

# Harry Hopkins: The American System Versus Feudalism and Fascism

by Anton Chaitkin

Lyndon LaRouche and his associates have brought to light the American System of Economics—economic nationalism and humanism, distinguished from, and opposed to the British imperial system. This is the republican legacy from Plato; from the 15th-Century Renaissance; from the American Revolution, Alexander Hamilton, Henry Clay, and John Quincy Adams; from Abraham Lincoln and his economic advisor Henry C. Carey; continuing until the murder of President William McKinley.

In the 20th Century, this legacy was revived by Franklin D. Roosevelt, and it must be revived again today if we are to survive the present catastrophic collapse.

Here are excerpts from a July 16, 1938 policy address by FDR's principal relief administrator and close advisor, Harry Hopkins, entitled, "What Is the American Way?" which shows how *conscious* FDR's team was of this legacy. The speech was given at the Chautauqua Institution in Chautauqua, N.Y., and reprinted as a pamphlet by the Works Progress Administration, which Hopkins then headed, and which had put millions of unemployed back to work.

Here, Hopkins makes plain that though these are his own "personal views," this is also the thinking of the President, who is promoting the interest of the whole nation by battling for the interests of people in the lower 70-80% of income brackets.

Hopkins is answering the attacks on FDR from the openly pro-Fascist Wall Street financiers and their American Liberty League—an attack force which continues hammering against Roosevelt's ideas today, through the American Enterprise Institute, the *Wall Street Journal*, and other British-run outlets.

For comparison with the Lincoln legacy, we have appended, at the conclusion of this excerpt, a short section from Henry C. Carey's 1851 book, *The Harmony of Interests*.

Franklin Roosevelt had pointedly made clear his

own economic nationalist heritage from Alexander Hamilton, through FDR's proud identification with Hamilton's New York State lieutenant, Isaac Roosevelt, FDR's ancestor.

The Hopkins speech is noteworthy for its direct treatment of such historical questions as the protective tariff—which the Democratic Party, as the former party of the Southern pro-free trade slaveowners, was not known for supporting. He does not use the term "American System of economics"—but that is the content and message of the speech.

Hopkin's here defends labor unions, and the Roosevelt Administration's actions to promote and protect them (such as through the Wagner Act). This is fully in accord with Lincoln, Carey, and their followers in the later 19th Century, who created the Knights of Labor and fought for labor rights against the growing malicious power of the London-Wall Street axis.

Subheads have been added.

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## What Is the American Way?

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I should like to discuss three or four of the principal subjects on which some people have been most critical of the Government. I am going to talk about these controversial policies on the basis of whether they square with American traditions—whether they are in line with the much-discussed and often ill-defined American Way. . . .

I welcome the opportunity to express my point of view upon these national problems. It is a personal point of view, but one which from the beginning has been closely identified with that of the Administration.

The American Way is not just a rhetorical phrase. It has deep and significant implications. America was the new land of opportunity to which men came from a tired Old World—an Old World of little land and feudal overlordship and labor surpluses, an Old World of pov-



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*President Franklin Roosevelt and his ally Harry Hopkins (left) formed a powerful team which consciously set about to revive the America's republican legacy, dating back to Plato, in their fight against the Fascist financial predators.*

erty and human resignation. . . Here . . . the rights a man might enjoy, the heights he might scale, were not limited by his family tree but rather by his own individual ability. . .

Our colonies were peopled, not by aristocrats, but chiefly by the lower third of Europe's population. The scum of Europe, certain haughty Old World rulers called them. Our colonists knew from experience the bitterness of social injustice, of living in lands where there were opportunities only for the few. They started anew with the democratic ideal of the dignity and value of the individual.

Democracy is not exclusively an American idea. It goes back to the ideals of the Greek city-states. But we gave it a peculiarly American slant. We gave it a vigor and a reality which the eighteenth- and nineteenth-century democratic revolutions of Europe never approached. Over there the democratic revolutions superimposed a veneer of political equality upon a social system that was anti-democratic through and through, a social system dominated by economic and class inequalities.

