

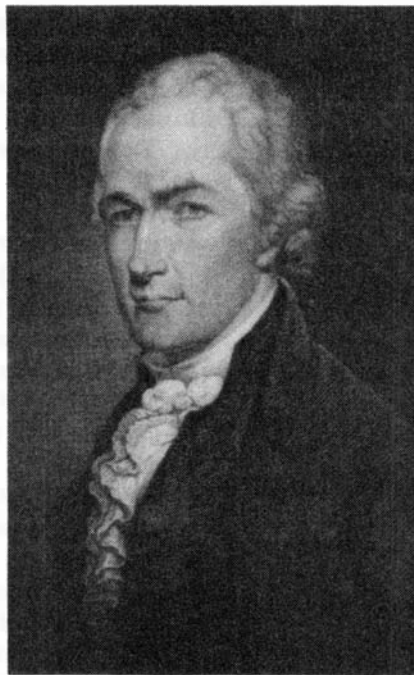
## European roots of the American System of Economics

by Nancy Spannaus

It would be a only a small exaggeration to say that the American population has undergone a lobotomy relative to its real history. Americans in general have absolutely no knowledge of the distinct and positive qualities of the Declaration of Independence, the U.S. Constitution, and the American System of Economics, and where they come from. Many have actually bought the line that British free-trade lackeys like Adam Smith and John Locke, were part of the positive heritage of this country. Such ignorance has created a very dangerous weakness that anti-American zealots parading as patriots—such as Rep. Newt Gingrich and Sen. Phil Gramm—are currently able to exploit.

The actual lineage of the American System is the concept of the commonwealth, an idea which emerged with force out of the period of the Italian Golden Renaissance, which was itself based on the Platonic republican tradition from the Greek Classical period, as well as Christianity. The concept of the commonwealth was built on the idea that a sovereign nation-state must be dedicated to the education and improvement of its population through scientific and technological progress. It was an idea that defined a positive role for the state, in its fostering of conditions that would benefit the individual, and which understood the individual for the first time in history, as being made in the image of God the Creator, and thereby worthy of being treated as such in social and economic policy.

If you understand the principle of the commonwealth, you then understand the coherence of the Declaration of Independence and the U.S. Constitution, and the undeniable fact that the fledgling American republic was a rejection of John Locke and British free-trade policies, and an embrace of republican values. If you know the real history of the commonwealth tradition, you then understand where the concept of “general welfare” in the U.S. Constitution comes from, and how it commits the United States to rejecting the Confederate Constitution and its modern-day imitators. You are able to resolve the allegedly irreconcilable conflict between the interest and freedom of the individual and of states, through the



Gottfried Wilhelm Leibniz, (left), a universal genius and leader of the cameralist tradition in Europe, can be considered the founder of modern economic science. The two greatest followers of the European cameralist school in America were Alexander Hamilton (center) and Benjamin Franklin.

concept of a republican nation-state based on God's natural law.

Historian Christopher White and I first sought to document this assertion in a book published in 1977, entitled *The Political Economy of the American Revolution*. The book, which is scheduled to be reprinted soon, was comprised primarily of documents from the work of those who created the commonwealth movements in France and England in the sixteenth and seventeenth centuries, and from their successor tradition in America—in particular Benjamin Franklin and Alexander Hamilton.<sup>1</sup>

Since that time, with the aid of economist-philosopher Lyndon LaRouche and many of his and our associates, the picture has been filled out considerably.<sup>2</sup> The fundamental breakthrough was made in the period of the 1439 Council of Florence, which saw an explosion of creativity not only in the arts and sciences, but also in the understanding of statecraft. A school of thinkers developed who called themselves

cameralists, since they formed chambers of advisers to local rulers. The task of the cameralists was to devise the policies which would guide the ruler in economic policies in particular.

Their thinking spread from Italy into France (Louis XI to Jean Bodin to Jean-Baptiste Colbert) and Germany-Austria (Melchior von Osse to Veit Ludwig Seckendorff to Gottfried Leibniz to Johann Heinrich Gottlob von Justi and Joseph Sonnenfels). These thinkers, as well as commonwealth adherents in England, played a direct role in transmitting the idea to the American colonies where, with the benefit of immense distance from the European oligarchy, a distillation of their republican ideas were put into practice. It was a great, though by no means perfect, step toward the realization of the ideas of the Renaissance.

