

The American Roots of Germany's Industrial Revolution

by Helga Zepp-LaRouche

Mrs. Zepp-LaRouche, chairwoman of the Civil Rights Solidarity Movement (BüSo) in Germany, gave this presentation on July 4, 2008, to a seminar of the LaRouche Youth Movement (LYM) near Nordhausen, Germany. It has been translated from German; footnotes and sub-heads have been supplied by the editors.

This evening I would like to say something about the conflict that is dominating the present world strategic situation. This is a conflict that one will certainly not read anything about in the German media, since it is not the politically correct view. Furthermore, long-forgotten knowledge of history has been kept hidden—history in general, and especially the history of the 19th Century, which almost nobody in Germany knows anything about—an unacceptable phenomenon.

The main conflict, without which nothing of what is happening today can be understood, is that between the British System and the American System of economics. I will deal with this in my presentation, since it is no academic subject which only pertains to past history, but rather has the most urgent significance today.

For example, let's briefly look at those who, at the FAO conference in Rome in June, represented British free-trade policies. They want the so-called Doha Round of the WTO [World Trade Organization] to finally come to an end, i.e., to get rid of all trade barriers and protective tariffs.

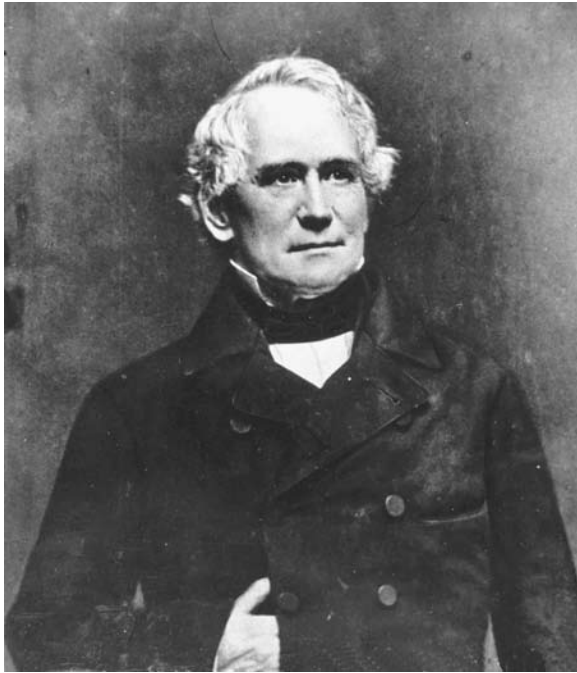
What does free trade really mean? It means that the speculators who are responsible for the current rise in oil and food prices, would be given free rein. That is the position of the EU [European Union], that is the posi-

tion of the U.S.A., that is the position of the IMF [International Monetary Fund], the World Bank, etc.; these are now clashing directly with the position of most developing countries, which are faced with the food catastrophe and say: "No, we don't need free trade any more; what we need is food security. Every country must produce enough to feed itself. We need the exact opposite of free trade; we need protectionism and protective tariffs, to protect the weaker economies, in particular, from the flood of cheap imports."

That is, in reality, also the principal contradiction between the catastrophic Lisbon Treaty, which was cemented by neoliberal policies, and all the forces that are speaking out, worldwide, for a New Deal, for a New Bretton Woods, for a policy in the tradition of Franklin Delano Roosevelt. Already in the 1930s, Dr. Wilhelm Lautenbach¹ in Germany made proposals similar to Roosevelt's. The famous WTB Plan² (of Woytinsky, Tarnow, Baade), proposed by the German Confederation

1. Dr. Wilhelm Lautenbach was a senior advisor in the German Economics Ministry during the government of Chancellor Heinrich Brüning, before Hitler came to power. In 1931, he presented a paper to a secret meeting of the Friedrich List Society, attended by about 30 prominent economists, bankers, and politicians. His paper, titled "The Possibilities of Boosting Economic Activity by Means of Investment and Expansion of Credit," which included a 1.5 billion reichsmark job-creation program, was rejected by the group. Had it been adopted, Hitler's takeover could have been prevented. See "Wilhelm Lautenbach's Concept of Productive Credit Creation," *EIR*, April 18, 2003.

2. Wladimir Woytinsky, Fritz Tarnow, and Fritz Baade were German trade unionists and/or Social Democrats, who, on Dec. 23, 1931 presented their "Theses on Combatting the Economic Crisis," which called for international job-creation through "public works on a grand scale."



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Chancellor Otto von Bismarck (right) rejected British free-trade policy in 1879, in favor of the protectionist model of American economist Henry Carey (above). He was advised by industrialist Wilhelm von Kardorff, who wrote, “Carey’s felicitous writings, whose study I cannot recommend highly enough, treat questions that, in my view, are matters of life and death for the German Reich.”



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of Trade Unions (ADGB), also went in the direction of state credit creation and state investment programs.

These two opposing positions are colliding today, and the outcome of this conflict will determine whether the world plunges into a nightmare of hunger and catastrophic famines, such as we are now already experiencing, or whether we succeed in time to defeat free-trade theory, and to conduct a policy oriented toward the common good.

The Birth of the Republic

This battle has lasted a very long time; at least 2,500 years, one might say. It is not the class struggle that defines history, not “dia-mat” [dialectical materialism] or “histo-mat” [historical materialism], but the struggle between republican and oligarchical tendencies.

Friedrich Schiller wrote about this clash in his essay, “The Legislation of Lycurgus and Solon”—how the aim of Solon’s wise laws was the progress of all citizens, whereas in Sparta, everything was sacrificed to

the state, and thereby to a small elite, and that Man was of no importance.

One can truly say that such imperial, oligarchical forms of government ruled the entire world up until the 15th Century. I’ll just mention here that at one of our conferences in Bad Schwalbach, I gave a presentation about the development of the nation-state, and cited [Friedrich August Freiherr] von der Heydte’s work “The Birth of the Sovereign State.” I recommend that you all study this essay, since today, this question evokes the greatest misconceptions and errors: that the nation-state is bad, it only brings about wars; that nation-states were to blame for both World Wars, etc. That is of course complete nonsense, since the two World Wars were the result of the collision of empires—the Austro-Hungarian, the Russian, the British, and the German. These were not nation-states, but imperial entities, fighting for domination in an imperial order.

Von der Heydte describes the emergence of the nation-state (I don’t want to develop this point here) as



National Archives

Prussia's Friedrich Wilhelm von Steuben drills the Continental Army at Valley Forge in 1777, during the American Revolutionary War. Prussia, in 1780, joined the League of Armed Neutrality, which permitted non-belligerent powers to deliver goods to America during the Revolution: in fact, an alliance against Britain.

a terribly difficult process, from Empire and papacy to, finally, the idea of national sovereignty, and thus to the orientation of governments to the common good. It took a total of 1,500 years or more since the emergence of Christianity for this to come about.

It was Nicolaus of Cusa who, in his *Concordantia Catholica* (especially in the third book), formulated very clearly for the first time, that human rights as a principle could only be protected by a representative system; i.e., the citizens would choose representatives, and these representatives would stand in a reciprocal legal relationship, in which they would, on the one hand, represent the interests of the citizens, while on the other, the interests of the government.

That was a very important idea. Plato and also Thucydides had already realized that democracy was nothing but the flip-side of oligarchy and tyranny. It may be quite reasonable to conduct public referenda on certain specific points, but to try to practice pure grassroots democracy is completely absurd. Consulting the people about such things as how many streetlights there should be in the capital, or how many bridges should be built, would just drive one from pillar to post, accomplishing nothing. What would happen is just what happened in Athens, in the so-called democracy of Pericles: Pericles was the first man in the state, but also de facto a dictator.

