

Henry Clay: National Socialist

March 1, 1998 Thomas J. DiLorenzo

While American "liberals" tend to view Franklin Delano Roosevelt, Lyndon Johnson, and Bill Clinton as their political and philosophical idols, conservatives at the *Weekly Standard* magazine and elsewhere have begun touting Henry Clay as their first political icon.

But Henry Clay can only be considered to be a "conservative" if conservatives embrace the economics of National Socialism, for that is what Clay devoted his entire forty-year political career to. If that is the legacy contemporary conservatives want to claim, then proponents of free markets, property rights, and limited constitutional government should have no use for conservatism.

Lincoln was the first Republican president and considered himself the political heir to Clay, whom Lincoln eulogized in 1852 as "the beau ideal of a statesman" and the "great parent of Whig Principles." "During my whole political life," Lincoln stated, "I have loved and revered [Clay] as a teacher and leader."

"From the moment Lincoln first entered political life," writes Lincoln biographer Robert W. Johannsen, "he had demonstrated an unswerving fidelity to the party of Henry Clay and to Clay's American System, the program of internal improvements [i.e., corporate welfare for railroad and steamship businesses], protective tariffs, and centralized banking."

Clay was a corrupt statist who spent his political career promoting mercantilism, protectionism, inflationary finance through central banking, and military adventurism in the quest for empire. Upon entering Congress in 1811 he helped persuade the government to attempt to conquer Canada, which it tried to do three times. He waged a thirty-year battle with James Madison, John C. Calhoun, Andrew Jackson, and other defenders of the Constitution over federally funded corporate welfare.

Presidents Madison and Monroe both vetoed so-called "internal improvements" bills sponsored by Clay that would have been the very first federally funded pork-barrel programs. Clay was the fiercest congressional proponent of protectionism from the War of 1812 until his death forty years later. He used his power as Speaker of the House in the early 1820s to push through the first protectionist trade bill in U.S. history.

Dissatisfied that the new tariffs "fell short of what many of my friends wished," he then sponsored the notorious 1828 "Tariff of Abominations." Raising tariff rates to 45 percent of the value of imported products nearly precipitated a secession crisis as the South Carolina legislature nullified the tariff, refused to collect it, and forced the federal government to back down. The tariff was reduced in 1832.

At the time, about 80 percent of all American exports came from the southern states. Since Southerners purchased virtually all of their manufactured goods from Europe or Northern industrialists, they paid a grossly disproportionate share of the tariff and considered it to be an illegitimate and unconstitutional tool of political plunder. Clay apparently threw a fit on the floor of the House of Representatives after this bitter defeat and promised that he would someday "defy the South, the President, and the devil" himself to raise tariffs once again.

Henry Clay was a lifelong promoter of central banking and participated in a pitched political battle with President Andrew Jackson over the rechartering of the Bank of the United States in 1831—a battle that Jackson won. One reason Clay was such a strong proponent of central banking was that he saw it as a tool for lining his own pockets. The Second Bank of the United States was chartered in January 1817 and quickly led to the nationwide depression of 1819. But Speaker of the House Clay saw to it that branch banks were opened in his home state of Kentucky and were managed by his political cronies there, enabling them to reward their political supporters with cheap credit.

Having incurred an incredible \$40,000 in personal debt through ten years of high living in Washington, D.C., Clay left Congress for a term in 1822 to become general counsel of the Bank of the United States. He was paid a salary as well as per-case fees, and was also given large holdings of real estate in Ohio and Kentucky for his "services." By the time he resigned to become secretary of state in 1825 he "was pleased with his compensation," writes Clay biographer Maurice Baxter.

One of Clay's first public statements as secretary of state was to endorse a policy of genocide toward American Indians. The Indians' "disappearance from the human family," Clay stated at a cabinet meeting, "will be no great loss to the world." He "did not think them, as a race, worth preserving."

These statements helped pave the way for the federal government's cruel ethnic cleansing of the Cherokee nation, forcing everyone to walk from North Georgia and East Tennessee to Oklahoma during the winter of 1838.

Approximately 100,000 Cherokees were dragged from their homes, which were then burned and plundered by federal soldiers. One-fourth of the Cherokees died along the way. Men, women, and children wept for the entire journey, which came to be known as the Trail of Tears.

Henry Clay died in 1852 without seeing his "American System" put fully into place. But the man who eulogized him at his Washington, D.C., funeral service, Abraham Lincoln, implemented it fully during his administration. The National Currency Act of 1862 established central banking and fiat currency; massive subsidies were given to railroads, the steamship industry, and hundreds of other rent-seeking businesses; tariffs were increased threefold and remained high for decades; an internal revenue bureaucracy was created; and the federal government was massively centralized.

After the war the federal government completed its program of ethnic cleansing by killing off most of the Plains Indians and putting the survivors on reservations where, as General William Tecumseh Sherman, commander of the "Indian Wars," put it, "they can be watched." By 1890 Henry Clay's "American System" had finally been realized.

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FURTHER READING: Maurice G. Baxter, *Henry Clay and the American System* (Lexington: University Press of Kentucky, 1995); Robert V. Remini, *Henry Clay: Statesman for the Union* (New York: W.W. Norton & Co., 1991); Glyndon Van Deusen, *The Life of Henry Clay* (Westport, Conn.: Greenwood Press, 1964).