

OPINION

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A Lincolnian Economic Primer for Obama

Abe's approach was to provide rules of the road for the private sector and let entrepreneurs compete.

By [KEVIN BRADY](#) And [LEWIS E. LEHRMAN](#)

President Obama chose to deliver his State of the Union address this year on the 204th anniversary of the birth of Abraham Lincoln. It was a good selection of a significant date. As Steven Spielberg makes clear in his epic film "Lincoln," Americans of all backgrounds and political persuasions can learn much from the character and presidency of the 16th president.

With regard to human rights and economic liberty, Lincoln adhered to two fundamental principles. First, that every person was entitled to the fruits of his or her labors, and no one had an unrequited claim (i.e., slavery) to the fruits of the labors of others. What so troubled Lincoln about slavery was that it was theft—pure and simple. Lincoln ran for president on a platform to stop slavery's spread. As president and commander in chief, he struck against slavery in the rebellious states through the Emancipation Proclamation. Then he pressed for slavery's permanent abolition by constitutional amendment—in both rebellious and loyal border states—because no man may steal the fruits of the labor of others.

The second principle that guided the Republican president was that every person, regardless of the circumstances of his birth, should be able to climb as far up the economic ladder as his talents may take him. Historian Richard Hofstadter called Lincoln the "greatest dramatist" for upward mobility the nation ever produced, and for good reason.

Under Lincoln's watchful eye and skillful leadership, the 37th Congress enacted more economically significant legislation than had any of its predecessors. The underlying theme of Lincoln's economic initiatives was that by providing ordinary people with incentives to use their own skills and labor, the entire nation would prosper. Very little of what Lincoln signed into law could be declared, in the present-day idiom, "entitlements" or "redistribution."

Lincoln pressed Congress to enact the Homestead Act. Instead of selling land in the West in large tracts to wealthy investors, as many Democrats in his day had advocated, Lincoln preferred to grant title to 160 acres to anyone who would settle on it and farm it for five years. Thus Lincoln helped Americans who, like him, started on the bottom rung of life but were willing to work hard. It was the opportunity to reach prosperity but not the guarantee of it.

Lincoln signed the Agricultural Act that established the Department of Agriculture to provide extension services to help farmers use the latest scientific knowledge to increase their productivity. He also was determined to establish a uniform national currency. After the federal

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charter for the Second Bank of the United States lapsed in 1836, America lacked a uniform national currency. Instead, state-chartered banks issued their own notes. Because of their varying quality, state bank notes traded at daily fluctuating prices. The additional cost associated with internally floating exchange rates inhibited the development of interstate commerce.

After Congress passed the National Bank Act during the Civil War, national banks could issue up to \$300 million in national bank notes that were secured by Treasury bonds and accepted at face value throughout the U.S. By eliminating the uncertainty of internally floating exchange rates, Lincoln facilitated the development of a single national economy, creating opportunities for entrepreneurs—such as John D. Rockefeller, Andrew Carnegie, Thomas Edison and Henry Ford—who arose from humble beginnings to build the industry of the modern world.

Lincoln saw the government's job to provide the private sector with rules of the road and public works through which entrepreneurs could both compete with one another and expand jobs. Unlike President Obama, President Lincoln saw creators of wealth not as "robber barons" to be maligned by the federal government but as job generators that should be encouraged.

Despite the war, Lincoln was determined to unify our country not only North and South, but also East and West. Lincoln pressed Congress to pass the Pacific Railway Act authorizing incentives for the Union Pacific and Central Pacific to build the transcontinental railroad. In contrast to President Obama's stimulus, which was directed to a few chosen special interests, under Lincoln's rules companies competed openly for federal land they intended to develop. Entire towns sprang up around the rails.

Lincoln signed the 1862 Morrill Land Grant College Act, which granted each state 30,000 acres per senator and representative it had in 1860. Proceeds from these land sales would be used to establish "agricultural and mechanical" colleges. Most of these colleges grew into great state universities that have supported scientific research and awarded degrees to millions of Americans. Lincoln sold federally owned assets to pay for his investment in higher education. In contrast, Mr. Obama has aggressively blocked energy production on large tracts of federal lands, the revenues from which could be used to pay for critical investment, and to reduce the federal deficit and spur well-paying jobs.

Those parsing President Obama's speech on Lincoln's birthday may not find much of Abraham Lincoln in it, beyond the symbolism. Let us hope that Mr. Obama uses the remainder of his term to get his policies right by Lincoln rather than misconstrue history in an effort to align the 16th president's policies with his own. If Mr. Obama truly seeks to emulate Lincoln, he will find members of Congress on both sides of the aisle willing to work with him.

Mr. Brady, a Republican congressman from Texas, is the incoming chairman of the Joint Economic Committee of the U.S. Congress. Mr. Lehrman is chairman of the Lehrman Institute and author of "Lincoln at Peoria: The Turning Point" (Stackpole Books, 2008).