder of President Lincoln. But his nationalist measures were still in effect, and the victorious Union persisted in plans to remake the world. The U.S. demanded and collected monetary damages from the British for sponsoring the Confederate war machine, but the central objective was to build a new economy whose power would ensure peace and safety.

High tariffs sheltered the birth of an American steel industry. The government donated free land to western settlers, and Lincoln's Agriculture Department gave scientific advice to the farmers.

Lincoln and Congress had funded two transconti-

# U.S. Strategic Leadership

*The main players in the narrative are in bold.*

**Henry C. Carey** (1793-1879), economist, global strategist vs. British imperial system; son of Mathew Carey; procured 1860s high tariff for industrialization

**Figures Associated with Carey:** Morton McMichael, publisher, Phila. mayor, originator of the 1876 Centennial Exhibition; banker **Wharton Barker**; *Irish revolutionaries:* William Carroll, physician, leader Clan na Gael; John Devoy, chief strategist Irish republicanism; Robert Ellis Thompson, economist; Terence Powderly, head of Knights of Labor, created Greenback-Labor Party. *Ambassadors to Russia:* Cassius M. Clay, Kentucky anti-slavery activist, U.S. ambassador to Russia (1861-62, 1863-67); Andrew Curtin, Penn. governor in Civil War, ambassador to Russia (1869-72); George H. Boker, Phila. municipal leader, ambassador to Russia (1875-78); Wickham Hoffman, wartime aide to Gen. William T. Sherman, led U.S. embassy in Russia (1877-83)

*Carey Family Firm:* Carey's brother-in-law Isaac Lea, scientist, publishing partner of Mathew and Henry Carey; **Henry Charles Lea**, Isaac's son and publishing partner; collaborated with Wharton Barker to elect President Garfield

The Industrial League, founded 1868 by Carey's lobbyists Morton McMichael, Henry C. Lea, Joseph Wharton and William Sellers

**"Philadelphia Interests":** owners of Penn. Railroad and other rail, steel, coal, oil, machine industries, funded Franklin Institute, American Philosophical Society, Univ. of Penn. as auxiliary strategic institutions—Thomas A. Scott (president Penn. Railroad, 1874-80), Andrew Carnegie, William J. Palmer, Joseph Wharton, Mathias Baldwin, and Matthew Baird of Baldwin Locomotives, machine designers William and Coleman Sellers, Samuel M. Felton

**Joseph D. Potts**, pioneer oil industry developer for Pennsylvania Railroad

**Jay Cooke**, main private banker for U.S. govern-

ment, promoter of industrial development projects for Philadelphia Interests

Benjamin Silliman, Jr., chemist, scientific founder of U.S. oil industry

**Thomas A. Edison**, sponsored as inventor by Philadelphia Interests

**George F. Barker**, mentor to Edison; University of Pennsylvania physicist/physician, Franklin Institute research chief, close to Carey's political circle, president of American Association for the Advancement of Science and American Chemical Society, secretary of American Philosophical Society

Gen. William T. Sherman

**James G. Blaine**, Secretary of State (1881, 1889-92)

**James A. Garfield**, President (1881)

## Foreign Pro-Development Leaders

*Russia:* Alexander II, the "Tsar Liberator," modernized Russia, freed the serfs; his brother Grand Duke Constantine Nikolaevich, pro-American reformer, Navy head; Grand Duke's aide-de-camp **Capt. Leonid Semetschkin**; Dolgoruky family; **Dmitri Mendeleev**, chemist who created the Periodic Table of the Elements; Nikolai Shishkin, ambassador to the U.S. (1875-80)

*Germany:* Chancellor Otto von Bismarck; Wilhelm von Kardorff, leader of Carey-affiliated nationalist party; William T. Mulvany, Irish engineer, founded German heavy industries, economic nationalist; **Emil Rathenau**, industrialist

*Japan:* leaders of 1868 Meiji Restoration, many of them Carey collaborators

## Anti-National U.S. Oligarchs

**John Pierpont (J.P.) Morgan**, son of London banker Junius Morgan

**Anthony Drexel**, Phila. banker

**John D. Rockefeller**, oil monopolist

**Roscoe Conkling**, U.S. Senator (N.Y.), head of Wall Street financier faction within Republican Party

**Chester A. Arthur**, Conkling's operative, later Vice President, President

**Cornelius Vanderbilt**, rail and stock plunderer, sponsored Rockefeller

**August Belmont**, N.Y. representative of Rothschild bankers and London oligarchs

mental railroads that were to link the farmers, their machinery suppliers, and urban markets. The Union Pacific to the San Francisco Bay was completed in 1869. The Northern Pacific then began construction from

Wisconsin to Seattle, aiming to build the West and mutually develop America, Russia, and Asia.

The U.S. economy immediately exploded in size, inventiveness, and ambition. This growth was largely

## Baldwin Railroads: The Harmony of Interests

A visitor to Philadelphia today can stroll a short distance from downtown to Matthias Baldwin Park, the former site of the Baldwin Locomotive Works' main plant. Foreigners may be moved to contemplate there, the now-vanished instrument for industrialization of their own countries. The firm made 70,000 locomotives for the world, from the 1830s to the 1950s.

Baldwin workers were the highest paid in that era. The piece-work policy—a standard rate for each unit produced—was used for higher output, but never employed to cut wages. Many Baldwin men owned their own homes; about half the city's population were workers' families living there.

The plant owners knew that a worker earning higher pay was more valuable to them. Building a better world, they were proud of the American high-wage model as the natural legacy of their anti-colonial Revolution. Workers and owners both had a stake in the firm's success; both sought the improvement of society for their children and grandchildren.

This "Harmony of Interests" (the title of Henry C. Carey's influential 1851 book) worked well when the USA pursued its mission of "elevating while equalizing the condition of man throughout the world." But neither good wages nor profitable, productive investments could be left to the whims of private financiers and to credit control by the trans-Atlantic empire. In 1844, Baldwin's employees were prominent in a demonstration for Presidential candidate Henry Clay, who demanded protective tariffs and the return of a national bank for development. It was on behalf of men such as these locomotive builders that the 1860 Presidential candidate Abraham Lincoln pledged himself to nationalist economics.

Baldwin workers were among those who looked

to unions for protection in bad times, as when "free trade" policies caused economic disaster. There was a strike at the Baldwin plant in 1860, and another in 1893. Workers struck in 1911, when J.P. Morgan moved for control of the company; the strikers' leaflet, entitled "Shall Morgan Own This Country?", warned that the lord of Wall Street was making Americans his slaves. But from the time Abraham Lincoln came in, as long as his national policies endured, there was satisfaction in the Baldwin ranks.

A boy of 16 could be taken on as a Baldwin apprentice in a skilled trade, such as machinist, blacksmith, molder-founder, boilermaker/sheet-iron/coppersmith, pattern-maker, ornamental painter, or in drafting/designing. Families of Baldwin workers, and poor parents or orphan guardians, avidly sought these positions for their sons. The pay was nominal, but the owners looked out for the apprentice. At completion of the five-year term, a bonus was paid, and the young man was secure among the elite of qualified workers.

The partners who owned Baldwin—some of whom had been apprentices—were each experts in some vital aspect of the enterprise, such as design, supply, production or the technical needs of the customer railroads. There were no speculating financiers as absentee owners. Foremen (skilled workers) guided the shop floor action. There were no managers, none of those non-producing bosses scorned as dead-weights on the backs of workers and owners.

This was the best of the American way of life, and it was shaping the world. The Russian nobleman Mikhail Khilkov worked and learned as a Baldwin machinist in 1860-61. In 1895, he was appointed Russia's Minister of Ways of Communication, to build the great Trans-Siberian Railway—with Baldwin locomotives and Pennsylvania steel. Prince Khilkov was known in Russia as "the American."<sup>1</sup>

1. John K. Brown, *The Baldwin Locomotive Works, 1831-1915: A Study in American Industrial Practice* (Baltimore, Johns Hopkins University Press, 1995). Brown's excellent study is the source of much of this section.

driven by the formation of new heavy industry within Pennsylvania, led by Franklin's Philadelphians.

The Pennsylvania Railroad, Baldwin Locomotive Works, and Andrew Carnegie jointly applied the new Bessemer process to American steelmaking. They built railroads and bridges out of steel—not with the weaker iron previously used—from the Midwest to the Rocky Mountains.

Production growth in the new industry was spectacular (**Table 1**).

TABLE 1  
**Growth of U.S. Production**

	Steel (tons)	Steel Rails (tons)	Iron Rails (tons)	Coal (tons)*	Petroleum (gallons)
<b>1869</b>	31,000	8,000	521,000	33,000,000	177,000,000
<b>1881</b>	1,588,000	1,210,000	436,000	86,000,000	1,162,000,000

\*For metal-making and railroad fuel

Source: Fred J. Guetter and Albert E. McKinley, *Statistical Tables Relating to the Economic Growth of the United States* (Philadelphia: McKinley Publishing Company, 1924), pp. 31-32, 36.