At the present time, the American population—degraded in its self-conception as well as its culture and living standards—is in great danger of betraying its heritage. The opponents of the American Revolution knew that, if they destroyed the *ideas*, that they could destroy the reality. In the following pages are traced the leading intellectual forebears of the American republic and its system of economics and statecraft. In most cases, it is very difficult to find mention made of them, much less their writings, in any history or economics book, and even in libraries. Yet, an understanding of the thinking of these men is absolutely integral to understanding what the United States of America represented in its founding, and what it must again represent today.

1. Nancy Spannaus and Christopher White, *The Political Economy of the American Revolution*, New York: Campaigner Publications, Inc., 1977.

2. Two full-length books and innumerable magazine articles have been produced from the voluminous researches of members of the International Caucus of Labor Committees, the philosophical association based on LaRouche's ideas. The books are: W. Allen Salisbury, *The Civil War and the American System, America's Battle with Britain, 1860-1876*, Washington, D.C.: Executive Intelligence Review, 1992; and H. Graham Lowry, *How the Nation Was Won, America's Untold Story 1630-1754, Vol. 1*, Washington, D.C.: Executive Intelligence Review, 1988.



Nicolaus of Cusa's work in science and statecraft formed the basis for the republican movements of the Renaissance and the later development of cameralism.

### The cameralists in Italy

It is likely that the republican notions of statecraft that arose in the Golden Renaissance derive from the wide-ranging work of that era's most seminal figure, Cardinal Nicolaus of Cusa.<sup>3</sup> The cardinal's groundbreaking work in science was supplemented by writings on statecraft, and the museum dedicated to his life in Bernkastel Kues, Germany, contains a display on his pioneering ideas of representative government. In the same period, a Platonist of Greek nationality, George Gemisthos Plethon, was active in Florence, and discussed the principles by which a proper government must deal with different sections of society—those engaged in agriculture, manufacturing, and trade—in order to provide for the general welfare.

The core concept behind cameralist statecraft was that the prosperity of a state depended upon the adoption of policies which fostered the improvement, materially and spiritually, of the citizenry. This was a revolutionary idea at the time—and remains so in many parts of the world today. It meant that a ruler had to devise a means of increasing wealth by making the citizenry more productive, but not by looting them. It meant changing from a situation where the vast

3. William F. Wertz, Jr., "Man Measures His Intellect Through the Power of His Works: How Nicolaus of Cusa's revolution in the Platonic Christian concept of natural law laid the basis for the Renaissance invention of the modern nation-state," *Fidelio*, Winter 1994.

majority of the population were slaves, or virtual slaving beasts, to one in which people were assumed to be educable and improvable—and therefore to a state policy which sought to implement such a policy.

Thus, as opposed to a situation of virtual war between rulers and their subjects, there was conceived to be a scientifically knowable common interest between them. The first purpose of the ruler was to provide for the prosperity of his subjects.

At the highest level, with the cameralists there came into being a school of statecraft and economics based upon the idea that man's nature was *imago viva Dei*, in the living image of God. Man's innate dignity and his creative capabilities were not simply to be recognized in church, but were to be understood as the foundation for sound economic and social policies.

The cameralists are sometimes known as the school of statecraft or economics which based itself on expanding population. This was directly related to their view that each individual was a net producer, rather than a drain on society, and that the source of wealth in society is not raw materials or land, but the productive powers of labor of individuals. It was a short step from there to the requirement to improve that productive power, through education and infrastructure and technological advance.

