



The keelboat or the steamboat?

by Anton Chaitkin

Argentine Juan G. Labaké proposes a sweeping solution for the hemispheric crisis of debt and poverty, in his book *A Proposal of 30 Million: A Common Market for the Industrialization of the Ibero-American Nations*, and a debtors' cartel that could put a ceiling on the annual debt payments of those countries. He has recently shared these ideas in meetings with the leaders of several nations, who have reacted with growing enthusiasm.

That the United States should endorse these proposals, and itself join such a development-oriented hemispheric Common Market, has perhaps not seemed within the realm of possibility. The International Monetary Fund, and a set of giant creditor banks for whom the IMF is the policeman, call the tune for the docile U. S. government, though the banks' usury and anti-development policies are fast sinking the U.S.A. with the Third World in a common ruin of debt and stagnation.

The blind giant forgets the source of its own power. American industrial greatness was deliberately constructed on Alexander Hamilton's program of guided progress, starting with a moratorium and stretching-out of the debts of the American Revolution.

After a period of lapse, in which "free market" idiocy dropped the country into idleness and depression, the second generation of American nationalists revived the Founding Fathers' program. On March 30 and 31, 1824, Congressman Henry Clay of Kentucky, speaking in favor of a protective tariff, outlined certain *universal* principles of national development. With the re-adoption of these principles, the United States, under the leadership of Clay, John Q. Adams and, later, President Abraham Lincoln, built its railroads, its steel mills, its entire massive agro-industrial complex.

'General distress'

Clay spoke of "the general distress which pervades the whole country . . . the diminished exports of native produce . . . the depressed and reduced state of our foreign navigation . . . our diminished commerce . . . successive unthreshed crops of grain, perishing in our barns and barn-yards for want of a market . . . the numerous bankruptcies, not limited to the trading classes . . . universal complaint of the want of

employment, and the consequent reduction of the wages of labor. . . ."

Clay attributed the depression to the fact that "we have shaped our industry, our navigation, and our commerce" entirely to foreign requirements and dictates.

"The policy of all Europe refuses to receive from us anything but those raw materials of smaller value, essential to their manufactures, to which they can give a higher value, with the exception of tobacco and rice, which they cannot produce." The bankrupt U.S.A. exported only certain raw materials, and imported most of its manufactured goods from Great Britain.

This quasi-colonial relationship was maintained by repeated British trade-war attacks. "Gentlemen are incredulous as to the attempts of foreign merchants and manufacturers to accomplish the destruction of ours. Why should they not make such attempts? If the Scottish manufacturer, by surcharging our market, in one year . . . should so reduce the price as to discourage and put down the home manufacture, he would secure to himself the monopoly of the supply," and subsequently raise the price.

He quoted British writer Joseph Lowe:

"It is now above 40 years since the United States of America were definitively separated from us, and since their situation has afforded a proof that the benefit of mercantile intercourse may be retained, in all its extent, without the care of governing, or the expense of defending, these once regretted provinces.' Is there not too much truth in this observation? By adhering to the foreign policy, which I have been discussing, do we not remain essentially British, in everything but the form of our government? Are not our interests, our industry, our commerce, so modified as to swell British pride, and to increase British power? . . ."

'The overwhelming influence of foreigners'

With the United States in a position like today's Third World, Clay told the Congress in 1824, "Now our people present the spectacle of a vast assemblage of jealous rivals, all eagerly rushing to the sea-board, jostling each other in their way, to hurry off to glutted foreign markets the perishable produce of their labor. The tendency of that policy, in

conformity to which this bill is prepared, is to transform these competitors into friends and mutual customers; and by the reciprocal exchanges of their respective productions, to place the confederacy upon the most solid of all foundations, the basis of common interest."

"We must naturalize the arts [manufacturing] in our country; and we must naturalize them by the only means which the wisdom of nations has yet discovered to be effectual; by adequate protection, against the otherwise overwhelming influence of foreigners."

Clay named the opposition: "The British factors and the British influence are inimical to our success. . . . The eagle does not dart a keener gaze upon his intended prey, than that with which the British manufacturer and merchant watches the foreign market, and the course even of our elections as well as our legislature."