The United States had come out of the Civil War with the world's largest army and most advanced navy. Now the growth of U.S. industrial power was the glaring fact at the center of world politics. America was fast outstripping Britain, and was aiding others to do the same.

This reality was reflected in the 1872 visit to Philadelphia by representatives of the Emperor and government of Japan. The city's establishment published an anonymous pamphlet ("Diary of the Japanese Visit to Philadelphia") describing the manufacturing plants, shipbuilders, and other sites they toured. It proclaimed that before the United States went to aid Japan's development, Japan was closed to world commerce, in self-defense against the European empires: "the least concession . . . to the foreign trader" had previously brought in "that aggressive policy, that arrogance, and grasping spirit of monopoly which have ever followed the British footfall on foreign soil," forcing Japan to close up "as a means to preserve its national and political autonomy."

Baldwin Locomotive president Matthew Baird made all the tour arrangements. The city's report-pamphlet described the enthralled visitors at the Baldwin plant. Tameyossi Hida, Chief Commissioner of Japan's Public Works Department, inspected drawings and models: "With one model of a valve action Hida was so

much interested that it was with difficulty he was induced to leave it, turning back repeatedly to test its action, until he had evidently grasped, not only the principle, but all the details; and when he was promised a duplicate of this model, his satisfaction was unbounded."

Philadelphia was only one stop on the 1871-73 world tour led by Prince Iwakura, seeking to modernize Japan; and Japan did not officially announce an alliance with the United States. But during the tour, the Finance Ministry set up an institute to train Japanese economists in the American System tradition of Henry Carey and Friedrich List, and the government would itself publish Carey's 1858 *Principles of Social Science*. (The "Iwakura Embassy" tour is well known in Japan; but the world is generally unaware of its central connection to the nationalists' hegemony within the USA.)

Prince Iwakura and Cabinet ministers met with Philadelphia banker Jay Cooke and worked to prepare a \$15 million loan for Japanese development. Chief of the Northern Pacific Railroad project, Cooke negotiated with the Japanese for Asian connections as part of a projected global belt of railways, canals, and shipping operations intended to vastly upgrade the economy and power of many sovereign nations.

## The Enemy Strikes

From the 19th to the present century, the names Morgan and Rockefeller have been identified with Wall Street's power over American life. JPMorgan Chase was created in 2000, merging JPMorgan and Co. and the Rockefeller family bank Chase Manhattan. As the largest U.S. bank, it led the recent years' wild derivatives speculation and subsequent bailouts.

There is in general no competent opinion about Wall Street and its power. This is because the public, however critical of these unelected rulers, does not have a clue as to their origin—how and when they took charge of ruining our industries and destroying our national sovereignty.

Their global war against America's national mission is still going on. In the intervening years since the 19th-Century showdown, they and their imperial sponsors have flipped the power of the United States onto the enemy side of the conflict.

In 1872, New York's Wall Street financial district was already a power, as an adjunct and instrument of the City of London oligarchy. Wall Street's operators had grown rich from slavery, financing the export of Southern slave-

produced cotton to England. They had turned a cold shoulder to Lincoln during the Civil War—for borrowed funds, the government had to rely on small-denomination bonds which Jay Cooke and his sales force sold to patriotic citizens.

After the Union victory, Cooke was the banking linchpin for the vast nation-building enterprises of the Philadelphia industrialists. Wall Street was powerful, but did not rule America, and its mother, the British Empire, saw doom approaching, riding American trains.

In 1872, a crippling attack against Cooke and the Philadelphia nationalists was quietly being readied. This two-pronged assault would propel the Morgan and Rockefeller interests into the status of British viceroys over America.

### Banking War...

At age 20 in 1857, the American-born J.P. Morgan had joined his father, Junius Morgan, in London's Peabody, Morgan and Co. This private bank was an operational arm of the America-handling strategy of Queen Victoria and her Prime Minister, Lord Palmerston. The young Morgan later moved to New York as the British firm's American representative. During the Civil War, having paid a substitute to go into the Union Army for him, he speculated wildly in gold against the dollar and sent intelligence to London. Morgan financed the purchase of 5,000 obsolete rifles from an Army arsenal for \$17,000 and their re-sale to a field general for \$110,000.

This sleaze did not hamper his reception by elite East Coast Anglophiles. Morgan was not just anybody: He was the blood-proud maternal grandson, namesake, and protégé of John Pierpont (1785-1866), through whom Morgan had a "romantic" link to the history of Anglo-American intrigue.

Grandfather Pierpont was a propagandist for the pro-British "Essex Junto" in Massachusetts, and third



*Banker Jay Cooke was the linchpin for financing the Philadelphia industrialists after the Civil War. London drove him into bankruptcy in 1873.*

cousin of Aaron Burr, the New York political boss and U.S. Vice President. After Burr killed Alexander Hamilton in 1804, Pierpont moved to South Carolina and became an employee of Burr's family and the tutor to Burr's grandson. The next year, Burr put himself in the British service to attempt the break-up of the United States, and came south to work out the scheme with his son-in-law, Joseph Alston, Pierpont's employer. Burr designated Alston to be his successor as the "emperor" of the western lands that the Burr-Britain combination could seize, and his grandson, Pierpont's ward, was to be next in line. But Burr was arrested for treason, secession was deferred, and the boy died. Thus for Pierpont, Burr's grandson would not be the dreamed-of North American emperor—but his own grandson would be.

Philadelphia was the political and industrial heart of the USA that was reshaping the world against the British Empire. On June 30, 1871, Junius Morgan dissolved his son's New York firm and put J.P. into a partnership with Anthony Drexel in Philadelphia, as London's representatives to attack the American nationalists in their home base.

In 1872, Drexel, Morgan and Co. circulated libels against the solvency and honesty of Jay Cooke's bank and the Northern Pacific Railroad he was building, "predicting" an anti-Cooke panic. The lies were printed in the Philadelphia *Ledger*—controlled by Anthony Drexel; and in the London *Times* (*Ledger* editor George Childs was an "intimate house guest" in London with *Times* financial editor H.B. Sampson). The lies were reprinted as leaflets, passed around in banking circles in Europe and America. Scandals were simultaneously gotten up against the completed Union Pacific, frightening Congress away from further supporting Cooke and the construction of the Northern Pacific.

Drexel, Morgan demanded that the government award to them, rather than to their rival Cooke, the purchase and resale of a new Federal bond issue. Drexel, Morgan formed a bond-buying syndicate with Wall Street's Levi Morton, representing Morton's London partner, Sir John Rose; Junius Morgan in London; and the British Empire giant, Baring Brothers. The gravely weakened Cooke was driven to form his own syndicate with the British Rothschilds. President Ulysses S. Grant, who was pro-development, but financially befuddled, and counted Anthony Drexel as a friend, had his Treasury Department compromise in January 1873,



*J.P. Morgan: "I have come to the conclusion that neither my firm nor myself will have anything to do, hereafter, directly or indirectly, with the negotiation of securities of any undertaking not entirely completed...."*

splitting the \$300 million between the two camps.

The *New York Times* reported March 5, 1873, that the Bank of England had lost a large chunk of Cooke's deposits to swindlers. British bankers froze Cooke out of the money markets. The Barings and the Rothschilds (the latter Cooke's syndicate partners), talked down the value of the U.S. government bonds Cooke was then marketing.

On Sept. 18, 1873, Jay Cooke and Co. collapsed, detonating a worldwide crisis and a depression of many years' duration. Northern Pacific Railway construction was halted. The panic-stricken New York Stock Exchange closed for a week.

Uniquely among banking firms in America, Morgan made over \$1 million profit in the 1873 crisis. The previous year, anticipating victory over the American nationalists, the firm had begun construction of a new headquarters palace in New York, by far the largest and most sumptuous office building on Wall Street. In the wake of the crisis, the London-Wall Street axis demanded "hard money" and, in 1875, pushed through

passage of the Specie Resumption Act, breaking down Lincoln's Greenback system.

London was now in charge of U.S. government financing.

Drexel, Morgan became J.P. Morgan and Co. (called informally the House of Morgan). As the firm began taking over U.S. railroads, J.P. Morgan explained the basic investment principle for Wall Street which he had "learned" in the crisis his firm had brought about: Seize control of industries, but build nothing new. In a letter to his father dated April 29, 1874, he wrote, "I have come to the conclusion that neither my firm nor myself will have anything to do, hereafter, directly or indirectly, with the negotiation of securities of any undertaking not entirely completed..." (quoted in Ron Chernow, *The House of Morgan* [1990], p. 37).

### ...And Oil War

The world's modern petroleum industry was born when the little Pennsylvania Rock Oil Company in Venango County sent a sample of the crude oil seeping out of the ground, to Yale University chemistry professor Benjamin Silliman, Jr., to analyze its potential use for lighting and lubrication. Silliman's thorough 1855 report to the company confirmed that the substance could easily be distilled into a valuable product, could be accessed by drilling wells, and was identical to the oil springs found in Russia and Persia. The resulting rush of speculative drillers quickly made northwestern Pennsylvania's Oil Region the center of an enormous new industry.