Built upon many prior steps, Cusa's formulation was actually the foundation of the modern sovereign state. Joan of Arc's struggle made possible the development of the nation-state in France as well, such that in Louis XI's 20-year reign, the living standards of the population doubled.

Thus did the idea come about, that government has the duty to act for the common good of the population; furthermore, the recognition emerged that only in urban environments could this occur, i.e., when an ever larger portion of the population shifts from a purely agricultural economy to urban life, with science, technology, and overall development. The three phases—from Nicolaus of Cusa, through Louis XI, through the Italian Renaissance—signified the beginning of modern times. Before that was the Middle Ages.

The American Revolution

Naturally, when governments suddenly cut back the privileges of the oligarchy, the nobility, and the gentry, this immediately elicited opposition from Venice, which, at that time, laid claim to world domination of the sea trade. Finally, the battle between the nation-state and the oligarchical structures had its first resounding victory, with the American Revolution.

The American Revolution is, of course, inconceivable without Columbus, since if Columbus had not discovered America, the Revolution would never have occurred—and in this, Nicolaus of Cusa played a great role. He was already dead in 1492, but one of Cusa's friends was the great geographer and mathematician Toscanelli, who made the map, on the basis of Cusan ideas, that Columbus used in his voyages of discovery.

The idea that man would have to build a New World, preferably far from the control of the European oligarchy, had its origin at this time, and had its first success with the American Revolution.

The American Revolution had nothing to do with

some kind of wild cowboys moving westward, as Hollywood's Wild West films would have us believe. It was a project begun by Cotton Mather in the Massachusetts Bay Colony, and worked out by Benjamin Franklin, who was in contact with the best humanist circles in Europe—with Abraham Kästner, with the circles around Gotthold Ephraim Lessing and Moses Mendelssohn—so that the American Revolution was truly *the* project of all the humanists and republicans of Europe, who were overjoyed by it.

In Friedrich Schiller's *Don Carlos*, there is a fantastic scene between the Marquis of Posa and King Philip, in which Posa champions the ideas of human dignity and freedom of thought, and demands: "Be the King of millions of kings!" That was the republican principle.

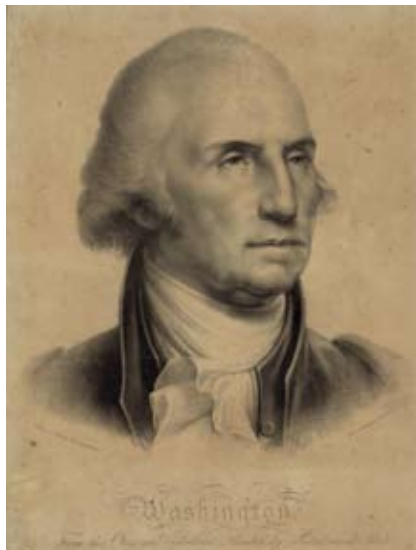
Equality does not come about by chopping off everyone's head equally with the guillotine, as the Jacobins did in the French Revolution; rather it is achieved when all are uplifted, and thus become essentially like kings. "Be the King of millions of kings!" is quite a different principle of equality.

Schiller in his *Letters on Don Carlos*, writes that this drama originated in a century in which the favorite topic of discussion was "the greatest possible freedom of the *individual*, together with the highest flourishing of the state." In what decade was *Don Carlos* written? It was during the 1780s, and clearly referred to America. For a while, Schiller actually wanted to emigrate to America; he said he wanted to make some big leaps, which he ended up not doing—and it's probably not a bad thing for us that he didn't!

Prussia and America

The 18th-Century humanist circles' orientation to what was going on in America occurred at all levels—not only on the level of governments, but also that of poets and humanists—so that it was no surprise that Prussia, in 1780—thus, still during the Liberation War—joined the League of Armed Neutrality and thereby, in fact, an alliance against England. That was very, very important for the outcome of that war.

In the same spirit, Frederick the Great in 1785 con-



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The first diplomatic treaty concluded by the United States was the 1785 Friendship and Trade Treaty with Prussia. Chancellor Bismarck, a century later, recalled the friendship between President George Washington and King Frederick the Great (shown here).

cluded the Friendship and Trade Treaty between Prussia and the U.S.A.—the young republic's first diplomatic treaty. That led to an even greater rise in Prussia's reputation in the U.S.A. It was already quite high because of Frederick the Great's role in the Seven Years War,³ since his battles in Europe left America's hands free, while at the same time France lost Canada, so that Frederick was considered a real hero. Many taverns in Pennsylvania at that time were given names like "Zum Grossen Fritz."

Twenty years later, Friedrich Wilhelm von Steuben went to America—the von Steuben who would first bring military discipline to the American soldiers at Valley Forge and other military locations during the Revolutionary War. Frederick the Great was then still exceptionally famous.

At the same time, a great many Germans fought in the American militia; although, sad to say, they also fought on the other side, since the oligarchs sold their subjects to the British (for example, from Hesse), as Schiller immortalized in his play *Kabale und Liebe* (*Intrigue and Love*). I urge you to read it for yourself.

Today, if one talks about the "American System,"

3. The Seven Years War (1756-63), whose American front was known as the French and Indian War, began with Frederick the Great's invasion of Saxony. All the major European powers were drawn in to this first war in history to be fought globally. It ended with France losing most of its possessions in North America, and forfeiting to Britain its position as the leading power in Europe. The British East India Company also gained a firm foothold in India.

most people think, “Argh! Bush!!” and go into wild convulsions. It is simply well established, however, that the history of America and Germany is closely intertwined, and there is, on both sides, an extremely positive and important tradition, which is also truly the reason that we should not completely give up on Germany.

This tradition has been somewhat buried, but as I will try to present this evening, it is nevertheless extensive, and offers many very interesting leads for investigation.

An example: The son of the second U.S. President John Adams, John Quincy Adams, was the American envoy in Berlin from 1797 to 1801; that was the end phase of the French Revolution, which he personally witnessed. Then came the rise of Napoleon, and later the Congress of Vienna.

You have to consider European history from the standpoint of America of this time, since in Europe with Napoleon, unfortunately, the first fascist came to power—an emperor who crowned himself in the tradition of the Roman Empire, who conquered not only Egypt, but after the Russian campaign wanted to go on to India, having imperial plans for world power. And Europe under Metternich’s regime again took enormous steps backward, so that the U.S.A. was completely isolated. That is very important for American history, since only in this way can one understand why the Monroe Doctrine was promulgated later, under President James Monroe, and with the assistance of John Quincy Adams. Behind it lies the simple idea, that the Europeans should please keep out of the Americas. These circles—Italians, Spanish, French—all had colonial designs upon Latin America, as well as on part of North America, and the Monroe Doctrine was intended to bar their way. Metternich was totally indignant and said: “How dreadful, if such treaties were to spread further. . . .” Alexander von Humboldt, on the contrary, considered the Monroe Doctrine to be absolutely correct, and supported it.



Friedrich List (1789-1846) was the father of the Customs Union, the first expression of the Hamiltonian “American System” in Germany. When political winds blew the other way, he was forced to leave, in 1825, to the United States. He later returned to Germany, as the American consul to Leipzig.

The Prussian Reformers

That was the period in the aftermath of the German Classic, which was dominated especially by Schiller, who was certainly the greatest of them all, but also by Wilhelm von Humboldt, who, along with Körner, was Schiller’s closest friend. Naturally, Wilhelm and Alexander von Humboldt were also part of this close cooperation. There were also some other fantastic statesmen, for example, Neidhardt von Gneisenau, Gerhard Scharnhorst, and vom Stein. Nobody today comes close to measuring up to their standard.