The eighteenth-century cameralist Antonio Genovesi put it this way: "The first aim of Political Economy is the increase in population. The most important part of Political Economy is to discover through what means one can increase the population. The way to increase the population are manufacture and the improvement of agriculture through the teaching and application of agricultural mechanics."<sup>4</sup>

The most prominent Italian cameralist was Antonio Serra, who wrote his *Treatise of the Sources of Wealth of State without Gold or Silver Mines* in 1613. Serra's work was known to the German Hamiltonian Friedrich List (nineteenth century), but undoubtedly his work around Naples also spread to France, Germany, and Italy much earlier. Serra distinguished two kinds of wealth: *accidenti propri* and *accidenti communi*. *Accidenti propri* he categorizes as follows: 1) wealth from bullion coming from gold and silver mines; 2) wealth resulting from an extraordinary geographical endowment, such as fertile agricultural land; and 3) wealth from extraordinarily strategic location for trade, as in the case of Venice. But clearly none of these sources of wealth can provide a general concept of how to create wealth, Serra argued, since only a few states are endowed with these special characteristics.

Then Serra discusses *accidenti communi*, which he describes as follows: 1) crafts and manufactures; 2) the quality of the population; and 3) the character of the policy of the

4. The quotes from Genovesi and other cameralists (not including Leibniz) come from an unpublished speech given in the early 1980s by Michael Liebig of EIR's German affiliate.

state. These are elements of policy which any state can develop properly, regardless of geographical, climatological, or related conditions. Serra defines crafts and manufactures as the most important element for creating wealth, *above agriculture*. He argues that this is true because they guarantee a surplus, unlike agriculture, since they depend upon human work alone, not upon nature; because they can be expanded almost without limit; and because they can be transported over long distances.

Improving the quality of the population is the second policy Serra discusses. This means that the state has an interest in improving and educating people, and giving them the capability to learn and advance. His associate Tommaso Campanella expressed the concept this way:

“God’s will is that science is taught not only to noble men but to all people. . . . Doesn’t that painter paint better who knows mathematics and other sciences, compared to the one knowing only the craft of painting? In the same way, the wise man cultivates the land more profitably than the ignorant peasant, who knows nothing about the peculiarities of soil, water, and air, or the different seeds, plants, grasses, etc. . . . If bricklayers, shoemakers, and other craftsmen would know about scientific ideas on the subject and proceedings of their work, and therefore rely not only on tradition, we would have better workers and a happier life.”

The third determinant of the state’s prosperity is whether the government, or ruler, followed such policies.

What we see in Serra, overall, is an anti-oligarchical policy—one that demands constant progress for the population as a whole, and an active effort by the state to create conditions permitting that progress.

### The French cameralist school

While there were many Italian Renaissance influences into France, including through the Brothers of the Common Life and other institutions and individuals who influenced the great Louis XI,<sup>5</sup> one of the major theorists of the school of national economy (or national economic development) which came out of this, was Jean Bodin (1539-96). Bodin’s work and that of his better-known successor, Louis XIV’s General Controller of Finances Jean-Baptiste Colbert, are extensively reviewed by Christopher White in *The Political Economy of the American Revolution*, and therefore will be merely summarized here.

Bodin begins from the concept that an expanding and improved population is the principal basis for wealth, and

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5. King Louis XI (reigned 1463-83) created the world’s first modern nation-state in France. His national projects included the first postal system, the first national military not based on the private armies of the feudal nobilities, and a project for a national bank (unfortunately never realized). Under his 20-year reign, in a country otherwise devastated by the Hundred Years’ War and Black Plague, the national income was doubled. Louis XI was closely allied with both the Renaissance forces in Italy and with the Brothers of the Common Life in the Low Countries.

then asserts that the growth of wealth depends upon increasing the amount of work done on nature (e.g., crafts and manufactures). Both of these ideas led him to reject the leading practice of the day—looting bullion to increase wealth. Instead he had to insist upon the state taking actions to promote an increase in knowledge on the part of the population, and an increase in the means by which the population could produce wealth, through tax policy, education, subsidies, and so forth.

These policies were continued by Colbert in particular, who used his period of political power to unify the French nation with infrastructure, to promote self-sufficiency in necessities such as food and clothing, and to foster technological advance through academies, fairs, and so forth.

Colbert was a direct influence on Alexander Hamilton, America’s first secretary of the treasury and the acknowledged founder of the American System of Economics. Colbert’s policies are generally considered the prototype of mercantilism, meaning state protection of industries against the free trade, or trade war, and the control of terms of trade. What is usually ignored, however, is that the Colbertian—and American—view of mercantilism was not undertaken in pursuit of buying cheap and selling dear (effectively, theft), but for building up the productive power of the nation.