After the Civil War, ambitious Army veterans poured in, pumping oil for big money, but facing chaos in shipping their product. The Pennsylvania Railroad created a subsidiary, the Empire Transportation Company, to organize the Oil Region's logistics. Empire president Col. Joseph D. Potts was a passionate patriot. His family had owned Valley (iron) Forge and General Washington had rented his uncle's house for the Revolutionary Army headquarters. Potts himself had organized all transport for the state government in the early period of the Civil War.

Potts now quickly developed pipelines, coordinated oil shipments over many previously disconnected rail lines, and put a fleet of oil-carrying ships on the Great Lakes.

As the previous generation had midwived the birth of America's coal industry, the Pennsylvania Railroad and the Empire Transportation Co. now guided the for-



mation of a strategically vital new source of wealth for mankind.

Enter John D. Rockefeller. His father, William Avery Rockefeller, was a fake-elixir salesman and bigamist who explained, "I cheat my boys every chance I get. I want to make 'em sharp." At age 20 in 1859, John D. went into the commission grocery business in Cleveland, Ohio. He hired substitutes to serve in his place in the Union Army, and in 1863, accepted the proposal of the monarchy-worshipping English chemist Samuel Andrews for a Cleveland partnership to refine oil from neighboring Pennsylvania. Rockefeller & Andrews boomed. John's brother William set up a sales office in New York City, and the family merged their destiny with the top Wall Street financiers, speculators, and exporters.

Rockefeller and his partners incorporated as Standard Oil in 1870 and the next year declared a 40% dividend to stockholders. At the beginning of 1872, Wall Street bankers and speculators poured in millions to stake Rockefeller for his mission: Get volume-based shipping rebates from railroads, so he could undercut, destroy, and buy out other refiners—and then move in to wreck the Philadelphia-based nationalists, Wall Street's mortal enemy.

Cornelius Vanderbilt, in particular, backed Rockefeller for this pirate mission. Vanderbilt used his control of the New York Central and other railroads, which he had grabbed



*One-dimensional British view: John D. Rockefeller, in Puck Magazine (1901)*



*Real American history: William Vanderbilt continues his father Cornelius' use of Rockefeller to destroy American industry (Daily Graphic, 1879).*

through audacious deceit, stock fraud, and the bribery of an entire legislature.

Thus armed by Wall Street money and its railroad owners, Rockefeller, in 1872, coerced the Pennsylvania Railroad and many oil firms into a secret agreement for a cartel to be called the South Improvement Company. Those who immediately signed on were supposed to get rebates; all others would be crushed and eaten. Though the oil producers revolted and the Pennsylvania legislature prohibited the deal, Rockefeller used the mere threat of this power to bully all other Cleveland refiners into submission. Producing no crude oil, Rockefeller bought up refineries in New York, then in Philadelphia and Pittsburgh.

His engorged company was the first industrial trust in America.

Standard Oil now looked out upon the Pennsylvania refiners as its prey, and it circled around the Pennsylvania Railroad and its Empire subsidiary, which kept it from its meal.

But the nationalists persisted, despite the Morgan-induced 1870s depression, and in the face of Rockefeller's pressure.

The Empire Transportation Company erected new oil infrastructure, operating 1,500 tank cars, 500 miles of pipelines, and storage facilities for a substantial portion of the nation's production. Baldwin was able to keep its full workforce going with locomotive orders for Russia. Andrew Carnegie built the world's most

modern steel mills and bridges. William J. Palmer constructed rail lines on the Great Plains and founded cities and industries along the Rocky Mountains.

## The Future Human Race at the Centennial

Philadelphia made itself the site for the Centennial Exhibition of Arts, Manufactures, and Products of the Soil and Mine, to celebrate the 100th anniversary of the 1776 Declaration of Independence. It would show off man's newly acquired productive powers, and display the republic's astonishing advances since its Civil War victory. It was the particular project of Henry C. Carey. His close associates, such as Mayor Morton McMichael and the Franklin Institute, successfully organized the city to prepare this world's fair and got the U.S. Congress to sponsor it.

Visitors from all over the world (about 10 million admissions were recorded) came to the Exhibition from May to November 1876, riding special Pennsylvania Railroad tour trains to 200 buildings representing all the states and many nations. They saw the greatest array of inventions and industrial and agricultural devices ever shown, from ingenious models, to gorgeous locomotives, to giant machines propelling the exhibits.

From these American displays, visiting foreigners, wheels and axles spinning in their minds, went home to help their reform-minded leaders elevate their nations' power, as the Americans were doing. The world was suddenly on a course of progress never before imaginable.

Henry Carey set the tone. He was there to meet and confer, with the Centennial Exhibition's unofficial "battle manual": his famous 1876 pamphlet attacked the opium-pushing British Empire's cheap labor "free trade" system as an attack on Christianity and civilization, in contrast to the protected American high-wage system of industrial success.<sup>2</sup>



*Henry C. Carey, economic advisor to President Lincoln, was the theoretician of the American System of national industrialization, battling British free trade and slavery.*

(In view of the battle described in this article, the thoughtful person will have strongly conflicting emotions when visiting Fairmont Park's Memorial Hall, built in 1876 to house the art gallery of the Centennial. Today, a guide there uses the ingenious detailed model of the entire exhibition to explain the background of that world-shaping event.)

We will now meet three distinguished foreign visitors to the exhibition: a Russian scientist, Dmitri Mendeleev; a German industrialist, Emil Rathenau; and a Russian military officer, Capt. Leonid Semetschkin. We will follow them and their American colleagues through the global showdown, to the disaster and promise which ensued.

## To Illuminate the Darkness of the Whole World

A scientist is a man who does something where no question of making money is involved. Understand? And two scientists who deal with each other are dealing about something, about anything which does not concern money.<sup>3</sup>

—Dmitri Mendeleev, answering a peasant

Seven years before this trip, Mendeleev had fired scientific imaginations and re-ordered the world's chemical ideas with his Periodic Table of the Elements.

Why had he come? He wrote that "sympathy towards the Americans has long been urging me to their country.... [When] it became known ... that the exhibition in 1876 would be in America, I decided to travel there.... Everyone expected to see many original, purely American mechanical inventions in Philadelphia ... the products of American technological genius...."

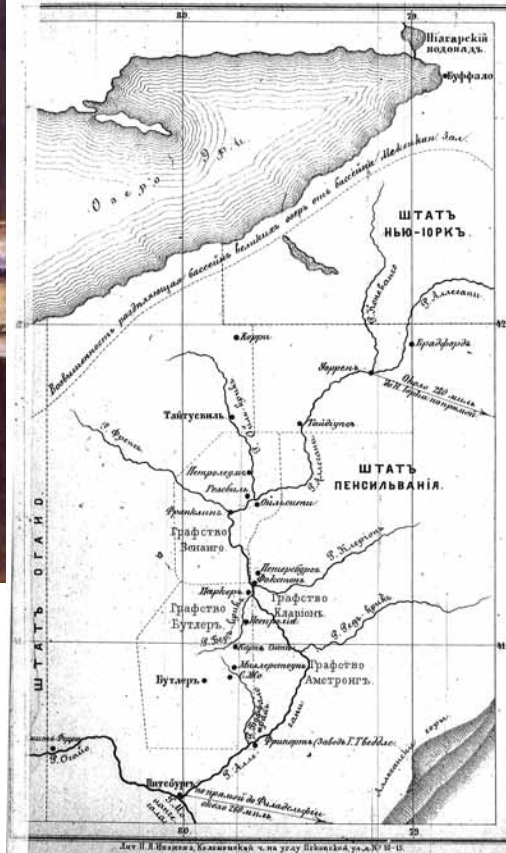
"European civilization has been expressed in its strongest and best manifestations in the United States, discarding many of the old harmful traditions, and exerting an effort to develop the individuality, and ... actual social freedom.... The fame of America ... in-

2. Henry C. Carey, "Commerce, Christianity, and Civilization, versus British Free Trade. Letters in Reply to the London Times" (Philadelphia: 1876).

3. Paraphrased in Daniel Q. Posin, *Mendeleev: The Story of a Great Scientist* (New York: McGraw-Hill, 1948), p. 180.



Russian scientist Dmitri Mendeleev, portrait by Ilya Repin (1885). On the right is Mendeleev's map of the "Pennsylvania Oil Regions," from his book "The Oil Industry in Pennsylvania and the Caucasus" (1877).



creased especially in the period [of its Civil War], because slavery was a strong stain on the free institutions of the States. I wanted to see myself... the peculiarities created by American institutions ... (and I desired) to get to know first-hand the development of the oil industry in America, especially in Pennsylvania, which is supplying the whole world with its lighting oil."<sup>4</sup>

J. Peter Lesley guided Mendeleev's technical consultations. A pioneering researcher in oil, coal, and steelmaking for the nationalists, Lesley ran the American Philosophical Society in that era, and was a kindred soul to Mendeleev's genius. The Russian met American scientists, toured new refineries, and scouted the oil fields.