Vom Stein and von Humboldt were the greatest statesmen that Germany ever had. What they accomplished during the Liberation Wars against Napoleon was truly phenomenal.

For example, vom Stein and Wilhelm von Humboldt, still during the Russian campaign, wrote memorandums on behalf of German unity, which they wanted to present to the Congress of Vienna. This was prevented by machinations of the entire European oligarchy, so that the question of German unity as a constitutional state, which was posed by the national uprising and the victory in the Liberation Wars, was not even put on the agenda. The Congress of Vienna degenerated instead into endless balls and sleigh-rides, and every imaginable sort of entertainment.

Gneisenau wrote an essay during this period about the American Revolutionary War, while Schiller’s brother-in-law von Wohlzogen, who had studied Schiller’s *History of the Revolt of the Netherlands*, composed a White Paper on the basis of Schiller’s historical research, advocating the “war of attrition” against Napoleon in the Russian campaign—i.e., the idea that Napoleon’s mercenary army could only be conquered by luring it into the vast interior of Russia, first avoiding battles and then exposing it, in the Russian Winter, to the scorched earth on the way back.

Friedrich List, the father of the German Customs Union, belongs to the same circle. After the Restoration,

which brought new hardships with the Karlsbad Decrees of 1819 (under which, Schiller's work could only be passed secretly from student to student), he came under enormous pressure, and went to the U.S.A. in 1825. There he wrote a book describing with absolute clarity the differences between the American and British systems. In 1832, he returned to Leipzig as the American consul, and it is truly one of List's greatest achievements, that he placed German-American relations on a very solid foundation. It was also extremely important that he was in America with the Marquis de Lafayette.

At the same time, at the universities of Göttingen and Berlin, a kind of "powerhouse" began to develop, of intellectuals from both sides of the Atlantic. For example, the future American historian and diplomat George Bancroft studied at Göttingen at that time; he would play a very important role as American ambassador in Berlin from 1867 to 1874, and worked closely with Otto von Bismarck. Also John Lothrop Motley, a lifelong friend of Bismarck, studied with the latter, first in Göttingen, and then in Berlin.

Humboldt's Significance

Alexander von Humboldt played another very important role in the overall situation: While studying at the Freiberg Mining Academy in Saxony, he got to know explorers from the U.S.A., Mexico, Peru, China, and many other countries. In 1799, Alexander von Humboldt made a voyage of exploration to the New World, to Latin America, where he made such fantastic discoveries, that in 1804, President Thomas Jefferson invited him to Washington, to report firsthand on his trip. Thus Alexander von Humboldt was also one of the key figures in German-American relations.

From 1804 to 1827, Alexander von Humboldt lived in Paris, which was then the center of scientific work in Europe. Later, when the political situation in France rapidly deteriorated, he helped Lazard Carnot, among others, come to Germany and continue their work.

In 1828, Alexander von Humboldt began to hold lectures at the Berliner Singakademie on his masterpiece, the famous *Cosmos*. One member of the audience reported: "Eight hundred men scarcely breathed, the better to hear one man. There is no more awesome impression than to see earthly power, the nobility as well as the King, pay homage to the human mind. And for that reason alone, Humboldt's current activities in Berlin are among the most uplifting phenomena of our time."

I would like to read you a short quotation from his



Alexander von Humboldt (1769-1859) was a world-renowned naturalist, explorer, statesman, and friend of the United States. After his voyage of exploration to Ibero-America, President Thomas Jefferson invited him to Washington to discuss his findings.

Cosmos, a work which will certainly reward a closer look. It may perhaps not be on the same conceptual level as Kepler, but it is a wonderful work, and I will read a passage aloud so that you can get a sense of it:

Nature, however, is the domain of freedom. Whoever contemplates what is revealed through investigation into natural science, not for the specific stages of education or the individual requirements of social life, but for its boundless relationship to mankind as a whole, is offered the most delectable fruit through insight into the coherence of phenomena that increases and ennobles our delight in nature.

The idea therefore, that nature in its totality is wholly coherent.



Alexander von Humboldt in his library, near the end of his life. One of Germany's most beloved and world-historical individuals, he also influenced the Prussian royal family to support the United States.

Such ennoblement is the work of observation, the intellect, and the moment of history in which all the impulses of man's intellectual powers are reflected. History will reveal itself to whoever will trace the efforts through the millennia of the human race to track our ancient knowledge deep down through the layers of prehistory, to the very roots, to find in the world's continuous changes the form of its invariant laws, and gradually conquer the world through the power of his intellect. To seek answers from man's antiquity, means to trace the secret course of ideas until one arrives at the same image that had early shimmered before the inner sense as an harmonically ordered whole, a Cosmos, which finally reveals itself as the fruit of long and arduous research.

Two kinds of joy are mirrored in the contemplation of the world in each of these epochs, in the first awakening of a people's consciousness, and then the simultaneous development of all branches of culture; the former is awakened in man's receptive and childlike senses by his entrance into the natural world and by the vague feeling of harmony which rules the eternal change of its silent motion. The other joy derives from the highest level of the education of the

human species, and the reflection of this education in the individual. It springs from insight into the order of the universe and the combined action of physical forces.

So, as man now creates the organs to examine nature [Humboldt means here scientific instruments—HZZ] and to transcend the narrow confines of his ephemeral existence, no longer content to merely observe, he has learned under specific conditions to evoke phenomena, thus natural philosophy stands unveiled bereft of her ancient, poetic garb and adopts the earnest character of self-conscious observation of the act of observation, where clear knowledge and its limits have replaced vague intuitions and incomplete induction. For self-conscious reflection nature is unity in multiplicity, the intermeshing of the manifold in form and composition, the quintessence of natural things and natural powers as one living whole.

From this, it is very clear that Alexander von Humboldt, like Kepler, specifically referenced the work of Nicolaus of Cusa, and one can definitely recognize a similar way of thinking.

After his stay in America and in France, Alexander von Humboldt lived, as I said, in Berlin. He always

maintained that the American Constitution was the real model for Germany. One of his closest supporters was Friedrich von Gerold, who later, for 24 years, was the Prussian envoy in Washington.

Alexander von Humboldt had a very good relationship with the Prussian royal family, to Friedrich Wilhelm IV, and also to his successor, King Wilhelm I, the later Emperor Wilhelm I. And through Alexander von Humboldt's influence, both of these kings had a very positive attitude toward the U.S.A.

Alexander von Humboldt always had visitors in his home. All the Americans who came to Berlin sought him out; he had many correspondents, and deliberately supported American politicians who were fighting against slavery in America.

Friedrich von Gerold had participated in the Liberation Wars as a 17-year-old, and while he was ambassador to Washington, 1.5 million Germans migrated to America—4 million in the 19th Century as a whole. Von Gerold wrote from America that Prussia should never lose sight of the fact that what was occurring in the U.S.A. was “a development of power, population, and material welfare unparalleled in world history.”

When a severe economic crisis developed in America in 1857, the pressure grew to establish a protective tariff, and the contingent of those who were drawn toward Alexander Hamilton and List became stronger.

Prussia and the American Civil War

The real breakthrough was achieved with the victory of the Republican Party in 1860 and the Presidency of Abraham Lincoln. In 1858, Henry C. Carey wrote *Principles of Social Science*, which explicitly supported protectionist policy. Just five years later, in 1863, a German edition of that work appeared, which considerably strengthened the Listian tradition.

When the Civil War broke out, England was quite clearly on the side of the Confederacy, and opined that English legal thought, which supposedly advocated state sovereignty, was asserted in the Confederacy, and that the Civil War was to be considered there as a continuation of the separation of the American colonies from the British Empire that began in 1776. Baron von Gerold, ambassador since the beginning of the 1840s, was convinced that unity of the Union with the South must be restored, and his diplomatic reports had great influence, especially on politics in Prussia. Von Gerold consolidated mutual ties in Washington, so that there was a very strong view there, that Prussia was a close friend.