### The German cameralist school

German cameralist writings have been traced to the period as early as 1555, when Melchior von Osse, a court judge in Leipzig, wrote his “Testament.”<sup>6</sup> Von Osse outlined the obligations for a ruler who wished to run a prosperous, successful state. Here is a sample of his thought:

“A lord and ruler is in three respects under obligations to the people divinely intrusted to him, namely, that he should maintain the same in good prosperous circumstances, which occurs when the people live virtuously, and some among them are promoted to learning, and to good arts, and many wise and learned people are in their numbers, from whom the rest may receive good instruction, and they are not left to wander in the darkness of ignorance, and everything through which such promotion of things useful to the community is hindered is either prevented or averted by the ruler.”

Von Osse’s ideas should not be thought of as abstract. He was fighting specifically for policies of caring for widows and orphans, of controlling prices for necessities, and of curing abuses in prisons and courts—all policies which could teach Gingrich a few things today! His successors, like Veit Ludwig von Seckendorff (1626-92), were even more explic-

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6. The following history of cameralist writers, with the exception of the material on Leibniz, comes from Albion W. Small, *The Cameralists, The Pioneers*, (Chicago: University of Chicago Press, 1909). While Small maintains the inaccurate view that cameralism was merely a pragmatic, rather autocratic reaction to the situation in the German feudalities, he is one of the few English-language writers on this subject, and includes invaluable quotations from original sources.

it—demanding government provisions for doctors, clean water, sewage treatment, a good education, the abolition of usury, suppressing parasites (such as gamblers), and providing the means by which everyone could make a decent living. Von Seckendorff wrote two major books on cameralist theory and policy, *The German Prince's State* and *The Christian State*.

The concept of “general welfare” as the touchstone of public policy for the cameralists is so clear, that even those who deny the universal nature of this school of statecraft, like author Albion W. Small, feel forced to deal with it.<sup>7</sup>

Another leading cameralist in the seventeenth century was Johann Joachim Becher (1635-82), a doctor who traveled throughout Europe, and collaborated with many leading scientific intellectuals, including Christiaan Huygens and that towering genius Gottfried Wilhelm Leibniz, who worked at the same Mainz court at which Becher resided in the 1660s and 1670s.

Becher wrote a *Political Discourse—On the actual reasons determining the growth and decline of cities, states, and republics. How to make a state populous and productive and to make it into a real Societam Civil*. The piece is remarkable in its explicit advocacy of the Christian principle underlying a successful state, which today is only advocated by LaRouche in his *The Science of Christian Economy*.<sup>8</sup> The preamble cites Genesis 1:28, with its injunction to “Be fruitful and multiply. . . .” And in describing the role of government, he says, “Government is said to be the means by which man is enabled to live according to his nature, which is created in the divine image.”

Becher conceives of society as being divided into three parts: its soul, its mind, and its body. The soul is comprised of the government and the church; the mind, of the scientists and teachers; and the body, of the peasants, craftsmen, and merchants. The health of the soul and the mind are absolutely dependent, Becher insists, on the health of the three productive classes, the peasants, craftsmen, and merchants. To define the right proportions, Becher uses the following beautiful image:

“Just as when one is to play on a violin, one must first examine and tune each string, so when its sustenance is to be assured to a community, attention must be paid to every sort of human being that there is, and nothing appears to be more remarkable than that in many places no thought whatever is given to these most difficult points.”

Becher promotes a policy of expanding population, nourished by an increased living standard. He targets three systematic enemies of this objective—monopoly, polypoly, and propoly. Monopoly, he notes, checks population and is therefore evil. Polypoly, which means the unrestricted competi-

tion for scarce resources (including jobs), reduces living standards too much. And propoly, which means a society in which individuals amass huge quantities of goods for speculation, divides the community.

What a difference from today’s free marketeers, or from the oligarchs of the time, who wanted to see wages driven down to the lowest possible level, and let the economy be dominated by the speculators or monopolists!