Mendeleev certainly saw the Centennial display of American inventor George Brayton's giant internal combustion engine, fueled by petroleum. Five years later, the Brayton engine would drive its first vehicle—a weapon of war directed against the British Empire.

4. Dmitri Mendeleev, *The Oil Industry in Pennsylvania and the Caucasus* (St. Petersburg: 1877), quotations translated by Pavel Penev.

Mendeleev wrote that he was briefed on the situation of the oil industry by a representative of the Empire Transportation Company. In Empire's own building at the Exhibition, beautiful working models—ships, pipelines, the railroad tank car (their invention)—illustrated how the company had organized America's oil transport. Their briefing for Mendeleev reflected the impending full-scale war for survival.

Mendeleev, like Tsar Alexander II, saw America and Russia as sharing a common destiny of leadership for mankind's benefit. He wrote:

"A large part of [the world's] petroleum is extracted in the state of Pennsylvania in America. The Caucasus alone could

compete with America in natural riches...

"Separated by history and distance, the North American States and Russia diverged in much—whence, however, is also their mutual sympathy. In the future these countries, therefore, would need to divide among themselves the benefits of the oil field and the right to illuminate the darkness of the whole world."

He warned of the danger posed by anti-national forces: "at the beginning of 1872, *The South Improvement Company* became a monopolist not only at home, but also on markets abroad, undermining the activity of other oil producers..."<sup>5</sup>

Returning to Russia to begin its petroleum development, Mendeleev pushed for full-scale industrialization—a fight over Russia's future which would grow increasingly hot over the next five years.

By the end of the exhibition in November 1876, Rockefeller's monopoly was closing in. He paid spies

5. *Ibid.*



EIRNS/Anton Chaitkin

*Model of the Centennial Exhibition at Fairmont Park, Philadelphia. “The Centennial Exhibition of Arts, Manufactures, and Products of the Soil and Mine,” celebrating the anniversary of the 1776 Declaration of Independence, was the particular project of Henry C. Carey. Visitors from around the world, among them Dmitri Mendeleev, Emil Rathenau, and Capt. Leonid Semetschkin, were inspired to similar achievements in their own countries.*

and traitors to give him precise guidance for strangling target companies, as Ida Tarbell revealed in her classic work, *The History of the Standard Oil Company* (1904).

The Pennsylvania Railroad and the Empire Company struck back in January 1877. Empire went into the refinery business, competing directly against Rockefeller, and pulled its tank cars out of servicing Standard refinery areas.

Wall Street, now increasingly ruled by Britain’s J.P. Morgan, backed Rockefeller to issue an ultimatum to the Philadelphians in the Spring of 1877: He would ship absolutely no freight over the Pennsylvania Railroad unless Empire sold off its refineries.

Pennsylvania Railroad president Tom Scott defied the threat, so Rockefeller closed his refinery in Pittsburgh and other places uniquely served by the Pennsylvania RR. Vanderbilt loaned Rockefeller the cash to buy 600 new tank cars, which might travel over his New York Central Railroad. Standard Oil began buying up all available petroleum, and drastically cut prices for refined products wherever Empire was doing business.

Scott responded by radically cutting shipping charges for Empire, and reduced passenger fares to at-

tract customers from Vanderbilt’s lines; Potts built and bought more refineries.

The Pennsylvania Railroad lost millions of dollars and had to lay off workers and cut wages, as other depression-ravaged railways were doing. A strike broke out against the railroad. Under cover of this defensive action, mobs destroyed thousands of PRR freight cars and over 100 locomotives, and torched its train stations. No Rockefeller facility was attacked, and no strike occurred against Vanderbilt’s rail lines. (Anglophile and Wall Street-influenced historians, including leftists, have shown no curiosity about the relation of the sabotage during the Great Railroad Strike of 1877 to the stupendous battle then being waged for control of the nation.)

Scott capitulated. Empire Transportation sold all its assets and closed down completely.

Rockefeller soon consolidated control over U.S. oil production. Cornelius Vanderbilt died in 1877 worth \$100 million. His son sold railroad shares through J.P. Morgan to British aristocrats, and his granddaughter married the Duke of Marlborough. J.P. Morgan took over most American railroads. By the turn of the century, Morgan would seize most of the country’s heavy industry.

## Mankind Captures Franklin's Lightning

Emil Rathenau came to the Centennial to study America's technological progress. He left Philadelphia inspired by the treasures he saw in Machinery Hall, and committed to introducing American methods into German industries. It is likely, but not certain, that Rathenau met Thomas A. Edison there in 1876. Several years later, under extraordinary circumstances, the two men would form a partnership that shaped modern society.

Young Edison displayed at the Exhibition the telegraphic technology he had designed for the Philadelphia interests; his genius had landed him in the middle of their bitter strategic war.

He was born into that fight, in a way. His Canadian father, Samuel Edison (1804-96), was a leading militant in the 1837 rebellion against British rule. Written up for treason against the Empire, Sam had fled across the border into Michigan with armed forces in pursuit. His son Thomas was born in 1847, and Sam—a hater of Wall Street and the idle rich—was his counselor for the next half century.

Thomas Edison worked on trains as a youth, and became an operator of the telegraph system accompanying the rail line. He was an inventive telegrapher in New York in 1870, when his already celebrated talent was rescued from Wall Street by the Philadelphians.

William J. Palmer, a Medal of Honor-winning cavalry officer and a partner to Scott and Carnegie, was then building the Kansas Pacific Railway out to Denver as an adjunct to Lincoln's first trans-continental line. Palmer's railway needed telegraph technology that could outflank Vanderbilt's Western Union monopoly. Edison was then developing a means of sending multiple messages simultaneously both ways on a wire, but Wall Street and London systematically bought up and suppressed or misused such innovations.

So Palmer set up the Automatic Telegraph Company in New York, sending his railroad-construction assistant, Edward H. Johnson, to manage the firm. They hired Edison to be a full-time inventor, with a \$40,000 advance that set him free to soar.

By 1874, Philadelphia's nationalist elite had adopted Edison. Franklin Institute leader George Barker became his scientific mentor and guardian.



Vattenfall AB

*Emil Rathenau, founder of the Deutsche Edison-Gesellschaft (later known as Allgemeine Elektrizitäts-Gesellschaft, AEG), and Thomas Edison meet in Berlin in 1911. The partnership between the two men electrified the world and shaped modern society.*

In March 1876, they backed his move to Menlo Park, N.J., where an independent “invention laboratory” was built for him under the supervision of his father; Philadelphia's Edward Johnson was, from then on, Edison's chief executive assistant and publicist. A few months later, Edison was displaying his multiplex telegraph, when Rathenau and other advocates of progress came to the Centennial.

The following year, Edison invented the phonograph, the world's first device to record sound and play it back. The Pennsylvania Railroad ran special trains of visitors to Menlo Park to see the phonograph exhibited. Professor Barker arranged to have the sensational machine introduced at a meeting of the National Academy of Sciences. A phonograph party for Washington dignitaries was held by Sen. James Blaine's niece; there Edison recited and played back a ditty pointedly offen-

sive to Blaine's enemy, Wall Street's Sen. Roscoe Conkling. The party moved on to the White House to let the hapless President, Rutherford Hayes, play with the novelty.

In July 1878, Barker took Edison out West during a solar eclipse to try out Edison's new "tasimeter" (to measure infrared radiation from individual stars). On this trip, the professor explained the development of electrical science since Franklin, and reviewed recent halting attempts to produce light from electricity. Barker proposed that Edison take on this challenge, taking him to Connecticut in September, to inspect an outdoor arc light (a flame between electrodes) and an electric generator powered by a water wheel.

From that moment, Edison was on fire. He conceived of the task in universal terms: Electrically heat some material inside a glass to make it glow without burning up; power an unlimited number from one source ("divide the light"); make gas lights obsolete with an efficient, steam-driven electric generator; and invent the hundreds of devices to connect homes and factories to a central station.

But how could this development work be paid for, when Edison's Philadelphia backers were staggering financially? He would need publicity, to win public support for better leverage with Wall Street. A few days after returning from Connecticut, he announced that he had invented the electric light, that he would light and heat the cities, that he would power up elevators, sewing machines, and cooking stoves.

A *Washington Post* item on Oct. 17, 1878, conveys the anxiety of the London-Wall Street axis: "Edison's bruited discovery of a practical method of subdividing electric light has caused a panic in the London gas stocks and seriously depressed gas stocks in New York and Montreal. To have made gas directors tremble in their boots is glory enough for Edison, even if his machine doesn't work."