In the middle of the Civil War, a certain Robert J. Walker was sent on a special mission to Europe. Later, in a letter of Nov. 30, 1867, Walker mentioned the importance of American bonds being accepted in Germany. He indicated that the marketing of these American bonds was what had made it possible for the Union to continue the war. He came out in favor of issuing more bonds, not in France and England, but in Germany. He further reported that the big German banks asked Bismarck whether giving loans to the Union were in German interests. Bismarck replied that they should give as much as possible.

The same thing comes out of the talks that Richard Barthold, an American Congressman from St. Louis, Missouri, held in 1895 with Bismarck at the latter's home, Friedrichsruh. Returning to America, Barthold said that Lincoln would not have been able to continue the war, had Germany not helped financially—a remarkable judgment for a Congressman.

According to his biography, he asked Bismarck, “Was monarchist sentiment then no obstacle to supporting a republic?”—since Bismarck was considered a monarchist, and America naturally was a republic. The Prince—Bismarck—shook his head with a laugh. “Certainly not,” he replied. “The domestic affairs of other countries are a sealed book, when it comes to diplomacy. The main goal of the state leadership is, or should be, to make the people happy and prosperous, and to give them peace and plenty. Various forms of government can compete with one another to achieve this great purpose. We have nothing to fear from comparisons.”

So much for the question of whether Bismarck was a monarchist or not.

Nicolaus of Cusa, when he developed the representative system, had already said, in fact, that it would not matter whether a monarchy or another form of government rules. The important thing is that it lead to the happiness of the people.

It was absolutely not clear at the beginning, whether the American bonds were a secure investment. But, later, it turned out to have been a very good deal, which generated a considerable profit that proved to be very useful when Germany was at war with France.

In a letter dated Oct. 10, 1864, the government of the Southern states was clearly very upset at the German financing of the Union. (If anyone needs evidence of the importance of the matter, this underlines it.)

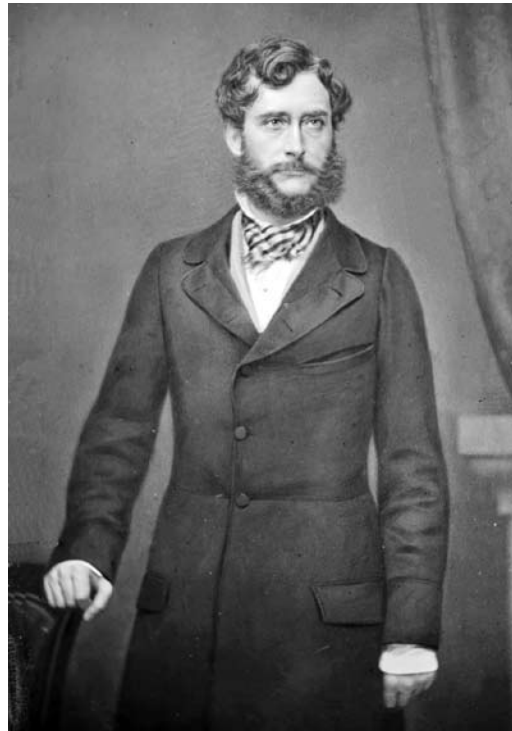
Bismarck himself, later, in a Reichstag speech on March 13, 1884, indicated that Prussian policy had con-

tributed considerably to preventing the interference of other powers, including England, in this war. And von Gerold assured Bismarck on Feb. 20, 1865, that the American government was more confident of the friendship of the Prussian government than of that of any other government. He constantly received compliments and greetings from the President, members of the government, and Congress.

John Lothrop Motley, Bismarck's youthful friend, was also an important influence in this development, winning Bismarck completely over to the cause of the American Union. From the beginning of the war, Motley was the American envoy in Vienna, and at regular intervals he bolstered Bismarck's confidence that the Civil War would be won by the Union.

The effects of the American Civil War on Europe were enormous, although old Europe was initially skeptical about whether the American experiment would work. But after the Union victory, people could see that this Union possessed a surprising inner strength. For the first time in history, a great, successful republic had come into existence, which, for all supporters of republican ideas in Europe, was an incredible affirmation. And then, the attempts by Emperor Maximilian to set up an empire in Mexico, ended with his execution. George Bancroft, who later was the ambassador in Berlin, on the first anniversary of Lincoln's assassination, called Maximilian an adventurer, before both houses of Congress and the diplomatic corps. Thus was the idea of a monarchy even further discredited in America.

The same was also true for Germany. The young German labor organizations welcomed the victory of the Union. They had seen this war from the start as one on behalf of free labor, and wrote a letter of condolence on May 4 [1865], after Lincoln's assassination: "We have followed with great interest this struggle which the North of America has waged on behalf of freedom, free labor, and so we hereby express our deep sympathy



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John Lothrop Motley (1814-77), a lifelong friend of Bismarck, was the American envoy in Vienna during the U.S. Civil War, and boosted Bismarck's confidence in the Union cause.

for the death of President Abraham Lincoln." And the Berlin Senior Journeymen, another trade union, wrote: "We hope that it may be possible to bring the great principles of human rights to full realization, and thereby to oust your opponents in Europe—who are the same as ours—from the destructive influence they have had up to now."

From other letters by Bancroft, it was clear that the influence of the U.S.A. was continually rising, and whereas 20 years before, not many believed that America would remain united, now there was a general trust in the ability of the American people to deal with any difficulty that might arise. Prussia was also the first European power to recognize the republican government in Mexico, by resuming diplomatic relations.

Bismarck and America

Bismarck, when he was a student at Göttingen, already took part every year in the American Fourth of July Independence Day celebrations, and through his friendship with Bancroft and Motley, the tie was never broken.

Motley was born in Boston in 1814. His teacher was Bancroft, who introduced him to the German language and literature. Motley translated poems by Goethe, which Goethe's wife loved and treasured. After a separation of several decades between him and Bismarck, in 1861, Motley came to Vienna as an envoy, and their relationship was reaffirmed. Bismarck always referred to the Americans as friends—but never said such a thing about a single Englishman. He also said that the United States had always fascinated him. Its brisk economic development impressed him, and he repeatedly cited the example of America, in his speeches in defense of protectionist policies. When he was asked, "Yes, but America is a republic?" he replied, "'Conservative' just means that something has occurred before in history, and therefore the American republic is a conservative

form.” That’s another way of interpreting it.

Bismarck’s foreign policy can be summed up as follows: He strove to make relations with America as positive as possible.

Carl Schurz, who was a famous fighter against slavery, admired Bismarck as a great statesman. Schurz spoke of Bismarck “as the most important of all the statesmen of our time, whose far-sighted view, whose formidable energy and ingenious boldness snatched the old Fatherland away from internal discord and worse impotence.” Schurz remained in contact with Bismarck, and Bismarck, for his part, was proud of Schurz and said, “As a German I am proud of this German native son, this revolutionary, who emigrated to the U.S.A.”

On March 4, 1869, Bismarck was Bancroft’s guest on the occasion of the inaugural celebration for President Ulysses S. Grant. Bismarck gave a toast, saying that it was a fact, that the friendly relationship that was established between Washington and Frederick the Great had never suffered the slightest upset. Not only was there never any difficulty between the two countries, but nothing ever happened to require even an explanatory statement.