Nor was Becher, a doctor, limited to mere administrative or political affairs. The concluding chapters of his *Discourse* survey 14 major areas of physical economy which must be attended to, and he also wrote several books on mining, chemistry, and mechanics.

Becher’s father-in-law, Philip Wilhelm von Hornick, was also a leading German (in this case Austrian) cameralist. Differentiating between private and public economy, von Hornick developed nine rules of public economy, most of which involve ensuring maximum production of national necessities at home, minimum dependence on foreign nations, and full exploitation of domestic natural resources.

### The genius of Gottfried Wilhelm Leibniz

Working closely with Becher and von Hornick was Gottfried Wilhelm Leibniz. Leibniz is primarily known as a philosopher and scientist, but his role as a genius in statecraft cannot be overlooked. Leibniz, like Benjamin Franklin after him, was at the center of massive international political networks which intervened on behalf of the republican idea of statecraft. Because of his work in physics and technology, as well as philosophy and science, LaRouche describes him as the founder of modern economic science.

Leibniz wrote two seminal documents on economic policy. The first was composed in 1671, while he resided at the court of Count Johann Philipp von Schoenborn in Mainz. It is called “Society and Economy,”<sup>9</sup> and in it can be found the very antithesis of the free-market economics which runs rampant today. The second is a proposal for founding an academy for the promotion of arts and sciences, in which Leibniz’s ideas of how a society should progress are outlined at some length.

“After all, is not the entire purpose of Society to release the artisan from his misery?” Leibniz asks in his short, incomplete, essay on “Society and Economy.” He then outlines the principles by which this aim can be accomplished, which include ensuring that the farmer gets a fair price for his produce, and that there is no shortage of food. He also argues that individuals be provided with sufficient resources to care for their families.

With the proper measures, Leibniz says, “we eliminate a deep-seated drawback within many republics, which consists in allowing each and all to sustain themselves as they please, allowing one individual to become rich at the expense of a hun-

7. *Ibid.*, p. 86.

8. Lyndon H. LaRouche, Jr., *The Science of Christian Economy*, Washington, D.C.: Schiller Institute, 1991.

9. Published in *Fidelio*, Fall 1992, p. 54.

dred others, or allowing him to collapse, dragging down with him the hundreds who have put themselves under his care.”

What is striking about Leibniz’s view in this small sketch is its total opposition to the views of British economy which argue that only need, misery, or punishment will force a person to work hard. Leibniz argues as follows:

“One might object that artisans today work out of necessity; if all their needs were satisfied, then they would do no work at all. I, however, maintain the contrary, that they would be glad to do more than they now do out of necessity. For, first of all, if a man is unsure of his sustenance, he has neither the heart nor the spirit for anything; will only produce as much as he expects to sell (which is not very much given his few customers); concerns himself with trivialities; and does not have the heart to undertake anything new and important. He thus earns little, must often drink to excess merely in order to dull his own sense of desperation and drown his sorrows, and is tormented by the malice of his journeymen.”

A good description of industrial England, or even the poor in American cities today? To prevent such problems, Leibniz promotes a policy of full employment, adequate wages, continual conferences of scholars, universal education, and the promotion of morality in all locations.

Leibniz’s longer discussion of principles of economy comes within his 1671 paper “On the Establishment of a Society in Germany for the Promotion of the Arts and Sciences.”<sup>10</sup> The extensive introduction to a listing of specific measures in this paper makes explicit the philosophy underlying his economic measures: the fact that man is created in the image of God. We quote briefly:

“For God creates rational creatures for no other reason but that they should serve as a mirror, in which His infinite harmony would be infinitely multiplied in some respects. . . . Now reason and power can be used for the glory of God principally in three sorts of ways, exactly as I can meet a men in three sorts of ways; that is, with good words, good thoughts, and good works. . . .”

