

is, the whole system is on the way down. And you can't get out of the crisis, without getting rid of the system, and going to a different system.

"Now, the different system is what Lautenbach referenced, and, to some degree, what Roosevelt referenced, and people around him of this American patriotic tendency."

For the purposes of providing our readers with a window into the approaches taken by Roosevelt and Lautenbach, we publish here three reports. The first offers a summary of the critical features of FDR's *Foreign Affairs* essay and the impact those ideas had upon his Presidency. The second, which is taken from a recent speech by Helga Zepp-LaRouche, focusses upon the Lautenbach policy cited above. The third report, by Michael Liebig of *EIR*'s bureau in Wiesbaden, Germany, provides crucial background on the American System economic policies of the 19th-century German patriot Friedrich List, which prepared the way for the explosive industrial development of America sparked by the policies of President Abraham Lincoln, and which later educated both FDR's and Lautenbach's approach to the crisis of the Great Depression.

## FDR's American System diplomacy

by Jeffrey Steinberg

Although the present financial collapse is of a qualitatively different character from the Great Depression of the 1929-1933 period, it is nevertheless of considerable value for today's policymakers to revisit how the great 20th-century American System patriot, Franklin Delano Roosevelt, responded to those earth-shattering events.

By no later than 1928, FDR had already begun to elaborate the policies that would be the hallmark of his Presidency. In the July 1928 edition of *Foreign Affairs*, he contributed an essay on a Democratic Party view of American foreign policy. Although he carefully avoided any personal attack against former Presidents Theodore Roosevelt and Woodrow Wilson, his essay was a clarion call for a repudiation of the shared Roosevelt-Wilson policies of employing American gunboats to collect Wall Street debts from other nations of the Western Hemisphere—what FDR referred to as "Dollar Diplomacy . . . which placed money leadership ahead of moral leadership."

FDR did not merely repudiate such self-destructive policies. In the essay, he called for a revival of the American System approach to relations among sovereign nation-states, particularly during periods of profound economic or political crisis. Once Roosevelt became President in 1933, he moved immediately to put these ideas into practice, particularly

within the Western Hemisphere, with his "Good Neighbor" policy.

Ironically, one cornerstone of FDR's Good Neighbor policy was a return to the original principle of the Drago Doctrine, named after Argentina's turn-of-the-century Foreign Minister Luis María Drago. In a note to the U.S. government on Dec. 29, 1902, Foreign Minister Drago had solicited American collaboration in a multilateral prohibition against European military intervention into the Western Hemisphere to collect overdue debts. Drago's immediate concern was British threats to use military force to collect Argentina's debt.

President Theodore Roosevelt rejected the Drago Doctrine, which had been put forward by the Argentine diplomat as an economic corollary to the Monroe Doctrine, on the specious grounds that the Monroe Doctrine was a unilateral United States government policy. TR, instead, fostered the "Roosevelt Corollary," which claimed U.S. unilateral authority to counter European imperial designs on the Western Hemisphere, but, by implication, left the door open for the United States to deploy gunboats to collect Wall Street debt.

The noted American diplomatic historian Arthur Whitaker, in his 1954 book, *The Western Hemisphere Idea: Its Rise and Decline*, distinguished between those American anti-isolationists who favored the Drago approach of collaboration among the hemisphere's sovereign nation-states, and the "national imperialists," like Theodore Roosevelt, who chose instead to have the United States "go it alone." Whitaker drew a conceptual distinction among the multilateralists, the national imperialists and the isolationists, that, appropriately, de-emphasized the partisan differences among Democrats, Republicans, and Progressives, and focussed, instead, upon underlying policy axioms.

### The American ideal

Franklin Roosevelt began his 1928 *Foreign Affairs* essay by defending the notion that the United States has a unique role to play in world affairs, a view, he charged, that had been abandoned by the previous decade of American Presidents. "An analysis of our own history," FDR wrote, "disproves the accusation that this selfish spirit is the real American spirit. In the debates during the war of the Revolution and in the long discussions immediately preceding the adoption of the Constitution, it was plain that careful thought was being given to every conceivable form of government, in the hope that what the United States finally adopted might serve as a pattern for other peoples, especially in regard to the spirit that should govern the relations of one state with another. The words of the Declaration of Independence itself invoke a "decent respect to the opinions of mankind."

"Through more than 20 years of turmoil following the French Revolution, our course was a pacific one, marked by a growing understanding of the old-fashioned evils of privateering, impressment and interference with neutral commerce by belligerents," wrote FDR. "After the general peace of



*President Franklin D. Roosevelt (left) with British Prime Minister Winston Churchill, at Yalta, Feb. 4, 1945. The conflict between the two men over postwar economic policy expressed the centuries-long fight between the British System of imperial looting, and the American System of dirigistic promotion of industrial and scientific-technological development.*

1815, the newly won independence of the Central and South American nations provided frequent opportunities for reconquest and disturbance; our response was the Monroe Doctrine, a policy aimed not only at self-protection but, in the larger sense, at continental peace. Promulgated by a Democratic administration, it was our counter-move against the desperate attempt of the Holy Alliance to curb the rise of liberalism by interfering in the internal affairs of government and by crushing revolting colonies desirous of setting up democracies. Here again, the thought of America was not solely selfish, but was influenced by an ideal.”