Intellectual ties between the two countries were also very intensive. The German language was spreading more and more in America, and the German educational system also suddenly attracted a great deal of interest, since the Prussian school system was the world’s best, due to the impact of Wilhelm von Humboldt’s reforms. At German universities, research and learning were unified, and more and more Americans came to Germany to study. At the end of the 19th Century, there was not a single professor in America who had not either studied in Germany or was the student of somebody who had. Johns Hopkins University and several other universities were founded in the 1870s, as deliberate replications of German universities.

Americans appreciated the Germans for their aptitude for great, methodical thought, and that they valued the search for truth for its own sake. The German educational ideal seemed exemplary to them. When Bancroft came to Berlin in 1867 as ambassador, he did a great deal to cultivate German-American friendship. His house at Berlin’s Tiergarten was the center of social life; the historians Mommsen, Ranke, and Droysen were friends who came by regularly; Bismarck visited him often, as did von Moltke, who was Bancroft’s close friend.

Bancroft was thrilled to experience the process of Germany’s unification, and especially the formation of the North German Confederation, which excluded Aus-

tria. He was proud that in the Constitution of the North German Confederation—a precursor of German unity—the influence of the American Constitution was extremely strong. Writings of Benjamin Franklin also served as guidelines in the process of drafting the Constitution. Bancroft stressed that both Constitutions were based on the same fundamental principles. In any case, the process of unification of the German people seemed to Bancroft so much based on natural law, that he considered any attempt to thwart it as immoral. Carl Schurz also said in 1855 that the United States and Germany should work together for an international legal system for the world, since they agreed on important positions.

Bismarck’s new economic policy began in 1879; that is, the shift from free trade to protectionism, directly as a result of American influence. Bismarck repeatedly explained what was driving his policy, by citing America as an example. Ask anybody on the street today in Germany about this: Nobody knows anything about it.

The German economy was still in bad shape. When Reich Commissioner Franz Reuleux visited the World’s Fair in Philadelphia in 1876, his judgment of the German exhibition was: “Cheap, but bad.” When Bismarck finally introduced the change in German economic policy, the Americans were very happy and appreciative, whereas the English free traders saw themselves as severely damaged. After that, trade between America and Germany increased, and in 1879, the same year that Bismarck introduced his policy shift, William D. Kelley came to Berlin, a man known as “Pig Iron Kelley” for his role as the principal spokesman in Congress for Pennsylvania’s iron interests.

Free Trade vs. Protectionism

Now I come to the heart of the matter. Everything up to now was an introduction.

Bismarck’s reforms were clearly stimulated by the protectionist policies in America. The key figure in Germany in this respect was Wilhelm von Kardorff, a member of the German Reichstag who was close to Gerson von Bleichröder, Bismarck’s economic advisor and private banker. Kardorff was the chairman of the board of Vereinigten Königs- und Laurahütte AG, participated in the founding of the Posen-Kreuzburg Railroad, and founded, along with von Bleichröder, the Prussian Hypothekenbank [mortgage bank].

Here is how all this came about: In the first decade of his term in office (1871-90), Bismarck relied on the sup-

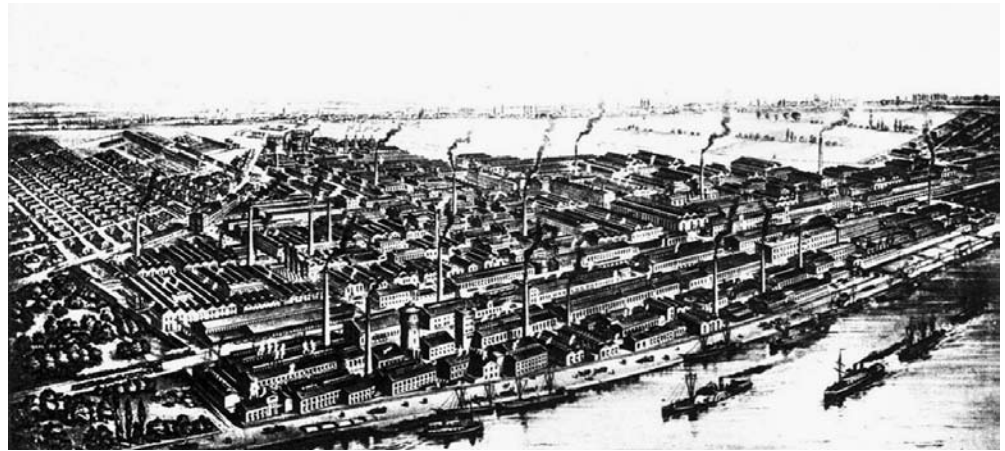
port of the National Liberal Party, which was wholeheartedly in favor of free trade. After the unification of Germany in 1871, he invested French reparations payments in industrial development, and established a Reich Railroad Bureau, since he wanted to nationalize the railroad as quickly as possible—which he then proceeded to do.

As a result of free-trade policies, the so-called “Gründerkrach” [a large stock market crash] occurred, allowing Kardorff and his circle to push through a change toward protectionism.

Also, at that time, Pope Pius IV died—he had been very negative, ultraconservative, and Bismarck’s *Kulturkampf* had been directed against him. The ultramontane circles had instigated the Catholic Center Party against Bismarck, denying him the party’s loyalty and allegiance. The moment that Leo XIII became Pope, the dispute ended, allowing Bismarck to put together a new coalition. Furthermore, industrialists from the Rhineland and Bavaria supported the protectionist policy.

The circumstances were such, that cheap grain imports from Russia, for example, were creating a major problem for the Junkers east of the Elbe River. So Bismarck gave von Kardorff a free hand to put a protectionist policy in place. In 1876, Kardorff founded the Confederation of German Industry and became its first president. After intensive discussions with him, Bismarck decided to shift toward protectionism. In 1875, Bismarck announced a gold standard for the currency of the entire Reich, and established the Reichsbank as the central institution for finances and printing of currency. Support for protectionism spread throughout the country.

In May 1879, Bismarck presented his new economic program, announcing to the Reichstag: “Our previous open-door policies made us a dumping ground for the excess production of other countries. In my view, this drove prices in Germany through the floor. That prevented the growth of our industries and the development of our economic life. We must close this door, and erect a higher barrier. And what I propose now, is that we create the same market for German industry which previously, out of the goodness of our hearts, we al-



Edelstein Collection

A chemical factory at Ludwigshafen on the Rhine, around 1890. Bismarck’s adoption of American System economic policies caused German industry to flourish.

lowed foreigners to exploit. If the danger of protectionism were as great as the advocates of free trade claim, then France would long ago have become impoverished, since it has adhered to this theory since the times of Colbert. I am not the slightest bit interested in abstract scientific doctrines about this matter. I base my view on present experience.”

With the new coalition in the Reichstag, Bismarck could introduce this program on July 12, 1879. Moreover, he created a Prussian Ministry for Public Affairs, whose assignment was to expand and to nationalize the Prussian railroad system. Between 1883 and 1889, Bismarck enacted his social legislation, which was a trailblazer for the whole world; it surpassed the U.S.A. with respect to social safeguards, health insurance, accident insurance, and social security for the elderly.

Bismarck’s pro-industry policy and social measures were the main reason that Germany became one of the leading industrial nations. Germany had no raw materials, was backward, and the Junkers and the oligarchs mostly called the shots. But within a very short time, Bismarck’s policy transformed Germany into an industrial nation.

This really has to be understood, because today it is precisely these things that are being dismantled: health insurance, the health-care system, pensions—all those achievements of the past are now on the chopping block.

Kardorff Rejects Free Trade

I’ve had a closer look now at one of Wilhelm von Kardorff’s political essays, and ask you to bear with me while I quote from it. After all, it was written by someone who today would be Germany’s top industrialist.