Leibniz explores all three ways of serving God, first as orators and priests, second as natural philosophers (or scientists), and third as moralists and politicians. The highest value he puts on the third, because the moralists and politicians establish the framework of society which facilitates the other two kinds of professions. For example, he notes, “evil institutions, carelessnesses, and distractions” are permitted to make useful discoveries useless to people, if the moralists and politicians don’t do their work. His inspired description of the worthy task of statecraft goes as follows:

“. . . The third way to seek the glory of God, namely those who serve Him as moralists, as politicians, as those who guide public affairs, is the most perfect, since those not only endeavor to find the radiance of God’s glory in nature, but also seek to emulate Him through imitation; and thus seek

to honor Him not only through praise and devotion, or with words and thoughts, but also with good works, not only to consider the good He has done, but to sacrifice themselves to Him and offer themselves as an instrument and through that to do more good for society and in particular for the human race, as the best of all visible creatures, in those things which we have the power to effect, and for which we are ordered and created.

“These are the ones who apply the discovered wonders of nature and art to medicine, to mechanics, to the comfort of life, to materials for work and sustenance of the poor, to keeping people from idleness and vice, to the operations of justice, and to reward and punishment, to preservation of the common peace, to the increase and welfare of the fatherland, to the elimination of times of shortage, disease, and war (insofar as it is in our power and is our responsibility), to the propagation of true religion and fear of God, indeed, to the happiness of the human race; and who endeavor to imitate in their domain what God has done in the world.”

After this motivation, Leibniz details his ideas on how manufactures, commerce, and the arts and sciences should be promoted and improved. Under the first, he includes his crucial concept of “continuous cheap fire and motion as the basis of all mechanical effects,” as well as listing the various divisions of manufacturing which he describes as “all those inventions which help the working people doing manual labor.”<sup>11</sup>

Under the section on commerce, Leibniz deals with the mercantilist principles against free trade, including the need for food reserves, for immigration, for a bank, and government measures to promote innovation in manufacture.

Under the “promotion and improvement of arts and sciences,” Leibniz insists upon the collection and publication of ideas and experiments, an education system available to the poor and orphans as well as to others, and the improvement of medical sciences.

Clearly, what Leibniz is talking about in this paper is the germ form of a society or a national economy based on scientific and technological progress. It is composed from the standpoint of the responsibility of political leaders, or government, to provide the basis for every citizen to contribute to society, and be cared for by society. From this plan comes the idea of the “general welfare” of society, as opposed to a Hobbesian universe of each citizen against the other, or a government limited to minimal interference in each person’s affairs. There is a higher purpose to society, and the economic system must serve it.

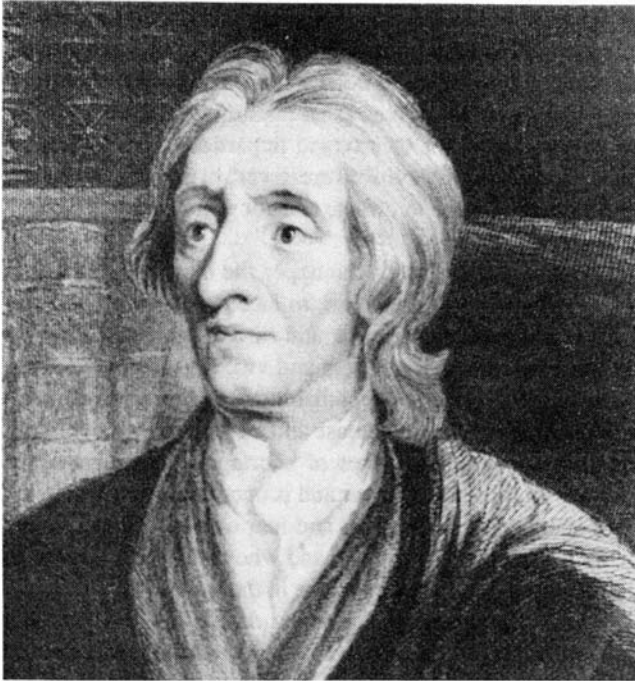
## From Leibniz to America

The influence of Leibniz’s ideas went far beyond Germany. He had correspondents in the American colonies, in En-

10. Published in *Fidelio*, Spring 1992, p. 63.

11. This section of the Society paper is not included in the *Fidelio* selection, but comes from the unpublished speech of Liebig, *op. cit.*





Britain's John Locke advocated a ban on the manufacture of any finished goods by the American colonies. The constitution he drafted for the colony of South Carolina went against the principles of natural law which would later be enshrined in the U.S. Constitution.

gland, in Russia, and many other places. And although the British and other oligarchical forces did their best to wipe out his name and ideas, they did not succeed.