Over here, during the period when we were a country of pioneer farmers without much industry, we had a

thoroughgoing democracy—a democracy which worked so well that Thomas Jefferson actually was afraid of spoiling it by encouraging industrialism and the development of large cities. He preferred to have us continue to import our manufactured products from Europe. . . .

We did not remain long in Jefferson's Arcadia. We embarked actively and aggressively upon a career of industrialism. And as we progressed . . . our businessmen made certain basic assumptions as to their rights and privileges. [In their view,] the government was to keep the peace, carry the mail, protect the borders, and defend the rights of men against trespass. Business, or the citizens who were in commerce, were to have charge of the earning of money, the investment of it, and the distribution of it.

. . . Government began to step in with corrective action more than 100 years ago. Government protected American industry with the tariff as far back as 1816. . . .

[In 1816, the newly revived nationalist movement led by Henry Clay and Mathew Carey elected Monroe President, restored the Bank of the United States, and passed a protective tariff.—ahc]

## Big Business and the Threat of Fascism

To be blunt, predatory business refused to take responsibility along with the privileges. . . .

Big business grew steadily richer and more acquisitive. Surely, I don't need to repeat the tragic story of the little merchants who lost their stores and stayed on as managers or clerks, of the farm owners who became tenants, of the army of trustful workers who lost their savings in bad securities or bad banks, of the holding companies which milked the operating companies and kept up utility rates, of the margin buyers and the sucker lists. Even in times of panic, monopolies held up prices and cut production, creating mass unemployment.

The American people . . . turned for protection to the only agency to which a democratic people *would* turn—to their Government. That is why we have the present Administration in Washington.

. . . In early 1933 the country was on the brink of calamity. Millions of farmers and homeowners were about to lose their land, their homes, and their savings. It would have meant such a redivision of ownership, such a concentration of feudal overlordship at the top and economic serfdom at the bottom that the American Way would have become a mere memory.

We could have lost, at one stroke the whole American system of free enterprise, and we could have lost it with all the paraphernalia of due process of law which was designed precisely to safeguard it. One must not forget that dictators have come into power without violating the legal forms, and that but a few weeks ago a once-proud people committed suicide as a nation in the proper constitutional manner. . . .

[Hitler's German army had moved into Austria on March 12, 1938. Within a month—three months before this speech by Hopkins—the Nazis conducted a fake plebiscite through which the Austrians, under the gun, voted to merge their country into Hitler's Third Reich.—ahc]

## The General Welfare

Government, by consent of the governed, *must* be concerned primarily with the welfare of the Nation and all of its people. It has no choice. Our system is so designed that if public officials do not show this concern, they will be replaced by officials who do. Concern for the national welfare means concern for the practical success of all parts of it. . . .

[The] Administration's attitude towards labor unions

has been that of the reasonable, progressive American, who has the interests of the common man at heart. Unions are designed to protect and improve the conditions of labor—the interest of the common man, which bulks very large in the general welfare.

Unions counter balance the growth of corporations and the concentration of economic power. In these days no individual worker, unprotected by labor unions, can hope to bargain on equal terms with aggregations of great wealth and economic power. Since unions are necessary to protect the worker in his human rights and aspirations, it is necessary to protect the right of the worker to join unions and to select representatives of his own choosing. . . .