Kardorff's book is titled *Against the Current: A Critique of the Trade Policy of the German Reich from the Standpoint of Carey's Researches*, and it appeared in 1875, in Berlin. In it, Kardorff writes that if you look at British free-trade theories, for example the book by a certain Henry Thomas Buckle about the alleged *History of Civilization in England*, you find such typical English arguments as: "Only through the accumulation of wealth is the formation of a nation's intellectual class possible. Because"—so the logic goes—"the wealthy, if they have enough money so as not to have to produce for their own needs, but rather consume what others produce, thereby gain the leisure required for the acquisition of the knowledge upon which the steady development of all progress of human society principally depends. Thus, without wealth there can be no leisure, and without leisure there can be no knowledge."⁴

Kardorff states that this cannot be true, since so many scientific achievements have been made by people who had to earn their livelihood by working every day. And he continues: "To me, [Henry] Carey's argument makes much more sense." Citing Carey, he says that "only with better tools, that is, only by means of accumulated capital, does man's increased power over the gratuitous services of nature become possible." Thus, by technological and scientific progress, man's power over nature is increased. He says: "If one sticks to these ideas, and realizes that for the achievement of this goal we need the most intensive, enduring power of the nation, and that this in turn has as its precondition the constant strengthening and ennoblement of moral character, then one will hardly view the striving for national wealth as a danger for a modern state."

And further: "The wealth of the ancient world, which became the ruin of the states, was only apparent, deceptive, and transient, since it brought with it at any moment the mass expansion of slavery, and with that, indolence and demoralization on the part of the ruling peoples."

The debate also turned on whether it is economically useful to have slaves. Von Kardorff completely rejected that idea. He said: "On the contrary, in modern, civilized states, the increase in prosperity is regularly a consequence of the increase in industriousness and freedom."

4. This is von Kardorff's paraphrase of a passage from Buckle's book. The original text of *The History of Civilization in England* (1913 reprint of 1857 edition) is available at books.google.com, and the cited section is on p. 31.

If anyone wants to remember what I say today, it's this: Industriousness!

Kardorff continues:

But national wealth is also today a prerequisite of national power. Let nations that do not feel called upon to leave their mark on the fate of the civilized world, which are protected by their geographical location from interference by powerful neighbors, renounce the acquisition of national wealth. For a nation such as that of the Germans, situated in the middle of Europe and with many neighbors, to remain backward with respect to national prosperity is synonymous with abdication of its current position of power, which it acquired with enormous efforts in the most heated and bloody combat. It would mean the restoration of the disastrous influence which foreign countries were able to exert on the development of our fatherland for centuries.

Then Kardorff writes:

I too was once very naive, when I was still in university studying Adam Smith, Ricardo and Stuart Mill; when answering exam questions, I thought I knew which financial and trade policies a state should pursue, to enable its members to achieve, to an outstanding degree, that mastery over the gratuitous forces of nature on which national wealth relies. At that time I was a Manchester man of the first water. I was convinced that it was free trade that gave England its superior wealth. That was my rock-hard opinion. There was a simple rule: Buy as cheaply as you can, no matter where and from whom, and sell as dearly as possible, no matter where and to whom. That seemed to me a foolproof means by which to promote peaceful competition among peoples in the production of goods, allowing each country to flourish in a way that is particularly suited to its geographical position, its climate, its land and soil conditions. I saw any abolition of tariffs as a sign of cultural progress in general and a sure source of enrichment. Tariffs seemed to me to be harmful barriers, that give unfair advantage to certain industries, as unnecessary paternalism with respect to the free development of the national forces.

Horror of horrors, when I got to know an ed-

ucated American in the sauna at the spa, who explained to me that Manchester free-trade theories were the biggest swindle that had ever been concocted, to deceive mankind. We were talking about the American Civil War. Naturally I had no sympathy for slavery, but I did think that if the North were to win, this would mean the victory of protectionism over free-trade policy, and that this would be bad. To which that American replied, that he would not wish for Germany ever to experience what the practical implementation of radical free trade would mean. Then he asked whether I had read Carey's writings. Carey? A little later I met Mr. Ziegler from the German Progress Party, who asked me the same question: 'Are you familiar with Carey?'

Then a friend made the following argument: If free-trade theory were correct, then all protectionist countries would be poor and all free-trade countries would be rich. A precise examination of the situation in all countries throughout the world shows that just the opposite is the case. The free-trade countries are becoming impoverished, all protectionist countries are flourishing—so there must be a miscalculation in the model of free-trade theory.

Then he goes into the nature of this miscalculation:

The whole system of the Manchester School is based on the fiction that all peoples of the Earth are a common family and have a common interest. A fiction quite similar to the theory of a universal, eternal peace. And it is striking, that the apostles of the Manchester School are also supporters of the International League, or also of Kant's Perpetual Peace, which is based on the same idea.

Who would really want to consider dismantling an army, renouncing the country's military power, in the hope that other states would be induced to copy such a policy? Practical proposals to give up our military training, in order to induce Russia, France, Austria to take similar measures, would just be laughed at by even the biggest idealists and utopians among our statesmen. A ridiculous doctrine, that the implementation of free trade in Germany would impel Austria, Russia, and France to adopt the same trade

policy. Adam Smith himself said that it is not foreign trade, but domestic commerce, that is the main source of a country's wealth.

Then Kardorff describes how in fact, rising productivity is the source of wealth:

That the close association of men, which is the precondition for the improvement of their dominion over nature, and which is only guaranteed by the flourishing of domestic works—commerce—can only be achieved by the emergence of many small centers, which, however, would be killed by any arbitrary disruption of the natural market and the centralization of commerce into large trading enterprises. The colossal waste of power and energy, and the costs of moving about, the transport costs that are caused by the radical free-trade principle, must be borne by someone.

Just look at the situation today! Since Lidl and Aldi [grocery chains] ship food from the Third World in a free-trade system, somebody has to pay the costs.

Misjudgment of the significance of overemphasizing the textile and iron industries, which England acquired in artificial and unnatural ways, by ruthless exploitation of its colonies. Disadvantages for all countries that accept free trade, because England practices a protectionist policy for *its own* products, which other countries produce cheaper and better. Incorrect interpretation and application of the fundamental maxim: Buy cheap and sell dear! Because what seems to be the cheaper purchase can really be much more expensive, depending on the circumstances. Underestimation of the impact that the potential diversity of a nation's production has on its intellectual development. If a nation only practices farming and production of raw materials, it is placed at a disadvantage compared to nations where diverse industries are flourishing.

Lyndon LaRouche always makes this argument against exclusive emphasis on tourism, or monoculture. An extensive division of labor improves the intellectual abilities of the population and raises productivity.

It only took a few years of a vigorous protec-

tive tariff, for American agricultural machines and railroads to spread throughout the entire world. The same is true for France. It only took a few years of a protective tariff for France to develop its export capacity and production to the height that we currently envy—quite rightly.

Then Kardorff writes ironically:

All of this is evidence that the Manchester Theory is absolutely false.

Another argument used by the free-traders, is on the question of cheap wages. [Also very relevant today!—HZL] In Baden-Württemberg,

Carey on Germany and The American System

At the end of the American Civil War, the world was faced with a truly remarkable phenomenon. The United States, which had just concluded the costliest war in its history in terms of casualties, with over 600,000 Americans lost on both sides, emerged as the greatest industrial power in the world. The Lincoln government rapidly developed its industrial power in order to meet the needs of the war mobilization. Most importantly, the departure of the Southern states' delegates from Congress allowed the legislature to return to the successful protectionist tariff policy of the early days of the republic. The introduction of the Morrill Tariff in 1861 revived the dwindling industrial capabilities of the Union as no other measure could have done.