The standard line of incompetence these days, of course, is that the American economic system and revolution were the spawn of the English moral philosophers John Locke and Adam Smith. Yet, even a short glimpse at the ideas of these two characters, in relation to the founding institutions and acts of the fledgling republic, should disprove this notion.

John Locke was not unknown in America. As a member of the Board of Trade appointed by King William of Orange, he had advocated revoking the charters of all the American colonies, a royal dictatorship over their economic activity, and a ban on the manufacture of any finished goods.<sup>12</sup> He had also at one time drafted a constitution for the colony of South Carolina, which declared the purpose of the government to be the defense of "life, liberty, and property." Part of that "property," of course, was the population of slaves, as Locke did not find that institution at all incompatible with his idea of the liberties of Englishmen. Locke's constitution established a hereditary nobility (outlawed by the U.S. Constitution, you'll recall!). After about 18 years, Locke's constitution was abandoned.<sup>13</sup>

12. Lowry, *op. cit.*, p. 75.

13. John Marshall, *The Life of George Washington, Vol. 1*, Fredericksburg, Virginia: The Citizens' Guild of Washington's Boyhood Home: 1926, pp. 154-159.

But the U.S. Declaration of Independence and Constitution did not follow Locke's lead in either respect. Not only did the Declaration anticipate the development of an industrial nation, but the inalienable rights which it asserted were the Leibnizian "right to life, liberty, and the pursuit of happiness."

Gottfried Leibniz, himself a lawyer among other vocations, considered happiness as the "end" of society, and to be the object of the highest form of law. "The most perfect society is that whose purpose is the general and supreme happiness," he wrote in a piece on natural law.<sup>14</sup> In a longer piece on "Meditation on the Common Concept of Justice," written in 1702-03, Leibniz distinguishes three levels of law: the *ius strictum*, equity, and piety.<sup>15</sup> The crafting of the U.S. Constitution, especially the statement of purpose in the Preamble, reflects a higher concept of law than mere contracts or equity, and thus stands in the Leibnizian, not Lockean, tradition.

Of course, one can find innumerable American revolutionaries, as well as Tories, who quoted Locke and his ostensibly anti-absolutist views during the period of the American Revolution and the formation of the Constitution. But that does not relieve you of the obligation to look at the content of the ideas. There may be many "patriots" today who adhere to the slogan "Life, Liberty, and Property," but the patriots of the American Revolution were about a higher moral purpose.

Even more outrageous is the argument that the economic system of the most advanced colonies, and the early republic, followed the ideas of Adam Smith and English liberals. Smith's *Wealth of Nations* was published in 1776, and was a polemic *against* everything the American colonists were fighting for—the right to manufacture and achieve economic development, most prominently. While Smith permitted the central government to play a role in defense, his explicit argument on the economy was to keep the government out, and let the private entrepreneurs (might we say privateers?) do what they would without interference. Although such a free-trade outlook was not at all England's imperial practice, Smith was writing for the mickeys, such as us Americans. We were supposed to buy it, and continue to let England dominate world finances and trade.

But the American System of Economics, which Benjamin Franklin represented before the founding of the Constitution, and Alexander Hamilton represented afterwards, was at direct loggerheads with Smith's propaganda. Nothing demonstrates this more sharply than the Preamble to the U.S. Constitution, with its commitment to "form a more

14. Gottfried Wilhelm Leibniz, "On Natural Law," in *Leibniz, Political Writings*, translated and edited by Patrick Riley, (Cambridge: Cambridge University Press, 1972, 1988), p. 77.

15. Leibniz, "Meditation on the Common Concept of Justice," in *Leibniz, Political Writings, op. cit.* pp. 45-64.

perfect Union, establish Justice, insure domestic Tranquility, provide for the common defence, promote the general Welfare, and secure the Blessings of Liberty to ourselves and our Posterity.” Under Smith’s philosophy, we had no right to talk about the “general welfare” as an aim of government policy, much less put the federal government in charge of promoting it.

