

FOREIGN POLICY AND THE VALUES OF A REPUBLIC

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Whatever may be the wish of each person, American citizens, and even some senators, have begun to become aware of a strong possibility of a government bankruptcy. The United States government may face an inability to pay its current expenditures and its public debt. There may not be general agreement regarding which parts of the government's spending has brought about this consequence. But, the possibility of government bankruptcy has been increased by the failure to restrain current government spending or to foresee anything but increasing government spending in the future.

Fortunately, the American economy has not yet mainly been injured by this emerging crisis, and if the government's spending were reduced, the economy will be spared the consequences of the past increased spending. But, politicians have every incentive to avoid the confrontation with reality, and can easily select to continue the level of government spending believing they can delay the crisis until the next generation.

However, the next generation may have arrived sooner than the politicians had expected. Tocqueville's analysis of democracy led him to the conclusion that each generation is a new people. A new people in America is emerging with a new generation. The specific electoral consequences of the emergence of a new people will not be clear because the new generation may not be solely one of age, but also one of development from less frequent voting to regularity of voting.

If America is at the treshhold of a crisis, then, it will be a crisis not only of public spending, but also of the general economy and of electoral politics. Adam Smith said that there is a lot of ruin in a nation. Ludwig von Mises spoke of a deep reserve in an economy which can absorb the abuse of government intervention longer than one would think. But, eventually, there is a break in the reserve; there is a bottom to the ruin which politicians can perpetrate. Perhaps, the exhaustion of the deep reserve in the Amerian and European (maybe the Japanese) economies meant that there could be no futher public or private loans and subsidies to the Communist regimes. The were living off the deep reserves of the Western economies, and socialism could no long look for survival from the subsidies of the Western economies.

The emerging crisis of the American and Western European socializing economies is causing a crisis in the political sphere. Having exhausted the deep reserve, politicians are no longer able to buy-out competing interest groups. The tax-payer recognizes his non-reconciliability with the tax-eater or tax-consumer. But, the political party system is so muscle-bound that it is unable to allow any challenge to the exploitation of the tax-payer. Thus, in America, Canada, Korea, Japan, England, France, Italy, Germany, Belgium, Sweden, Norway, etc. new electoral populist expressions have gained center stage.

One of the important sources of oppositional voters is among religious, generally church-going, voters. Just as the Carter administration's intrusions into the tax-exemption of Evengelical churchs politicized an ordinarily not politically active constit-

uency; these politicized tax-threatened Evangelicals formed a sector of the Ronald Reagan coalition. Around the Western world, there has emerged newly elevated political awareness, especially on the moral costs of taxation, among religiously defined voters. This is a further development which the existing political party systems are hard pressed to assimilate.

Although Ronald Reagan, like some other presidents, grasped the pulpit role of the presidency, in general, Congress is the focal point of political speech, even if usually it is chatter. But, in little more than a year, we have seen two events where citizens looked to Congress to structure the expression of political standards. They were: the Senate's confirmation of the nomination of Justice Clarence Thomas, and the Congressional vote on the decision of President George Bush to engage the Iraqi army which had invaded Kuwait.

I, for one, was deeply impressed by the intellectual and emotional heights which the Congressional debates on Desert-Storm revealed. It was the one time that almost all Congress members seemed to raise from the mire of interest politics to statesmanship. The speakers on each side of the question - on the several sides of the question - took seriously the honesty and knowledge of their opposing colleagues. The Senators and Representatives spoke more to the American citizens than to each other in explaining their prospective votes. The closeness of the votes in Congress reflected the closeness of the opinions of the citizens. Congress members on either side of the debate took a stance that seemed different than that of the Administration - both sides' stance began with the tragic nature of either

decision they they selected. The American citizens appreciated being addressed at the level of the common anguished with they shared with the members of Congress.

American citizens rose to a fine hour in their studied listening to the Congressional debates regarding the Supreme Court and war and peace. The citizens followed the debate in print, and on radio and television. In a sense, Congress and the media had broken out of the lock-step uniformity of opinion, and the American public responded with attention and interest to the unique events.

We have witnessed a maximum citizens' response to great constitutional issues involved recently in peace and war, and in the Supreme Court. Citizens seem deeply faithful to the United States Constitution and seek complete information and interpretation in the constitutional context. At a time when citizens are expressing deep seated anxiety about the growth of government and their financing of it, at a time when citizens continue along the path of increasing skepticism toward politicians and their growth of bureaucracy and taxation, there has been almost an extension of the role of statesman to the citizens. Citizens are interested in the articulation of a constitutionally based approach to current events. In the face of the decline of the economy in the face of accelerating growth of government spending, there is a growing public sense that a restoration of constitutional rules constraining government can redress the imbalance and allow once again the re-emergence of a growing economy.