The very next day, the same newspaper reported the formation of the Edison Electric Light Company. It was controlled by J.P. Morgan and by Morgan-dominated Western Union.

On Oct. 30, Morgan cabled to his brother-in-law Walter Burns, who handled intelligence for Junius Morgan: "I have been engaged . . . on a matter which is . . . most important . . . not only . . . to the world . . . but to us in particular. . . . Secrecy at the moment is so essential that I do not dare put it on paper. Subject is Edison's Electric light—importance can be realized from the ed-

itorials in London *Times* & other papers & the effect upon gas stocks which have declined from 25-50% since rumors [of] Edison's success. . . [T]his matter needs careful handling if anything comes of it. It is not entirely certain. I shall do nothing until it is—but when that time comes . . . we must be prepared to strike. . . ."<sup>6</sup>

In December 1878, J.P. Morgan and Anthony Drexel came to Menlo Park to negotiate for global rights to the as-yet-uncreated light and power devices. Edison got funding; Morgan got the power to limit or stifle his work.

Edison labored to perfect his system, while the enemy churned out propaganda against him. A British Parliament special committee took testimony that wide-scale electric light was impossible and electric power would be dangerous in public hands. The military intelligence think tank, Royal United Service Institution, was assured on Feb. 15, 1879, "It is . . . easily shown by the application of well-known scientific laws that . . . a sub-division of the electric light is an absolute *ignis fatuus* [will-o'-the-wisp]."<sup>7</sup> The *New York Times* re-ran the British line that Edison's project was impossible.

In 1879, Edison patented a carbon-thread incandescent lamp that could burn for 40 hours, and soon made a bulb rated for 1,500 hours. He patented hundreds of devices essential to his child, the electrical industry.

But J.P. Morgan blocked light bulb manufacture. Edison sold stock in the Morgan-controlled Edison Electric Light Company (EELC). He and Edward Johnson created the Edison Lamp Company to make bulbs. Morgan financed one power station for a small section of New York City, but he blocked any further power plant construction, until the "free market" showed electricity was in demand. With public acclaim behind him, Edison and the Philadelphians got up a brutal fight on the EELC board, loosening Morgan veto-power for a time.

Edison reached out to American municipalities, and they issued their own bonds to construct the first generation of America's central power stations—12 by 1884, 58 by 1886. His team now rushed to electrify other continents, as will be seen below.

6. Quoted in Paul Israel, *Edison: A Life of Invention* (New York: John Wiley & Sons, 1998), p. 174.

7. William Henry Preece, Electrician of the General Post Office, "The Electric Light," lecture Jan. 31, 1879, p. 97, in *Royal United Services Journal*, Vol. xxiii, No. xcix (London: Royal United Services Institute for Defence Studies, 1879)

## American Alliances vs. the British Empire

Tsar Alexander II had sent Russian warships during America's Civil War to stay for months in the ports of New York and San Francisco, to warn the British and French that they would have to fight Russia if they intervened on the side of the Southern slave-owners. Seeing that the British were arming Confederate cruisers for attacks on American merchant vessels, Russian officers in New York had drawn up their own plan for "privateering" against the British.

In November 1876, the last month of the Centennial Exhibition, Britain began threatening war against Russia



Archives of the Russian Navy  
*Capt. Leonid Semetschkin arranged the purchase of U.S.-made warships in case of war with Britain.*

over the Balkans crisis. The Tsar's brother Grand Duke Constantine, Russia's General Admiral, sought to revive the privateering idea and consulted with his aide-de-camp, Capt. Leonid Semetschkin, who had co-authored the 1863 privateering plan. Semetschkin was then in Philadelphia, having been sent to conduct Russia's naval exhibit at the 1876 Centennial Exhibition. The Russian consulted with his hosts at

the Centennial and drew up a new plan, congenial to American laws and strategy. It was approved by the Tsar, but the Balkans crisis cooled and it was shelved. Two years later, put into action by American and Russian strategists, the plan would cause a political earthquake.

A group known as the Penn Club had been created by Henry Carey and his friends, just before the Centennial, as a locus for entertaining and private discussions with distinguished visitors such as Captain Semetschkin, Dmitri Mendeleev, and Emil Rathenau.

Carey's political lieutenant, banker Wharton Barker,<sup>8</sup> chaired the Penn Club during the Centennial. Reflecting Carey's influence over relations with Russia, Barker was also the banker for the Russian government group organizing that country's participation in the

Philadelphia Exhibition; he and Semetschkin became close friends.

Carey was still brilliant at 82. The Penn Club continued, for a half-century-younger generation, his famous weekly strategy discussions known as the "Carey Vespers." Over the next few years, until Carey's 1879 death and beyond, Philadelphia's Carey circle moved the world's decisive events.

The Careyites and their foreign collaborators largely drove the spectacular policy revolutions and resultant modernization of Germany and Japan. They revived and reorganized Ireland's political war for independence from British tyranny. They created the Greenback-Labor Party to fight against London-Wall Street economic sabotage. They made the Knights of Labor the most effective mass workers' movement (including women, jobless, blacks, and immigrants) to teach economics and undercut enemy-controlled anarchism.

This privately directed, interconnected global activism crested in 1878.

That year, Chancellor Otto von Bismarck rushed Germany's shift from British-dictated "free trade" to America's government-guided industrialization,<sup>9</sup> as demonstrated at the Centennial and presented by Carey's German representatives. In Germany, paralleling the Philadelphia interests, an Irish engineer with bitter memories of British misrule, William T. Mulvany, had moved to Germany, developed the Ruhr region's coal and transport, and collaborated with the Carey machine to give Bismarck political leverage for his nationalist coup.

The Iron Chancellor put through protective tariffs, created modern railroads, directed banks to invest productively, and provided for workers' pensions. Overnight, Germany became a world power, joining the United States to surpass Britain industrially.

At that time, two steel-nerved Irish émigrés at Wharton Barker's side steered the trans-Atlantic Irish underground, as heads of the Clan na Gael organization: the Irish republican John Devoy and Philadelphia physician William Carroll. Devoy and Carroll had minuscule resources, but they covertly visited Ireland and England and ran a vast network for intelligence, fundraising, and gun-running. They shaped support for political nationalism in Ireland around the figure of Charles Parnell. They outsmarted and undercut the

8. No relation to George Barker. Wharton Barker's family bank, Barker Brothers, was in part a financial vehicle for Bethlehem Steel owner Joseph Wharton, Wharton Barker's uncle.

9. See Helga Zepp-LaRouche, "The American Roots of Germany's Industrial Revolution," *[[EIR,]]* Sept. 12, 2008. [\[\[http://www.larouche-pub.com/eiw/public/2008/2008\\_30-39/2008-37/pdf/38-55\\_3536.pdf\]\]](http://www.larouche-pub.com/eiw/public/2008/2008_30-39/2008-37/pdf/38-55_3536.pdf)

British Secret Service agents who were provoking terrorism.

A war crisis now reappeared between Russia and Britain. Barker, Devoy, and Carroll discussed with Russian Ambassador N.P. Shishkin the prospects for an Irish uprising, within a potential joint American-Russian war to finish off the British Empire.

### The Russian Cruisers

In the Spring of 1878, as Russia had defeated the Ottoman Empire in the Russo-Turkish war (1877-78), enraged British oligarchs flooded the press with alarms about the Russian Menace. The London *Times* wrote on March 25, 1878, “England must either declare war for the purpose of diminishing Russian prestige, or inflict upon her some humiliation...”<sup>10</sup>

Tsar Alexander II decided to go ahead rapidly with the purchase of several advanced warships built in the United States; they must be out of port before war commenced with Britain. The Tsar met with Captain Semetschkin on April 8 and ordered him to go ahead immediately.

The story of the purportedly secret mission leaked out. On April 20, Wickham Hoffman, the American chargé d'affaires in St. Petersburg, reported to Washington: “the Hamburg steamer *Cimbria* chartered by the Russian government, left Port Baltic ... with 66 officers and 600 sailors of the Russian Navy to man the steamers built for the Russian government at Philadelphia. I know of no reason why Russia or any other power should not build war vessels in the United States, if it sees fit, but in view of the present threatening relations between Russia and Great Britain, I have thought you might wish to be advised of this circumstance...”<sup>11</sup>

Commissioned by Russia, Wharton Barker had created a make-believe Alaskan steamship company and ordered four ships to be built for it at Philadelphia’s



Banker Wharton Barker, political lieutenant of Henry Carey, negotiated the sale of U.S. warships to Russia; he was also the architect of James A. Garfield’s campaign for the Presidency.

William Cramp & Sons shipyard. Barker was to take the ships when completed out beyond U.S. territorial waters and turn them over to Russian commanders, who would install the guns and ammunition bought by Barker and ferried out by other vessels.

American and British newspapers exploded with coverage as the *Cimbria* arrived on April 28 in Southwest Harbor, Maine. British naval attaché Adm. William Gore Jones came up from the U.K. Embassy in Washington; he was repulsed in two attempts to board the *Cimbria* and inspect its manifest. The British nervously watched the ship from the dock until it departed for Philadelphia.