These facts were underscored by economist and Lincoln advisor Henry C. Carey, in an 1867 introduction to the publication in German of his 1857-58 work, *Principles of Social Science*, which he published separately as a pamphlet under the title "Review of the Decade, 1857-67,"

"To that law [the Morrill Tariff]," Carey wrote, "aided as it was by the admirable action of the Treasury in supplying machinery of circulation, does the world stand now indebted for the fact that the people of America, in the short space of five years, and at a cost of thousands of millions of dollars, were enabled to retrieve the downward steps of more than twenty years; to establish freedom throughout the land; and to save from destruction a nation of more than 30,000,000 that, by long practice on the pernicious doctrine of *laissez faire*, had been brought so near the verge of ruin that its escape therefrom constitutes now the most remarkable event in the history of the world."

Carey indicates the potential of the new situation in Germany, under the influence of Friedrich List's Customs Union (*Zollverein*), where "an empire has been created embracing a population little short of 40,000,000, among whom education is universal; with a system of communications not excelled by that of any other country, with the exception of those provided for the very dense populations and limited territories of England and of Belgium; with an internal commerce as perfectly organized as any in the world, and growing from day to day with extraordinary rapidity; with a market on the land for nearly all its products, and, as a necessary consequence, with an agricultural population that grows daily in both intelligence and power; with a mercantile marine that now numbers more than 10,000 vessels; with a public treasury so well provided that not only has the loan authorized at the close of the late war [Austro-Prussian War of 1866] remained unused, but that it has been at once enabled to make large additions to the provision for public education; and with private treasuries so well supplied as to enable her people not only their own means to build their own furnaces and factories and construct their own roads, but also to furnish hundreds of millions to the improvident people of America, to be by them applied to the making of roads in a country the abundance of whose natural resources should long since have placed it in the position of money lender, rather than that now occupied of general money borrower."

Carey concludes, "The decade whose history has above been sketched is of all recorded in the world's annals the most remarkable, yet are the changes there exhibited but preparation for new and greater in the future; such changes as must not only greatly affect the relative positions of the communities that have been named, but also the future of all mankind."

—William Jones

Saxony, Westphalia, and on the Rhine, we saw high wages and a picture of widespread prosperity, flourishing businesses, rich earnings from agriculture, while the industries of the eastern provinces of Prussia, with low wages, present the same picture of poverty and disrepair as countries such as Ireland, India, and Mexico, which have the lowest wages in the world.

The same is true today.

Hence the general clamor of the Manchester School to drive wages down, leaves out of account the fact that the worker is not only the biggest producer, but also the biggest consumer in the country; that lowering his wages also means reducing his consumption.

Furthermore, the representatives of the Manchester School uphold the “right of the workers to strike.” On this, Kardorff says:

That simply means that we would end up with class struggle, by means of which workers are driven into the hands of unscrupulous agitators, so they can routinely, as events in England clearly show, become the involuntary slaves of capital.

To this he counterposes:

How much calmer and more peaceful the domestic development of a country turns out to be, the greater is the certainty that the worker can progressively participate more and more in the benefits of civilization, and that his wage rates will keep pace with the growing necessities of life.

He continues:

The battle cry of the Social Democrats is: Highest possible wages, least possible work! The battle cry of the Manchester School is: Lowest possible wages, most possible work! But the solution is: Highest possible wages and most possible work. This is the only way to ensure national prosperity, and the policy that does this is the only right one.

And further:

The argument of the Manchester School is that industry can only gain an enduring export capability, when it has a secure domestic market.

He says all you have to do is look at England, to see where this argument leads.

Every day we see in England the growing gap between those who have large capital holdings and those who have no property at all. We see the complete disappearance of the land holdings of the *Mittelstand* [small and medium-sized businesses]; we see how many hundreds of acres of fertile land every year are turned into hunting grounds and parks.

Just like today.

Therefore we do England a service, if we protect ourselves from becoming victims of this trade policy, which has made England itself so very ill, and instead conduct a trade policy suited to our own requirements, so that we can take care of ourselves. Carey’s felicitous writings, whose study I cannot recommend highly enough, treat questions that, in my view, are matters of life and death for the German Reich.

Historical Examples

Kardorff also studied the effects of free trade and the protectionist system using the example of various countries such as Turkey, Portugal, and Ireland. “These [countries] have deteriorated enormously because of free trade. Ireland, for example, has the cheapest wages, the greatest misery of the lower classes, general poverty, depletion of the land and soil.”

The contrast can best be seen in America, “since there the different systems, the protectionist and the free-trade system, have alternated, and many factories and manufactures that existed in 1812, at the beginning of the war against England, went under, when peace was signed and English imports resumed. The results were declining wages and devaluation of land and soil, until a semi-protectionist tariff system was introduced in 1824, and a full one in 1828. Immediately, domestic commerce flourished, wages rose, the value of land and soil rose, and the currency calamity stopped. Then the free-traders from the Southern states regained the upper hand, and achieved a compromise in 1833. The protec-

tive tariff was repealed, disappearing completely in 1842, and immediately, the old emergencies resumed: a trade deficit, declining wages, shortage of money, devaluation of land and soil. And indeed so abruptly that a policy reversal and return to the protective tariff system followed—which in 1846 was once again abandoned. Since the end of the War of Secession, it now seems that the protectionist system has permanently gained the upper hand. And Carey—who in earlier periods said that the same dismal consequences come from free trade every time it is applied, while immediately upon return to the protectionist system, the country recovers as if by magic—would now be proud to point out that the United States, after several years of the protectionist system, is exporting not only raw materials, but also vast quantities of manufactured goods.

Further evidence of the worth of the Manchester School's prediction that the protective tariff would destroy a country's ability to export: "Because of this protectionist policy, the United States was able to 1) repay the huge war debt; 2) raise wages and the value of land and soil; 3) agricultural production grew at an incredible rate; and 4) sufficient credit and cash were available."

Then Kardorff describes another country where exactly the same thing happened, namely France:

But the most brilliant example of the validity of Carey's doctrines is shown by the new economic development in France. One of the greatest statesmen who ever led the economic life of a nation, Minister Colbert, had specified the principles of his trade policy in a famous report to Louis XIV: that export tariffs for all domestic products would be lowered, along with import tariffs for raw materials, but foreign manufactured goods would be kept out by means of a rise in the tariff.

That is why France at that time was in the best situation. As for Germany, he indicates that as long as its neighbors all practiced free trade, things were somehow tolerable. But when markets in North America, Russia, and France were closed by protectionist measures, things changed. Now, "free trade is seen as a chronic disease that slowly eats away at the marrow of the people."

In this context, Kardorff praises Bismarck's wisdom and energy, and calls for a serious examination of these two systems, so as to arrive at the right conclusions.

Let me emphasize here: The fact that Wilhelm von Kardorff, the principal founder of German industrial-

ization of this period, refers explicitly to Carey, has been completely erased from modern history books.

List, Carey, and the Irish Resistance

In conclusion, I have one more treat: I would like to talk about Ireland. You know what Ireland did for defense of democracy in Europe, by voting "No" in the EU referendum.⁵ It is no coincidence that this happened specifically in Ireland. I would like to give a very brief overview of Irish history.

Daniel O'Connell (1775-1847) was an important founder of the Irish resistance in the first half of the 19th Century, who was also the spokesman for Irish national consciousness against the British Empire. O'Connell in 1798 was a lawyer in Dublin; in 1828 he was elected to the British Parliament, since Ireland was then still in a Union with Great Britain. He was the leading spokesman for the so-called "Repeal," that is, the revocation of the Act of Union between England and Ireland. When the Tories were overthrown in 1835, and a Whig Cabinet came to power under Prime Minister William Melbourne, a law was passed on behalf of the poor, and interest rates fell. But that was far too little, and very soon the population also turned against this government. It too was toppled, and O'Connell became the first Catholic mayor of Dublin. Then in October 1843, there was a mass meeting, which the English government attacked with armed force. O'Connell was sentenced to a year in prison and fined, but because of an error in the court order, the sentence was not enforced.