James Buchanan has raised significant questions regarding the possibility of a constitutional crisis. We have seen the growth of constitutional awareness among American citizens. They seem increasingly to look to the constitutional for a solution to the political crisis which the political party system is too congested to solve. Buchanan places special emphasis on the potential for crisis which emerges when the citizens' expectations from the constitutional order differ more and more widely from the reality of the political process. When people believe that their rights under the constitution are no longer respected,, they will seek a restoration of their rights under the constitution, and failing that, they will seek a new constitutional order. Buchanan envisions a move by citizens when no longer believing their rights are protected to re-negotiate the constitutional order. Perhaps, the current political party system is the major obstacle to citizens' gaining the restoration of the rights - the right not to be burdened by increasing government spending - which they have in the constitutional order. But, if citizens can not regain their rights due to that obstacle they will seek other mechanisms to achieve their goal. Increasing attention to the constitution and its traditions will be preferable to citizens' fulfilling their expectations by a re-negotiation of the consituttional order.*

* James Buchanan, The Limits of Liberty: Between Anarchy and Leviathan (Chicago, The University of Chicago Press, 1975); James Buchanan and Gordon Tullock, The Calculus of Consent (Ann Arbor, University of Michigan, 1962); Robert Higgs, Crisis and Leviathan: Critical Episodes in the Growth of American Government (New York, Oxford University Press, 1987); Robert Higgs, "Can the Constitution Protect Private Rights During National Emergencies?" in James Gwartney and Richard Wagner (eds.), Public Choice and Constitutional Economics (Greenwich, Conn., JAI Press, 1988), pp. 369-86; Charlotte Twight, "Constitutional Renegotiation: Impediments to Consensual Revision," Constitutional Political Economy, vol. 3, no. 1, 1992, pp. 89-112.

Before the citizens opt for the re-negotiation route which James Buchanan and the Constitutional Political Economy-Public Choice economists have been subjecting to analysis, let us hope that full attention of the citizens is given to the existing constitutional possibilities. As we enter a period of increased crisis in our political life, it seems most important for us to re-examine and re-state the constitutional approaches from which the citizens believe there has been deviation. If citizens are presented with the original intention of the constitutional system and a political commitment to no longer deviate from it they should be willing to give more support to restoration. This seems especially important regarding the foundations of the Republic's approach to foreign relations.

The values of the Founding Fathers of the Republic should assist citizens to better understand and support a return to constitutional restraint on the accelerating growth of government in foreign affairs. Forrest McDonald, in "A Founding Father's Library" (Literature of Liberty, vol. 1, no. 1 (January-March, 1978, pp. 4-15) indicates the wide-spread interest among the Founding Fathers in international law. The international law works provided a bridge for them between works in political philosophy relating to natural law, and works concerned with international relations.

International law had its roots in the Roman Law, which was also the legal system of Scotland and Holland, the two countries other than England in which American colonists studied. The colonists were familiar with the English translation of Hugo Grotius' The Rights of War and Peace (1625-26), in the English edition of 1738 with notes by Barbeyrac, as well as the

English translation again with notes by Barbeyrac (1712) of Samuel F. Pufendorf's The Law of Nature and Nations. Jefferson, Madison, John Adams and others were deep students of these two works. Additional works on international law studied by the Founding Fathers were: Jean-Jacques Burlamaqui's The Principles of Natural and Political Law (2 volumes, English translations, 1748, 1752), and Emmerich Vattel's Law of Nations (English translation, 1759). These were often read alongside John Locke, James Harrington, Algernon Sidney, Cato's Letters, and Montesquieu's Spirit of the Laws.

From the Founding Fathers' reading, Forrest McDonald concluded:

To them as to the English authorities they read, liberty meant the absence of governmental restraint or favor. In the words of the cliché, that government was best which governed least. Such a notion was based on the assumption that society would function better and men would behave themselves better in proportion as the power of government was reduced - or, more simply, that the fewer the external restraints, the better people behaved. (p. 14.)

The great expansion of the American economy in the first century and a half following 1787 gave succeeding generations the confidence that the Founding Fathers were right.

Adam Smith's reflection that there is a lot of ruin in a nation was made in the context of the constitutional crisis in England that caused the American Revolution. The constitutional crisis in England/America gave birth to the massive constitutional literature which served England and America for the following century and a half. Nineteenth century England and America developed within the framework of that constitutional literature. That constitutional literature drew upon the two centuries of international law literature from the de Vitoria and Suarez from whom Grotius had drawn through Montesquieu and Vattel; and international law matured in the nineteenth century under the influence of the eighteenth century Anglo-American constitutional literature: Burke, Paine, the Founding Fathers.