On May 16, Semetschkin gave Barker a formal purchase order of \$400,000 for the steamship *State of California*, whose refitting from commercial vessel to war cruiser was then being completed. The next day, Admiral Gore Jones offered Cramp & Sons \$500,000 for the *California*, and soon futilely raised his offer to \$600,000. British Ambassador Edward Thornton advised the Foreign Office and the British Navy of the ship’s sale to the Russians through Wharton Barker.

John Devoy and William Carroll leaked to the New York and British press that thousands of Irish-Americans, having pledged to join the Russian service, were already drilling at the Canadian border and would march on Nova Scotia or New Brunswick in the event of war. The nationalist press in Ireland followed the progress of the Semetschkin episode and exulted in Britain’s distress.

Amid mounting British hysteria, William Gore Jones got himself into the Cramp & Sons shipyard disguised as a workman, affecting an Irish brogue. But a Russian officer spied him out, and he was ejected by the shipyard watchman; the incident was publicly mocked in Washington.<sup>12</sup>

10. Quoted in Frederick Douglas How, *The Marquis of Salisbury* (London: Isbister & Co., 1901), p. 127.

11. Wickham Hoffman to Secretary of State Evarts, April 20, 1878, quoted in Leonid Strakhovsky, “Russia’s privateering projects of 1878,” *Journal of Modern History*, VII (1935), p. 26.

12. Augustus C. Buell, *The Memoirs of Charles H. Cramp* (Philadelphia: J.B. Lipincott Company, 1906). The entire episode of the Russian cruisers is told in the Cramp Memoirs.



The *State of California*, the *Columbus*, the *Saratoga*, and a fourth ship expressly built for the Russians, were commissioned as warships in the Russian service on July 15, 1878, under the names *Europe*, *Asia*, *Africa*, and *Zabiaka* (the last, whose name means “mischief-maker,” was the fastest cruiser in the world at that time).

The British backed down from their war threat. It was the British, not the Russians, who had been humiliated.

Wharton Barker was in Russia in Summer 1879. With Alexander II and Grand Duke Constantine, he reviewed the Russian fleet, including the new ships he had put into their service, and they decorated him with the Order of St. Stanislaus. The Tsar told Barker that during the Civil War he had protected America by sending the Navy to U.S. ports, “because I understood that Russia would have a more serious task to perform if the American Republic, with advanced industrial development, was broken up and Great Britain left in control of most branches of modern industrial development.”

Now the triumphant republic was awakening the world’s suppressed productive forces. U.S. minister Wickham Hoffman in St. Petersburg facilitated huge orders of Baldwin locomotives, which boosted Russian economic power.

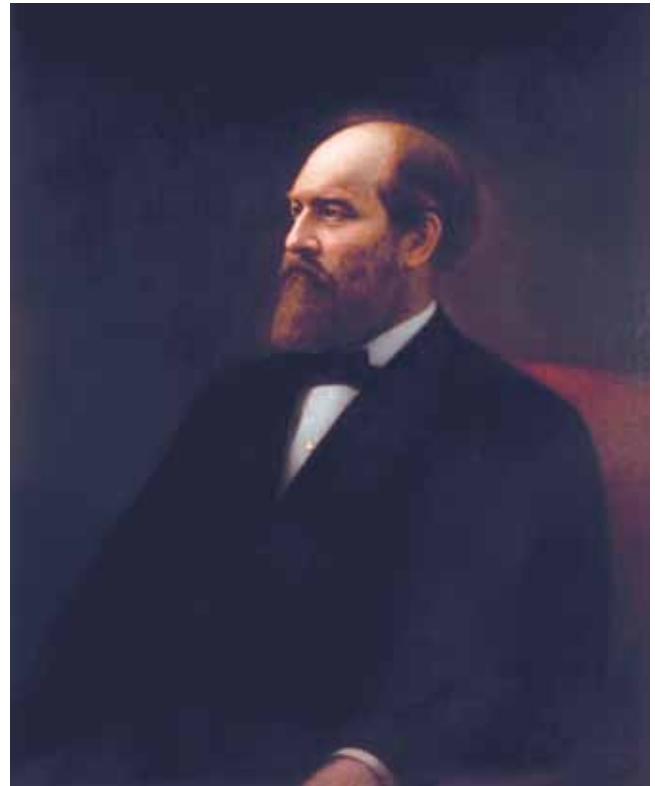
The danger that the American idea posed to the Empire had been spelled out in the English newspaper *The Spectator* (Jan. 11, 1873). A strengthened Russia might remake poor, thinly populated Persia (Iran), so that its role as a buffer for British India might end: “Persia might in ten years be restored by Russian engineers . . . to become once more a garden in which a great population might grow rich. . . . Water once secured—and securing water is in Persia an engineering affair only—there is no country in the world with higher natural advantages for agriculture, stock-breeding, and mining enterprise than Persia. . . .”

Yet the British were well aware that as the 1870s ended, this U.S. strategic outlook was concentrated in the private hands of a money-poor nationalist faction, and was not, as it had been with Lincoln, the bold public policy of the Presidency.

This the Philadelphians now set out to remedy.

### **Taking the White House**

It was in their *Penn Monthly*, edited by Henry Carey’s disciple Robert Ellis Thompson, that the Carey



*Official portrait of President James A. Garfield, by Calvin Curtis (1881). Garfield warred with Wall Street and was assassinated in 1881, after only a few months in office.*

circle in May 1879, first proposed the Presidential candidacy of Congressman James A. Garfield. The magazine’s publisher, Wharton Barker, declared him to be a man of “high principle” and the best man for the White House. (A Civil War general and former Greek teacher, Garfield had devised a unique proof of the Pythagorean Theorem while discussing geometry with other Congressmen in 1876.)

In a December 1879 letter, Barker proposed to Garfield that he should run for President. Barker had just returned from Russia as a man of some notoriety, and was publicly seen as continuing the work of Henry C. Carey, who had died in October.

Barker and Garfield met in early January, and agreed that Barker would proceed in his efforts to secure the 1880 Republican nomination for Garfield.

The Carey circle now put into play the political apparatus associated with the Industrial League they had created in 1868. Two hundred Philadelphia leaders signed a manifesto issued by a meeting of prominent Philadelphians at the home of Carey’s nephew, Henry Carey Lea. This started up the National Republican League, aiming to break Wall Street’s hold over

their party and national politics.

The three main candidates were unacceptable:

- Senator Blaine's supporters were too wedded to the Party;
- Secretary of the Treasury John Sherman (brother of Gen. William T. Sherman) "served the creditor class";<sup>13</sup>
- and Wall Street ran former President Ulysses Grant's third-term candidacy through Roscoe Conkling's Stalwart faction Republicans.

Barker calculated that none could get enough delegates at the Republican Convention to take the nomination, and he surmised that the three camps' mutual bitterness would make his "dark horse" candidate acceptable.

Though certain secret operations were only revealed later, Barker was widely discussed at the time as architect of the Garfield campaign. Yet his role has been erased by the national historical amnesia spread by London and Wall Street.

After getting Garfield to explain how he had become a member of the elite Cobden Club without sharing its pro-British "free trade" purpose, Barker crisscrossed the country, very quietly setting the springs of action.

He procured New England opposition to Blaine as unelectable.

When the Carey team secretly swung the Philadelphia Republican machine out of its lock for Wall Street/Grant, a crisis arose. Treasury Secretary John Sherman spoke at a dinner held by the Philadelphia Stock Exchange. Wharton's father Abram Barker, who was president of the Exchange, evidently boasted of his son's plans to Sherman.

Sherman then cleverly begged Garfield to make the nomination speech for him at the forthcoming Convention—without telling Garfield that his secret was out. Accepting Sherman's entreaties, Garfield told Barker he could not betray Sherman by his own candidacy. Barker assured Garfield that his friends could do more for him than he could himself, and plunged back into operation.

The 1880 Republican National Convention convened on June 2 in Chicago.