British lobbying was carried out, in part, through bending the national loyalties of the native plantation aristocracy: "[Does] not a perseverance in the foreign policy, as it now exists, in fact make all parts of the Union, not planting, tributary to the planting parts. . . . The existing state of things, indeed, presents a sort of tacit compact between the cotton grower and the British manufacturer, the stipulations of which are, on the part of the cotton grower, that the whole of the United States, the other portions as well as the cotton growing, shall remain open and unrestricted in the consumption of British manufactures; and on the part of the British manufacturer, that he will continue to purchase the cotton of the South."

Clay refuted the arguments of the anti-nationalist lobby, several of which are still heard today:

Argument: "That the manufacturing system is adverse to the genius of our government, in its tendency to the accumulation of *large capitals* in a few hands; in the corruption of the public morals, which is alleged to be incident to it; and in the consequent danger to the public liberty. The first part of the objection would apply to every lucrative business, to commerce, to planting, and to the learned professions. Would the [opponent Congressman] introduce the system of Lycurgus [i.e. Spartan communism]? . . . The enormous fortunes in our country—the nabobs of the land—have been chiefly made by the profitable pursuit of that foreign commerce, in more propitious times, which the honorable gentleman would so carefully cherish. Immense estates [slave plantations] have also been made in the South."

Argument: that the change to a new system will "disable us from paying the *public debt*. . . ."

Here Clay enunciated the universal principle of national sovereignty over the claims of usury.

"The payment of that debt, and the consequent liberation of the public resources from the charge of it, is extremely desirable. No one is more anxious than I am to see that important object accomplished. But I entirely concur . . . in thinking that no material sacrifice of any of the great interests of the nation ought to be made to effectuate it . . . by a postponement of the payment of the principal of the public

debt, in which the public creditors would gladly acquiesce, and confiding for the means of redeeming it in the necessary increase of our revenue from the natural augmentation of our population and consumption, we may safely adopt the proposed measure. . . ."

Argument: that "we are not prepared, in consequence of the *high price of wages*, for the successful establishment of manufactures. . . ."

Clay responded: "The alleged fact of the high price of wages is not admitted. The truth is, that no class of society suffers more, in the present stagnation of business, than the laboring class. That is a necessary effect of the depression of agriculture, the principle business of the community. The wages of able-bodied men vary from five to eight dollars per month. . . . But, if the fact were true, that the wages of labor are high, I deny the correctness of the argument founded upon it."

"Labor is the source of all wealth; but it is not natural labor only. And the fundamental error of the [opponent Congressman], and of the school to which he belongs . . . consists in their not sufficiently weighing the importance of the power of machinery. . . . Such are the improvements and perfection in machinery, that, in analyzing the compound value of many fabrics, the element of natural labor is so inconsiderable as to almost escape detection. . . . Formerly Asia, in consequence of the . . . lowness of wages, laid Europe under tribute for many of her fabrics. Now Europe reacts upon Asia, and Great Britain in particular, throws back upon her countless millions of people, the rich treasures produced by artificial labor, to a vast amount, infinitely cheaper than they can be manufactured by the natural exertions of that portion of the globe. . . ."

"The difference between a nation with, and without the arts, may be conceived, by the difference between a keelboat and a steamboat, combating the rapid torrent of the Mississippi. How slow does the former ascend, hugging the sinuosities of the shore, pushed on by her hardy and exposed crew, now throwing themselves in vigorous concert on their oars, and then seizing the pendant boughs of overhanging trees: she seems hardly to move; and her scanty cargo is scarcely worth the transportation! With what ease is she not passed by the steam-boat, laden with the riches of all quarters of the world, with a crowd of gay, cheerful, and protected passengers, now dashing into the midst of the current, or gliding through the eddies near the shore! Nature herself seems to survey, with astonishment, the passing wonder, and, in silent submission, reluctantly to own the magnificent triumphs, in her own vast dominion, of Fulton's immortal genius!"

"I would pray to God, in his infinite mercy, to avert from our country the evils which are impending over it, and, by enlightening our councils, to conduct us into that path which leads to riches, to greatness, to glory."

The bill was passed, and under the 1825-29 administration of President John Quincy Adams, with Clay as secretary of state, the U.S.A. made one of its great leaps to world power status.