Adam Smith's The Wealth of Nations was written in response to massive public debt crisis caused by the government's spending on the Seven Years' War. The American Revolution was one response to the crisis of the English public debt. The Founding Fathers were deeply aware of the public debt crisis as the cause of the events of the American Revolution. Adam Smith attempted to analyze the falacies of much of the English government's policies regarding regulation of the economy, in particular, the government's regulation of international trade. Mercantilist policies had created the dispute which launched England into a quarter century of warfare in the middle of the eighteenth century. Adam Smith showed how bad economic policies created bad international consequences - war - and how war created bad economic consequences.

The relationship between war and international relations, on the one hand, and constitutional developments, on the other, was very evident to the Founding Fathers. They had before them historical records of great importance to them. The constitutional struggles in England in the seventeenth century had been a cause of the colonization of America. The parliamentary debates conducted by Sir Edward Coke, by the Petition of Rights, the English Civil War and Commonwealth, and finally, by the Bill of Rights in 1688-89, were central to the thinking of the American Founding Fathers.

The tradition of American foreign policy was formed during the eighteenth century. Some historians refer to the period as the Long Eighteenth Century because from the stand-point of diplomatic, constitutional, political and economic history, especially in England, it is viewed as beginning in 1688 with the Glorious Revolution and ends with the Congress of Vienna in 1815. It is the period of the flowering of Sir Issac Newton's work in the Scientific Revolution and of John Locke's Two Treatises on Government in the Enlightenment. It is the period of the Industrial Revolution, particularly 1760-1815.

The Long Eighteenth Century was a century of world wars. The seventeenth century had witnessed the horrible Thirty Years' War which devastated Germany and retarded its development. A main theme of the Thirty Years' War was continued by France in its attempts to annex neighboring territories to the east which were parts of the Holy Roman Empire and which were possessed by the Spanish Habsburgs or their allies - Franche-Comté, Lorraine, Alsace, and parts of the ten provinces of the Spanish Netherlands or Spanish Flanders.

France's aggressions against the Holy Roman Empire was focused on Flanders, and caused the Dutch to feel threatened. The ruler of the Netherlands became king of England, William III. The Glorious Revolution of 1688 in England and America sought to re-affirm English constitutional principles of liberty from the state. The attempt to establish state power by the royal will was challenged through parliament which established the Bill of Rights and deposed the king and called to the English throne, the King's daughter and her husband, the ruler of the Netherlands. This brought England into the Dutch conflict with France. The English were willing for their new king to engage in a war as long as they did not have to pay for it.

The consequence was the Public Finance Revolution whereby the king's ministers borrowed money to hire troops in Germany, and the military costs would be paid for by tax-payers in the future. Since no one would lend money to a government, the creditors bought bonds from bankers who in turn lent this money to the government; to compensate the bankers for their risk in lending to a government, the bankers were granted powers to create and operate the Bank of England.

Unexpectedly, the war continued with a brief intermission for a quarter century. Even the Bank of England became nervous of the risk of further lending to a government. The government created a new entity, the South Sea Company, which, in return for a monopoly of trade to the unexplored Pacific Ocean region, would lend to the government. When the wars finally ended by the Treaty of Utrecht (1713), the stock of the South Sea Company became a subject of speculation in expectation of profits from the South Seas. But, in 1720, the South Sea Company went bankrupt.

The collapse of the South Sea Company with its war-time public debt caused a massive focus on constitutionalism in England. Cato's Letters were written in response to the crisis of public finance based on war-time loans. The reaction to deficit public financing echoed through eighteenth century constitutional thought through Thomas Jefferson, Andrew Jackson and Martin van Buren, and Grover Cleveland. The American Founding Fathers were particularly influenced by the public finance crisis emerging from war-time loans.

At the same time, France experienced a similar crisis due to the collapse in 1720 of the Mississippi Company which had assumed the French war loans. The crashes of the South Sea and Mississippi companies caused major changes in the governments in England and France. In France, power shifted to the young king's tutor, Cardinal Fleury. Fleury reduced government expenditures by limiting the costs of the military. Limiting taxation and stabilizing the money contributed to increases in wealth. To achieve this he pursued an active policy of maintaining peace by close cooperation between France and the English prime minister, Sir Robert Walpole, whose brother was made English minister to France.

Sir Robert Walpole became First Lord of the Treasury in 1720, and successfully rescued England's financial markets from the crisis of the collapse of the war-time debt structure. Walpole, the leader of the Whig party, saw the financial crisis was caused by the military expenditures based on risk-taking foreign policy. Walpole restored sound money, trade was freed to expand, taxes were reduced as military spending was limited through detente with France.