List was active in Germany at the same time, and was often compared with Ireland's great agitator, and dubbed "the O'Connell of the German manufacturers."

On Dec. 6, 1921, Ireland won its Independence Treaty, which it had struggled for a thousand years to attain. Before that it had suffered under total economic and political subjugation, since it was really an English colony. For example, six-sevenths of the estates there

5. The European Union's "reform" process began in 2001 and resulted in a European Constitution, which was defeated when France and Denmark rejected it in popular referenda. The "reform" would have stripped nations of what remnants of sovereignty they still have, imposing a supranational, unelected bureaucracy as the rulers of Europe, with authority over defense as well as economic policy. The Constitution's advocates resubmitted it, with minor changes, calling it a Treaty rather than a Constitution, and it was signed by heads of state in December 2007 in Lisbon. All member nations were expected to ratify it by the end of 2008, but this plan was derailed by the Irish "No" vote in a June 2008 referendum. Since ratification must be unanimous by all EU members, the Treaty is stalled.

belonged to English landed gentry, who demanded constantly rising rent payments. The so-called “dwarf economy” developed, in which even the tiniest parcel of farmland was subdivided still further, and among more and more people.

The suffering of the lower classes was discussed by Friedrich List in an 1839 essay on the railroads in Ireland. There he wrote:

The suffering of these people is beyond all imagination. Every resident is a proprietor, every proprietor a beggar. Bread is a rarity there, milk a luxury beverage, meat unknown. They live only on potatoes, and only those of the most miserable kind, such as were once despised as food for pigs, but which are preferred now to the better varieties, since they yield more and fill the stomach better. The adults go about in rags; the children are naked. Their huts are built of dung, without windows and doors, without a chimney, almost without a roof, and without a proper floor. Their bedding is made of half-rotten straw and leaves. Aside from a few pots, there is no household crockery to be seen. People and pigs live in close proximity. The latter are more attentively cared for than the children are, since they supply the means by which the rent is paid. Half of the workers have no work, and are always idle. This is the source of all the unrest and crimes that have increased so frightfully. Yet it is surprising to see with what strength of character the majority of these creatures endure their misery. In glaring contrast, the prosperity of the great landowners and tenants, the manufacturers, and so forth, has increased as a result of the Union with England, steamship travel, and modern improvements.

O’Connell described the decline of the economy in his defense allocution during his trial, which Friedrich List analyzed in a commentary for the newspaper of the Customs Union. List wrote about O’Connell’s speech:

The towns reduced to beggary, the suburbs transformed into stone cairns, all factories ruined, the workers driven into the open fields, where they survive on potatoes without salt. Such happiness will be the lot of us Germans, if we keep up our free-trade fantasies.

Were there any spark of truth in this theory, happiness due to free commerce with England would increase, the closer one gets to the wealthy island. But the exact opposite can be seen in the experience of Ireland. Because of steamship travel, the Irish Sea has been turned into a mere stream. You can go across and back for one shilling. The free movement between the two islands, however, has caused even more widespread suffering and crime, and Ireland’s experience brings starkly to light the fact that no country can prosper only on the basis of farming, without a thriving manufacturing sector. As we have said before: Love for the rich and powerful Britannia is like the love of Semeles for the all-powerful Jupiter. According to Greek mythology, Semele is the daughter of Kadmos, who falls in love with Zeus. At the instigation of the jealous Hera, Semele expressed the desire to see Zeus in his full majesty, and so was struck by his lightning bolt. Thus, anyone who embraces it [Britannia], is consumed by fire.

Certainly Irish agricultural law is also a major reason for the misery of the Irish. English trade sophistry rejects this reason, solely on the basis of the claim that foreign consumption of Irish land rent did not cause the slightest harm to the prosperity of Ireland. Never has such an outright sophism been palmed off as practical wisdom, with greater insolence, onto a credulous guild of scholars. And whoever still doubts that the English theory of free trade is simply tailored to England’s needs, must realize the truth of the argument that can only be translated as: The consumption of Irish land rent by England is profitable for Old England. *Ergo*: This is “justified” by the founding principles of national economy and state wisdom.

That is all very clear.

The next great Listian in Ireland was Arthur Griffith. He was born on March 31, 1871 in Dublin, and, in 1905, founded a political party, the Sinn Fein, which means “We Ourselves.” Griffith at first did not want full autonomy, and definitely rejected violence. However, there was an uprising in 1916, and the Republic of Ireland was proclaimed—to which the English government reacted very harshly. Ninety Irishmen were sentenced under martial law and 15 were exe-

cuted. These executions brought about a complete change in the mood of the population, which immediately demanded independence.

From January to August 1922, Griffith was the first Prime Minister of the free state of Ireland. He directly invoked Friedrich List and his National System. In a speech before the first meeting of the National Assembly on Nov. 28, 1905, he had identified himself publicly for the first time as a supporter of Friedrich List. He also published a series of articles about List's ideas, including a very important article about List and Carey.

It states⁶:

Until 1824, when the trading class and the agricultural population of England were split into hostile camps, England practiced the most rigid protectionism of any country in the world, prohibiting commodity imports from the continent with the most stringent tariffs, and strictly banning food imports. By the end of the Napoleonic wars, English law required foreign goods to be transported only on British ships, or only on ships of the countries where the goods were manufactured. And trade with the English colonies was exclusively reserved for English ships. Export goods from England could only be transported on British ships. . . .

Adam Smith's doctrines were vigorously promoted by England to the European continent, while England itself closed its ports. The English secret service—not stingy in the least—distributed money to journalists and theoreticians, to persuade them to become advocates for opening the ports of the continent to English goods. While French policy opposed this, professors and progressive journalists were massively



Arthur Griffith (1871-1922), the Irish republican leader, was a vigorous supporter of Friedrich List and Henry Carey, against British free trade. He attributed Germany's astonishing industrial growth to Bismarck's support for their ideas.

worked over to get them to favor the English economy.

If you look at much of the media today, then it seems that this practice of the English secret service has not changed very much.

Griffith writes further, that Friedrich List was slandered in Germany by a certain Dr. John Bowring, who was paid by the British government to discredit him. Because of these slanders, List was badly misunderstood in Germany. This is also somehow familiar to us today.

Griffith concludes that modern Germany and modern America have become England's political rivals, thanks to the work of Friedrich List

and Carey. Bismarck had finally completed the marvel of transforming Germany from nothing into a great power in 20 years, with the help of these theories.

It is quite significant that this absolutely correct assessment of the roots of the industrial revolution in Germany, which Griffith identifies, and the close dependence of Bismarck's reforms on the American System of economy, are given almost no mention in any of the numerous biographies of Bismarck. Right now, recollection of this would be extremely important. Because the systemic crisis that was triggered, although not caused, last year by the American mortgage crisis, is entering its final phase, and the free-trade theory that lies at the foundation of globalization is discredited. Both the outsourcing of production and jobs to cheap-production countries, and the weakening of the German domestic market as a result of the European Monetary Union, demonstrate the validity of Kardorff's arguments and Bismarck's policies for us today. If Germany is to survive the coming storms as an industrial nation, then we should make sure that we learn this history. And although the manager class of today's "shareholder values society" has generally fallen into disrepute, we may find here and there patriotic industrialists, who represent Kardorff's legacy, and want to learn from Bismarck.

6. Quotes are back-translated from German.