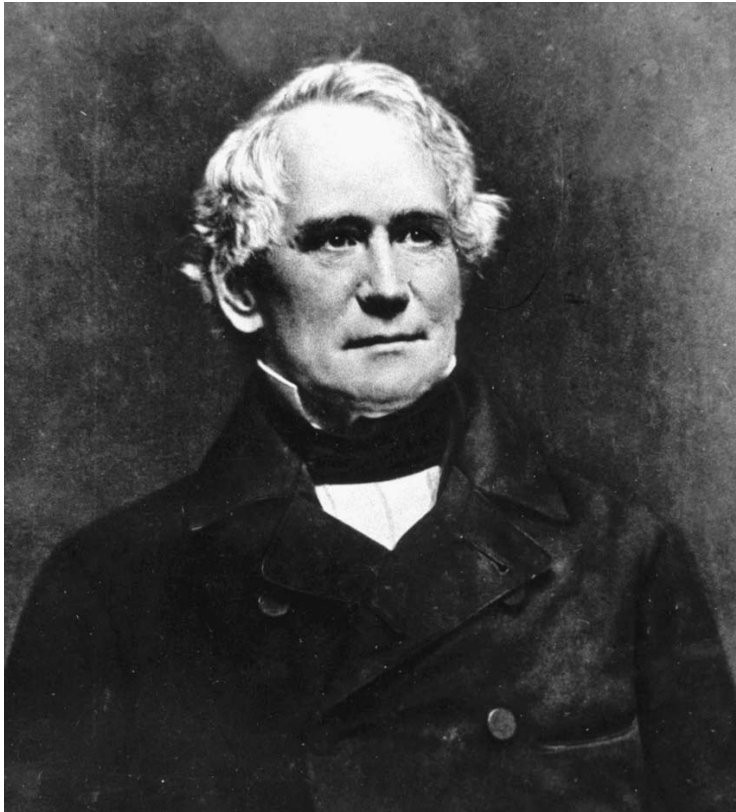
How many people reading the newspapers and listening to partisan political speeches are aware of the fact that large public spending to prime the pump of business is no new departure in our history?

Pump-priming has been carried on from the very beginning of our national existence. It is true we didn't call it pump-priming in the past—but names don't matter, it is the reality that counts.

The very Constitutional Convention which drafted our present Constitution was called for the express purpose of formulating the principles of a strong national government capable of fostering and developing the general welfare, capable of laying taxes and incurring debts for the promotion of the general welfare. From the very first years of Washington's administration the National Government intervened with all its resources frequently and aggressively in order to develop commerce, agriculture, and industry.

Pump-priming in those days took forms which kept us from recognizing it for what it was.

It took the form of giving away the national domain in free land to veterans and then to all settlers, of giving away vast areas to railroad companies to help them build their systems. It took the form of great internal improvements, of building roads, subsidizing canals, dredging waterways, and building harbors all with government funds. It took the form of a protective tariff to subsidize infant industries and expand American employment. It took the form of giving away certain sovereign powers of the people—those intangible parts of the public domain—such as franchises to public utility enterprises, the power to issue currency and create credit to banks, and exclusive patent rights for inventions—by means of which we deprived others of the right to engage in these enterprises but enlarged



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*Henry C. Carey, President Abraham Lincoln's chief economic advisor, elaborated the unbridgable difference between the republican American System and the feudal British System.*

our industries, put men to work, created buying power.

### **Real and False Accounting**

These are a few examples of the pump-priming which our American Government has engaged in for 150 years. Pump-priming is as American as corn on the cob.

Let me ask the people who deplore pump-priming in 1938 and complain bitterly about the growing national debt: Why were not similar complaints made while we were pump-priming away our national domain? Is it not because the national domain was never in the Federal balance sheet? When it was turned into purchasing power, it was just that much *net* purchasing power. Its loss did not create a bookkeeping deficit.

Today as we struggle with the problem of mass unemployment, we realize that the loss of the public domain was a very real loss regardless of its failure to result in a red mark on our bookkeeping ledger. . . .

Today when pump-priming requires an increase in our liabilities we are misled by the same sort of bookkeeping absurdity. In the past week we cashed in our assets without counting their dissipation on our books. We are spending billions of Federal dollars to give jobs and purchasing power to millions of our unemployed. Those unemployed are rebuilding the whole broad face of America. All their work is public work. They are replanting and protecting forests, saving the land and the wildlife, controlling floods and dust storms. They are building better schools and hospitals, better roads and bridges. Jobless teachers have taught more than 1 million adult illiterates to read and write English. That is almost 1/4 of all the illiterates in the country. The unemployed are improving the health and the culture and the scientific knowledge of the entire Nation.

How do we keep books on this? Every dollar we spend to put the unemployed to work is carefully entered on the red side of the ledger. But for all the national wealth they have created in permanent improvements in public services, not one dollar is entered on the black side of the ledger as assets or credit. All this money is listed as expenditures, none as capital investments.

I do not care how the bookkeeping is done, except that it should not confuse the average citizen about the actual fiscal condition and operations of his Government. . . .