The Carey team had arrived well in advance to make arrangements. Among their delegates were Wharton Barker, Henry Carey Lea, Robert Ellis

13. Wharton Barker, "The Secret History of the Garfield Nomination," *Pearson's Magazine*, May 1916.



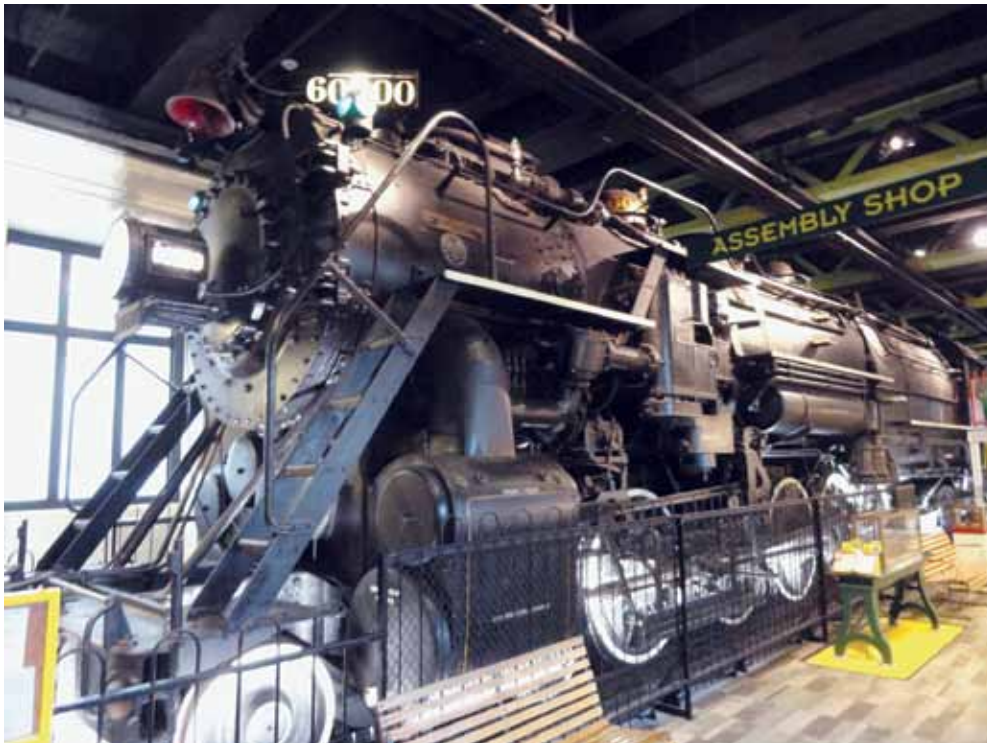
*Sen. Roscoe Conkling, head of Wall Street's Stalwart faction of the Republican Party, depicted by cartoonist Thomas Nast. President Garfield destroyed Conkling's career, and soon after, Garfield was assassinated.*

Thompson, at least two other members of their Penn Club (Henry Reed and Samuel Pennypacker), and the Pennsylvania Railroad's counsel, Wayne MacVeagh, acting as Barker's chief lieutenant. Some of Carey's Irish nationalists attended as spectators and cheerleaders.

Barker directed paid squads in the galleries and on the floor to applaud whenever Garfield arrived for a session. At one juncture, Senator Conkling put through a resolution compelling delegates to swear they would support the party's nominee, then introduced another that the convention should expel the three delegates who had just voted "no." Barker prodded Garfield to speak, and his squads cheered when he finally rose. Garfield's stirring defense of freedom of conscience against party loyalty won the point and the convention roared its approval.

Barker's nationwide contact network performed on schedule, and all of Barker's calculations proved accurate. A deadlock held through 33 ballots, Garfield staying eligible with the one vote prearranged from Philadelphia machine boss W.A. Grier.

Supremely confident, Barker left Chicago for Russia



Franklin Institute

*Locomotive 60000 on display at the Franklin Institute. This experimental machine, built in 1926, was the company's 60,000th locomotive. Baldwin produced huge number of locomotives for the Russian market, including during the post-1873 Morgan-induced depression in the United States.*

during the deadlock, to help plan the industrialization of southwestern Russia/Ukraine—coal, iron, steel, and railroads. In a July 6 letter to the Russian Foreign Ministry, he wrote of “the common work of Russia and America, namely the dismemberment of the British Empire.”

On the 34th and 35th ballots, Wisconsin, and then Indiana, shifted their votes to Garfield as programmed, and a stampede on the 36th nominated him.

Blaine released his supporters to Garfield, turning the tide, and Garfield would make the nationalist Blaine his Secretary of State.

Sherman ceded his support to Garfield after President Hayes, following Barker’s prompting, had urged his Treasury Secretary to do so.

The Wall Street faction was mollified by putting Conkling’s New York operative Chester Arthur on the Garfield ticket for Vice President.

Several months before the convention, Robert Ellis Thompson had included Clan na Gael chief William Carroll in the plan. After the nomination, Dr. Carroll brought into Wharton Barker’s banking office two visiting Irish revolutionary heroes: John O’Leary, the im-

prisoned and exiled Dublin Fenian newspaper editor through whom Carroll and Devoy regularly sent American funds to the Irish Republican Brotherhood (IRB); and John O’Connor, who, under assumed names, had for many years dodged British arrest as the chief channel of IRB communications within the British Isles.

Carroll later explained what ensued:

“...it was decided to issue an appeal to the Irish Nationalists of the United States, as American citizens, to vote against the English policy of Free Trade, through which Irish industries had been destroyed and which if not defeated would ruin

those of America. . . . [The plan was put before] Chester A. Arthur, the candidate for Vice-President who promptly pronounced the appeal hopeless, [but with this] opinion Marshall Jewell, chairman of the Republican National Committee (former Ambassador to Russia 1873-4) and Mr. Barker differed, and the appeal, written in crisp, concise and convincing terms by Prof. Thompson appeared in 15 places in one day in the *New York Herald*; was placarded over the dead walls of New York and widely circulated elsewhere; all at Mr. Barker’s expense. The response was the election of Garfield and Arthur. . . .”<sup>14</sup>

As they were then stirring millions of first- and second-generation Irish in America to support their struggling brethren back home, the Philadelphia leaders prevailed on many of them to depart from their traditional support for the (pro-“free trade”) Democrats and vote for Garfield.

The Irish were decisive in the November election. Garfield won the popular vote by only 9,000 out of the 9,000,000 national total. New York’s 35 electoral votes

14. Ibid.

gave Garfield the victory, with his margin of 21,000 out of 1,100,000 ballots cast in that state.

## The Government in American Hands

Unease grew in New York and London prior to Garfield's inauguration. Could their Stalwarts, defeated for the Presidency, still control the U.S. Treasury?

Senator Conkling was demanding the post of Treasury Secretary for his ally, New York banker Levi P. Morton—Morgan's syndicate partner back in 1873.

The *New York Times* reported (Jan. 2, 1881) that President-elect Garfield had offered to make Morton Secretary of the Navy. But "Gen. Garfield's declination to give him the Secretaryship of the Treasury was caused by the fact that Mr. Morton is . . . the senior . . . member of a leading banking-house in London and New-York, which house has been a party in all the great syndicates for the placing of government loans, and [he is] particularly associated with all the banks and bankers in this country and Europe."

As a Congressman, Garfield had opposed syndicate financing in favor of bond sales to the people. Now he said he wanted no Wall Street man at Treasury.

James Garfield took office on Friday, March 4, 1881.

On Saturday, Robert Lincoln, son of the murdered President, was sworn as Secretary of War, and Wayne MacVeagh, Wharton Barker's convention lieutenant, came in as Attorney General.

Then on Sunday, the *New York Times* attacked Russia's "settled ingrained policy of aggression" in Central Asia; this threatened the Indian Empire—would Britain have to give up "hard-won Kandahar"?

On Monday, March 7, James Blaine, outspoken opponent of the British Empire, became Secretary of State; Minnesota protectionist William Windom took over the Treasury; and anti-Ku Klux Klan Louisianan



Library of Congress

*James G. Blaine was an outspoken opponent of the British Empire, and Secretary of State in the Garfield Administration.*

William H. Hunt became Secretary of the Navy, with a mandate to swiftly upgrade U.S. naval forces.

On March 10, a telegram informed Barker that the Tsar had ordered the acceptance of his concessions to help industrialize southern Russia, now that a government so favorable to his viewpoint was in place in Washington. A creative younger generation was beginning to work toward Mendeleev's vision of a powerful Russia, taking its rightful place beside its American ally. The 31-year-old railroad developer Sergei Witte would soon emerge to lead Russia's progress out of feudalism, as an open advocate for the economic nationalism proving its success in America and Germany.

On March 13, nine days after Garfield's inauguration, Tsar Alexander II was blown up by a member of the nihilist movement that was notoriously co-owned by the British Empire and the Russian black nobility.

A global Anarchist Congress had assembled that Summer in London, where Prince Kropotkin would brag to 700 anti-national terrorists about the continuing murder campaign against the Russian government (*New York Times*, July 20, 1881).

The frightened successor, Alexander III, moved his residence out of St. Petersburg.

But Garfield moved straight ahead.

## World Power

Two days after the Tsar's assassination, Blaine announced that the State Department would organize and plan U.S. participation in the International Congress of Electricity in Paris later that year.

Blaine appointed as American Commissioners for the event the Franklin Institute's George Barker (Edison's mentor); and George Gouraud (who was William J. Palmer's agent and fellow Medal of Honor recipient, and European manager for Edison); along



Paterson Museum

*The Fenian Ram was the first modern submarine, designed by John Philip Holland (left) for use by the Fenian Brotherhood against the British. It was tested for combat duty in New York Harbor during the Garfield Administration, to the loud protests of the British government.*

with State Department and U.S. military officers.