### **The 20th-century retreat**

FDR’s brief historical account next focussed on the 20th century, and he returned, at greater length, to the folly of “Dollar Diplomacy.” He especially scored the William Howard Taft administration, citing Taft’s deployment of U.S. Marines to Honduras and Nicaragua “as a very definite part of a banking deal”; and the Panama Canal Tolls legislation, which constituted “a definite breach of an existing treaty.” Speaking as a Democratic partisan, FDR chose to treat President Woodrow Wilson’s reversion to the same kind of imperial gunboat diplomacy, in the last two years of his Presidency, as an unfortunate deviation from the higher-minded policies reflected in Wilson’s sponsorship of the League of Nations.

FDR pointed out that, even where American unilateral military occupations had incorporated infrastructure develop-

ment and other material improvements, “we seem to have paid too little attention to making the citizens of these states more capable of reassuming the control of their own governments.” He then questioned, sardonically, “But we have done a fine piece of material work, and the world ought to thank us. But does it?” He answered: “The other republics of the Americas do not thank us, on the contrary they disapprove our intervention almost unanimously. By what right, they say, other than the right of main force, does the United States arrogate unto itself the privilege of intervening alone in the internal affairs of another Sovereign Republic?”

“The net result of these instances, and recently of the far less justified intervention in Nicaragua, is that never before in our history have we had fewer friends in the Western Hemisphere than we have today. . . . In the sixteen Republics of Central and South America the United States Government by its recent policies has allowed a dislike and mistrust of long standing to grow into something like positive hate and fear.”

At this point, Roosevelt spelled out the principles that he would pursue, once he took the oath of office as President of the United States five years later. “The time has come,” he wrote, “when we must accept not only certain facts but many new principles of higher law, a newer and better standard in international relations. We are exceedingly jealous of our own sovereignty and it is only right that we should respect a similar feeling among other nations. The peoples of the other Republics of this Western world are just as patriotic, just as proud

of their sovereignty. Many of these nations are large, wealthy and highly civilized. The peace, the security, the integrity, the independence of every one of the American Republics is of interest to all the others, not to the United States alone.”

Roosevelt spoke next of the looming crises that would beset the nations of the hemisphere. “It is possible that in the days to come one of our sister nations may fall upon evil days; disorder and bad government may require that a helping hand be given her citizens as a matter of temporary necessity to bring back order and stability. In that event it is not the right or the duty of the United States to intervene alone. It is rather the duty of the United States to associate with itself other American Republics, to give intelligent joint study to the problem, and, if the conditions warrant, to offer the helping hand or hands in the name of the Americas. Single-handed intervention by us in the internal affairs of other nations must end; with the cooperation of others we shall have more order in this hemisphere and less dislike.”

Roosevelt concluded his essay on an optimistic note: “In the simplest terms, this is the argument for a policy different from that of the past nine years. . . . The time is ripe to start another chapter. On that new page there is much that should be written in the spirit of our forebears. If the leadership is right—or, more truly, if the spirit behind it is great—the United States can regain the world’s trust and friendship and become again of service. We can point the way once more to the reducing of armaments; we can cooperate officially and whole-heartedly with every agency that studies and works to relieve the common ills of mankind; and we can for all time renounce the practice of arbitrary intervention in the home affairs of our neighbors. It is the spirit, sir, which matters.”

### **FDR in office**

In his March 4, 1933 first inaugural address, President Franklin Roosevelt addressed almost exclusively the issues related to the Great Depression and its impact on the citizenry of the United States. But, six weeks later, on Pan American Day, FDR delivered his first major foreign policy address on his new vision for the Western Hemisphere. He restated, in no uncertain terms, the right of every republic of the Americas to maintain independence against aggression “in this hemisphere by any non-American power.” But, he went on to emphasize to our hemispheric neighbors, “Your Americanism and mine must be a structure built of confidence, cemented by sympathy, which recognizes only equality and fraternity.”

These fine words were put into the concrete language of a new hemispheric charter at the Montevideo Inter-American Conference of December 1933. Roosevelt dispatched Secretary of State Cordell Hull on a 6,000-mile ocean voyage to deliver his firm commitments to overturn TR’s Roosevelt Corollary. The resolution, signed at Montevideo and ratified by the U.S. Congress on June 29, 1934, stated, in Article 8, “No state has the right to intervene in the internal or external affairs of another.”

Roosevelt was keenly aware that, as the result of the “Dollar Diplomacy” of the pre-World War I period, European aggressors had been able to establish beach-heads in the Western Hemisphere for wartime operations against the United States. By no later than 1936, FDR was convinced that war against Hitler was inevitable, and that the United States would be unable to sit on the sidelines as the European powers fought.

Commitments to mutual respect and equal sovereignty were necessary but not sufficient to ward off the danger of a repeat of German penetration of Central and South America—and even of Mexico. Acts of Congress, like the Johnson Act of 1934, had restricted the ability of the United States to make credits available to the countries of the hemisphere, facing default, and dire economic crises. Roosevelt launched a series of initiatives, including the issuing of Export-Import Bank credits and loan guarantees, and other state-to-state credits, to ensure a modicum of economic and social stability, even as he battled to bring the United States out of the Great Depression.

It was Roosevelt’s growing recognition that there is a vital economic dimension to true national sovereignty, that led him to sponsor the 1944 Bretton Woods conference, where efforts were launched to create a stable world monetary and financial system—based on cooperation among participating states, not on the basis of a permanent international bureaucracy, serving the whims of private banking interests.

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