[Our program has created] social assets represented by the increase in the social wealth of the Nation, which a proper form of bookkeeping might well count as assets.

The problem of financing the public debt—any debt at whatever figure—is in the last analysis a problem of stimulating and maintaining the wealth-creating activities of the nation, whence come the taxes to pay the interest and principal on the debt.

### **The World Is Looking to the United States**

All over the world, men and women who love human freedom are looking to the United States to find the answer—the proper economic and social balance that will make democracy safe. . . .

We are learning that if our democracy is less secure today than it was a century ago it is not because men and women esteem liberty less but because our de-

mocracy has failed to give them the essential ingredients of that liberty which they esteem. Men and women do not value the right to starve or even the right to a dole. They demand the right to earn a self-respecting livelihood.

While other nations are building vast armaments, we are building parks, libraries, hospitals, and schools on the wartime scale; while other peoples are learning to use gas masks and bombproof shelters, we are improving the lot of the underprivileged, eliminating illiteracy, opening up opportunities for work and play.

While some other nations are outraging the rights of minorities, we are determined that our priceless tradition of personal freedom—of free speech, free press, and freedom of worship—shall not be qualified or abridged at any time or under any circumstances. . . .

We too have frontiers to conquer. And they are to be found in the determination to abolish poverty, to assure the security of our homeless neighbor, to destroy injustice, to protect our personal liberties, and so to live in a disturbed and threatened world that this Nation will achieve its democratic destiny in security and peace.

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## Appendix: Henry Carey

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*Here, in his The Harmony of Interests, Henry C. Carey contrasts the American and the British systems:*

Two systems are before the world; the one looks to increasing the proportion of persons and of capital engaged in trade and transportation, and therefore to diminishing the proportion engaged in producing commodities with which to trade, with necessarily diminished return to the labor of all; while the other looks to increasing the proportion engaged in the work of production, and diminishing that engaged in trade and transportation, with increased return to all, giving to the laborer good wages, and to the owner of capital good profits.

One looks to increasing the quantity of raw materials to be exported, and diminishing the inducements to the import of men, thus impoverishing both farmer and planter by throwing on them the burden of freight; while the other looks to increasing the import of men, and diminishing the export of raw materials, thereby enriching both planter and farmer by relieving them from the payment of freight. One looks to compelling the farm-

ers and planters of the Union to continue their contributions for the support of the fleets and armies, the paupers, the nobles and the sovereigns of Europe; the other to enabling ourselves to apply the same means to the moral and intellectual improvement of the sovereigns of America. One looks to the continuance of that bastard freedom of trade which denies the principle of protection, yet doles it out as revenue duties; the other to extending the area of legitimate free trade by the establishment of perfect protection, followed by the annexation of individuals and communities, and ultimately by the abolition of custom-houses.

One looks to exporting men to occupy desert tracts, the sovereignty of which is obtained by aid of diplomacy or war; the other to increasing the value of an immense extent of vacant land by importing men by millions for their occupation. One looks to increasing the necessity for commerce; the other to increasing the power to maintain it. One looks to underworking the Hindoo [Hindu], and sinking the rest of the world to his level; the other to raising the standard of man throughout the world to our level. One looks to pauperism, ignorance, depopulation, and barbarism; the other in increasing wealth, comfort, intelligence, combination of action, and civilization. One looks towards universal war; the other towards universal peace.

One is the English system; the other we may be proud to call the American system, for it is the only one ever devised the tendency of which was that of elevating while equalizing the condition of man throughout the world.

Such is the true mission of the people of these United States. . . . To raise the value of labor throughout the world, we need only to raise the value of our own. . . . To improve the political condition of man throughout the world, it is that we ourselves should remain at peace, avoid taxation for maintenance of fleets and armies, and become rich and prosperous. . . . To diffuse intelligence and to promote the cause of morality throughout the world, we are required only to pursue the course that shall diffuse education throughout our own land, and shall enable every man more readily to acquire property, and with it respect for the rights of property. To substitute true Christianity for the detestable system known as the Malthusian, it is needed that we prove to the world that it is population that makes the food come from the rich soils, and food tends to increase more rapidly than population, thus vindicating the policy of God to man.