Paris streets and public schools were “magically lighted” that August, to celebrate the harnessing of electricity, this wonderful source of power. It was under U.S. government sponsorship that Germany’s Emil Rathenau met Professor Barker in Paris and began a close friendship and partnership with Thomas Edison.

Rathenau got Edison’s patents and the loan of Edison’s power-plant engineer William Hammer. His German Edison Company (later known as Allgemeine Elektrizitäts-Gesellschaft, AEG) now raced to electrify German society and industry, and the world economy. He built the electrical grids of Madrid, Warsaw, Genoa, and Buenos Aires, and brought power to Brazil, Chile, Mexico, and much of Western Europe.

Rathenau put electric power into St. Petersburg and street cars into Moscow. Later, he and his son Walther worked with Count Witte to build up Russia’s own electrical industry, and AEG would electrify the Trans-Siberian Railroad.

Edison created other partnerships for light and power in Argentina, Cuba, Canada, Australia, China, Japan, India, South Africa, England, France, and Italy.

### **Confronting Britain in South America ...**

Wharton Barker proposed a Western Hemisphere customs union to Garfield before his election, and to the new President and Secretary of State when he met with them in April 1881. Just as Friedrich List’s tariff union (the Zollverein) first brought together Germany’s disparate states, the U.S. should negotiate a common shield to protect the wages and rising industries of both North and South America, against British domination and cheap-labor looting. This must be coupled with respect for national sovereignty and a drive for peace.

The Garfield Administration adopted this outlook and went into action in South America.

Peru had exalted ambitions, encouraged by Lincoln and Carey’s nationalists: to create advanced machine, mining, and steel industries and ports. Peru had nationalized its nitrate deposits, raw material for the world’s gunpowder. Planning a national rail grid that would extend to Brazil and begin industrializing the continent, Peru had hired California construction strategist Henry Meiggs, who built from the coast inland and up the Andes Mountains. When he died in 1877, the unfinished line was by far the world’s highest railroad.

The British demanded absolute control over South

American finance and resources. They determined to exterminate Peru as a nation. Two successive nationalist Peruvian Presidents were assassinated, in 1872 and 1878.

Britain set a trap for the region. Nitrate deposits extended across the border into Bolivia and Chile. Chile was also pursuing some development ambitions—Meiggs had built railroads there as well. The British supplied Chile with arms and officers. The British trading company W.R. Grace, based in Lima, Santiago, and London, supplied Peru with arms and advised its government. The three neighbors were manipulated into a land and minerals conflict. Chile invaded Peru in 1879, with seven British Navy ships patrolling the coast. By mid-1880 Chilean forces occupied Lima, and Peruvian minerals were being sold off to pay British bondholders. Before Garfield and Blaine intervened, U.S. diplomats allowed Britain's representatives to dictate American acceptance of this mayhem.

Blaine resolved to deploy any aid necessary to protect Peruvian sovereignty and end the war. On May 18, 1881, Garfield nominated Stephen A. Hurlbut, Lincoln's tough counterintelligence specialist, as ambassador to Peru. By that time, the global strategic conflict had become a brutal face-off inside the United States.

### **...and in New York**

Two years earlier, William Carroll, John Devoy, labor leader Terence Powderly and their Irish republican "skirmishing fund" had spent \$18,000 funding a new super-weapon aimed at the Royal Navy: Irish émigré inventor John Holland built the first modern submarine, a 19-ton 4-man boat powered by a 17-horsepower Brayton petroleum engine (as displayed at the 1876 Centennial Exhibition). It fired dynamite-laden torpedoes.

With Garfield in the White House, the vessel (nicknamed the "Fenian Ram") was taken to Hoboken, N.J. and put into New York Harbor to be tested for combat duty. The first successful dive took place to spectators' amazement in June 1881. The British Consul in New York protested to the Treasury representative, the Collector of the Port of New York, demanding government surveillance of the project. But the Administration viewed the submarine as a private experiment and left the Fenians free to pursue it.

Political dynamite was then exploding around Wall Street.

The Collector of the Port wielded great patronage, and enough financial power to take on Wall Street. New York's Congressional representatives were usually given their own choice for the office. After being denied control over the Presidency or the Treasury Department, Stalwart boss Conkling insisted the Collector must be his man.

The President's nomination of Blaine's friend William Robertson for the post so shocked and dismayed the Stalwarts that both Conkling and his fellow New York Senator Thomas Platt resigned their seats on May 16. Two days later the Senate confirmed Robertson. It was thus Robertson who passed along the futile British protest against the Fenian Ram. Conkling was finished politically.

Charles Guiteau later testified that he was "inspired" to take action when Conkling was crushed. A virtual zombie, Guiteau had been for years the victim and underling of a mind-control sex cult in Oneida, N.Y., run by the old Tory John Humphrey Noyes. Guiteau began stalking and threatening Garfield. He shot the President on July 2, when Garfield was waiting at a Washington train station with Secretaries Blaine and Lincoln. As Garfield fell, Guiteau shouted, "I am a Stalwart and Arthur is now President!"

The double murder at the outset of the Administration of the progressive Russian leader and the crusading American President, stunned the world.

Garfield held on for two months.

Ambassador Stephen Hurlbut departed the day Garfield was shot and arrived in Peru as Garfield clung to life. General Hurlbut clashed sharply with British diplomats and recognized the Presidency of Francisco García Calderón, who had been chosen by the underground Peruvian nationalist leadership.

When Garfield died in September 1881, Hurlbut asked Blaine for instructions and was told to press ahead. Blaine dispatched the *USS Alaska*, which landed a brother of President Calderón with money and instructions for Peruvian resistance fighters. Britain's Chilean proxies arrested President Calderón and took him away to Santiago.

On Nov. 29, 1881, Secretary of State Blaine called for a peace conference of all republics in the Western Hemisphere.

A number of nations had accepted the invitation when President Chester Arthur fired Blaine two weeks later. The new Secretary of State, Frederick Freling-

huysen, canceled the proposed hemispheric peace conference so as not to invite “European jealousy and ill will.”

Frelinghuysen was intimate with the Rothschilds’ American representative August Belmont, and was the law partner of Belmont’s son Perry—a Congressman who held hearings on Blaine’s “corruption.” August Belmont later remarked, “the country might have been plunged into a war with Peru if poor Garfield had not been assassinated.”<sup>15</sup>

### The Aftermath

What, then, became of the American outlook that was shot down in 1881?

Years later James Blaine, again Secretary of State (1889-92), re-introduced the Pan-American policy, encompassing a bank jointly owned by the republics, and construction of a hemispheric railroad grid. Blaine’s protégé, President William McKinley, was promoting this future happiness at the 1901 Pan American Exposit-

15. Quoted in David Black, *The King of Fifth Avenue; The Fortunes of August Belmont* (New York: The Dial Press, 1981), p. 645.

tion in Buffalo, N.Y., when an anarchist murdered him. The bullet brought in Vice President Theodore Roosevelt, who buried the United States under London-Wall Street control.

His cousin Franklin D. Roosevelt, who by the 1920s hated Teddy’s British imperialism, restored the nation’s honor with the Good Neighbor policy. FDR, and the later John F. Kennedy, foresaw and fought for world progress led by American science and industry. It was another double murder—of John Kennedy and his brother Robert—that has left the United States in a degraded muddle, stripped of its Revolutionary inheritance, and faced with the decision to reclaim it or die.

Americans who have repressed their consciences sometimes ask, isn’t it impossible to overcome the destructive power of the imperial financiers?

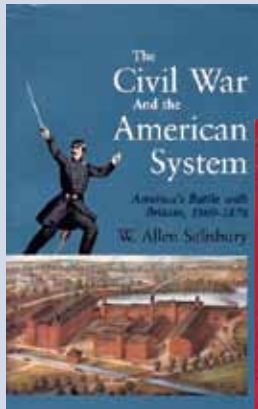
The answer is no, because 19th-Century Americans brought a new and greater power into the world, giving man the tools to subdue nature and end poverty everywhere. This capability redefined the nation’s mission; this power is in our hands today, and the United States is simmering with revolt.

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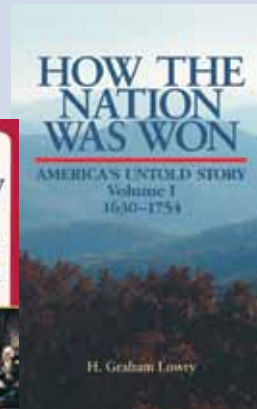
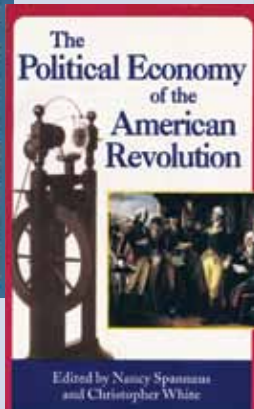
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