To the contrary, the ideas of the government’s role in promoting the general welfare of the citizenry had to come from another tradition—the tradition of Leibniz, Colbert, and their English co-thinkers.

### **The cameralist school continues**

While the United States of America is the only republic to have been founded in the spirit of the cameralist tradition, the tradition survived in Europe, primarily in Germany and Austria.

In 1727, the first Professorship of Cameralism was established at Frankfurt an der Oder. The first individual to hold that position was Justus Christoph Dithmar, who began as a professor of history. With the appointment came the idea that there was a cameral science, dealing specifically with how to raise and improve the income of the principality, and apply it for the maintenance of the community.

One of Dithmar’s successors, George Heinrich Zincke, described the “new” science as follows:

“Cameral science is a learned and practical science, first, of inventing, improving, and introducing all sorts of good police [sic] laws and institutions drawn from the nature and condition of the means of livelihood of a land; second, a science partly resting upon *die Öconomie* (economics), partly upon special rules and maxims which set forth the rights and duties of a ruler, of wisely, prudently, rightly, and skillfully founding, maintaining, increasing, and administering the necessity, comfort, and riches of a land, and at the same time and thereby the ready means needed by the ruler for the good of the state and its ruler.”<sup>16</sup>

The most famous of the official cameralists, however, was Johann Heinrich Gottlob von Justi, who had a widely variegated career, from the Austrian Court of Maria Theresa to Göttingen, Denmark, and Berlin. Justi, who wrote the book *Staatswirtschaft* (*State Economy*) in 1758, conceived of himself as a “universal cameralist.” The first principle of his profession he described as follows: “Hence follows the first and universal principle, namely all the governmental activities of a state must be so ordered that by means of them happiness of the state must be promoted.”<sup>17</sup> He argued that “subjects do not exist for the sake of the ruler,” and the ultimate aim of the republic has to be the common happiness of the population.

16. Small, *op. cit.*, p. 254.

17. *Ibid.*, p. 310. Other quotations from von Justi are from the same source.

The state’s happiness depends upon providing conditions of freedom, assured property, and flourishing industry to the population, Justi said. That means that the state has to have enough wealth to make such a provision. He proceeds to outline various ways to increase the wealth of the state—all of which could usefully be studied by the decorticated professionals called “economists” today.

The first way is to increase population. Justi says, “The larger the number of people living in the country, therefore, the greater will be the means and power of the republic. Hence the duty of the ruler to promote an increase of population.”

The second way is to provide for flourishing commerce, manufacturing, and trade. Justi was clearly thinking of dirigist measures here, as he writes, “A wise ruler will not leave the food supply and employment of subjects to take care of themselves, but will see that they are systematically made abundant.”

He also argues that regulations governing medicine, municipal sanitation, and food hygiene be enforced. He also discusses the need to regulate trade, and the need for good infrastructure, like harbors, roads, navigable rivers, canals, and a postal system. He insists upon the promotion of domestic production.

Justi is fully confident that an emphasis on such objectives will increase necessary state revenues. As he puts it, the “best and surest means to increase revenues comes from encouraging the laboring class.”

The last prominent self-professed cameralist was Joseph von Sonnenfels, an Austrian who lived between 1733 and 1817. Sonnenfels was a great promoter of industry from the theoretical standpoint that the development of manufacturing was a boon to increasing population, and to increasing the component of “artificial labor,” i.e., technology, in society. Sonnenfels, unlike many other cameralists, is cited in economics textbooks. What we know today as the Vienna School of economics—a slew of British liberal monetarists—has done its best to bury or subvert practically every tenet of Sonnenfels’s thinking.

### **The American System of Economics today**

It is not necessary for American or other national political leaders today to rush into the local library, dust off their German and Italian, and read the writings of the cameralist school of economics. Fortunately, they can turn to the much more elaborated and advanced work of the modern physical economist in the cameralist tradition, Lyndon H. LaRouche, Jr.

But it is critical, in this time of extraordinary failure of economics to serve and improve the human condition, to know that there is a tried and tested tradition of moral economics, Christian economics—a tradition which found its expression in the first hundred years of the America republic, and can therefore be revived today.