

Henry C. Carey and the American System

Economist Henry Carey, perhaps more than any other individual, kept alive the American System of political economy, against the British free traders. From the late 1840s until his death in 1879, Carey's leadership in that effort, as exercised through Abraham Lincoln's Treasury Department, enabled the development of the United States to occur.

The following material was taken from Carey's The Harmony of Interests: Agricultural, Manufacturing, and Commercial. More extensive excerpts, as well as documentation on the American System in Russia, appeared in EIR, Jan. 3, 1992.

The foremost practitioner of free trade in the nineteenth century was Great Britain. As Carey explained, "The object of [Britain's] colonial system was that of 'raising up a nation of customers,' a project 'fit only,' says Adam Smith, 'for a nation of shopkeepers.'" Carey cites example after example of intentional British economic discrimination against its subject nations: In 1710, "the House of Commons declared, 'that the erecting of manufactories in the [American] colonies had a tendency to lessen their dependence upon Great Britain.'" In 1750, this was followed with a prohibition against "the erection of any mill

or other engine for splitting or rolling iron . . . but pig-iron was allowed to be imported into England duty-free, that it might then be manufactured and sent back again. At a later period, Lord Chatham declared, that he would not allow the colonists to make even a hob-nail for themselves. . . ."

In contrast, said Carey, the United States had a different mission. "Two systems are before the world. The one looks to increasing the proportion of persons and of capital engaged in trade and transportation, and therefore to diminishing the proportion engaged in producing commodities with which to trade, with necessarily diminished return to the labour of all; while the other looks to increasing the proportion engaged in the work of production, and diminishing that engaged in trade and transportation, with increased return to all. . . . One looks to increasing the quantity of raw materials to be exported, and diminishing the inducements to imports of men, thus impoverishing both farmer and planter by throwing on them the burden of freight; while the other looks to increasing the import of men, and diminishing the export of raw materials, thereby enriching both planter and farmer by relieving them from payment of freight. . . . One looks to increasing the necessity of commerce; the other to increasing the power to maintain it. . . . One looks to pauperism, ignorance, depopulation, and barbarism; the other to increasing wealth, comfort, intelligence, combination of action, and civilization. One looks towards universal war; the other towards universal peace. One is the English system; the other we may be proud to call the American system."

tions. So, when I was invited to Moscow, it was intimated that a tariff speech would be quite acceptable. A dinner was given me by the corporate powers of Moscow. . . .

They got up a magnificent dinner; and with the American and Russian flags over my head, I made a regular tariff speech. It was translated into Russian as I spoke, and received immense applause. It was also put in Russian newspapers and into pamphlet form, circulated in the thousands all over the Empire. This touched England in the tenderest spot; and whilst Sir A. Buchanan and lady [the British ambassador, who was present] was too well bred to speak of it, one of the attachés was less discreet and shouted how much I threatened British trade. The dinner was photographed at the time.

"I found that the argument which I had made for years in the South, in favor of free labor and manufactures, as cofactors, was well understood in Russia; and since emancipation and education have taken a new projectile force, railroads and manufactures have the same propulsion as is now exhibited in the 'Solid South.'" "

Clay's speech concluded with the Russian industrialists toasting the "great American economist Henry Carey."

Clay also went to work paving the way for the military alliance that would dismantle the British Empire, and in conjunction with this, negotiated with Russia the construction of a Washington-St. Petersburg cable, via the Pacific through San Francisco and Vladivostok. Here is how he motivated the cable project:

"If we have to battle England on the sea, and should Russia be our ally, we shall have means of much earlier intelligence than she. . . . I think ourselves fortunate in having this great power as our sincere friend. We should keep up this friendly feeling, which will finally give us an immense market for our commerce, and give us a most powerful ally in common danger. We will and must take a common interest in the affairs of Europe."

After the war, Clay summarized his mission as follows:

"I did more than any man to overthrow slavery. I carried Russia with us and thus prevented what would have been a strong alliance of France, England, and Spain against us, and thus saved the nation."

The entente concept of Clay and Lincoln was developed in full, in a Clay dispatch to Lincoln from St. Petersburg,