Walpole's pursuit of peace and avoidance of the alliances which triggered wars lowered taxation and increased trade. Walpole's Whig government followed the principle of "Salutary Neglect." Regulations were not enforced, taxes and tariffs were not collected. Government offices were filled with political appointees whose function was to support the ministry, not perform a job. They collected salaries for political work, not fiscal work. England's and America's economy flourished under the non-enforcement of regulations and regulatory taxation. Much commerce was carried out as free trade (so-called smuggling) both in England and America. England's consumption of large amounts of low priced goods led to the Consumer Revolution demanding more low priced goods. The lower taxes and non-enforcement of regulations had permitted the capital accumulation which permitted investment in new machinery which created the Industrial Revolution.

America's economy had expanded tremendously under the principle of "Salutary Neglect." Minimal taxation drew heavy immigration expanding agriculture. American shipbuilding dominated the Atlantic trade exporting the agricultural products. But, a new world war caused England to assume a massive national debt, and to try to tax the Americans to pay for it.

However, a trade dispute between Spain and England in 1739 merged into a European war and Walpole finally retired. France and England did not hesitate to renew the conflict in 1756 as the Seven Years' War or French and Indian War. By the time the Treaty of Paris was signed (1763), England had been

victorious around the world - North America, West Indies, Havana, Manila, West Africa and Bengal. The English East India Company took possession of Bengal, and taxed the country into an economic collapse. The Tea Act of 1773 was the attempt of the English government to rescue this colony by taxing another, the North American colonies. The English repression of the American opposition to taxation was the immediate cause of the American Revolution. The American reaction to the Tea Act was based on full information from the English press of the operations of the English administration of the taxation of Bengal for a decade.

The English government had been attempting to tax the American colonies since the middle of the French and Indian War. James Otis had argued from the English constitution against the substitution of tax collection for the costs of the war in place of the principle of "Salutary Neglect." Americans recognized the threat to their peace and tranquility of "Salutary Neglect" by the interventions in foreign affairs.

England concluded its totally victorious war in 1763 with the largest public debt in its history. To pay it off, English ministers without the previous Whig principles began once again to enforce the regulations and taxation which had been suspended by the principle of "Salutary Neglect." The regulations of the mercantilist system were to provide the economic bases for war. It was exactly economic system of the national security state which Adam Smith's The Wealth of Nations demolished.

In response to the restoration of government taxes and regulations, Americans adopted a central concept of English political tradition, the Gospel of Opposition. Opposition to the increase of government regulation was the morally superior position in the English political tradition. English political philosophers extolled the superiority of Opposition to the growth of government. The Gospel of Opposition had a role which was parallel to religion, and Opposition spokesmen, writers or parliamentarians were secular saints.

In England or America, the Gospel of Opposition drew from the strong religious sources of contract theory in traditional Anglicanism or in Dissent. Edmund Burke, who defended the Whig principle of "Salutary Neglect" and developed the Gospel of Opposition to increased government regulation, defended the American Revolution. The Gospel of Opposition contained a strong sense of virtue and morality in its critique of expansion of government. The moral critique by Opposition identified the government's transgressing constitutional limits as most blatant and devastating in foreign policy and in war.

The moral foundations of the Gospel of Opposition became an important part of American constitutional development. The principle of "Salutary Neglect" became the organizing concept of the American Founding Fathers. As Felix Morley wrote (The Power in the People (Princeton, New Jersey, D. Van Nostrand Company, 1949) p. 245): "The American experiment boldly leaves most of this important field of human behavior to individual discretion. The State in this country traditionally demands only a certain rudimentary schooling and the observance of a few traffic lights."

The moral foundations of the Gospel of Opposition was captured by Felix Morley who had studied its origins in the seventeenth century English Civil War and Commonwealth. Morley noted in "The Ethics of Foreign Policy":

Indeed the desire to regulate the foreign policy of Charles I, who conspired with other monarchs to maintain his theory of rule by divine right, was a basic cause of the English Revolution of the Seventeenth Century. The influence of that revolution in the establishment of our own American governmental system was of course pronounced.

Both because of its intrinsic importance, and because of its striking applicability to our modern constitutional problems, the historic case of "Ship Money" may be used as an illustration. ...

In 1637 John Hampden, a leading Member of Parliament and cousin of Oliver Cromwell, refused point-blank to pay the Ship Money tax, calling it tyrannical and illegal. He was arrested, tried, found guilty and imprisoned. But so many others followed Hampden's example ...

And it is in no way accidental that the endeavor to give an ethical content to foreign policy has made most headway under representative government, and especially in those countries where men with a deep religious faith are willing to challenge the authority of the State.

The memory of John Hampden, who later gave his life fighting for Parliament against an arbitrary king, is part of the testimony to the vitality of that challenge. (Felix Morley, The Foreign Policy of the United States (New York, Alfred A. Knopf, 1951), pp. 46-47.)

Felix Morley's continuous relating of the foreign policy ideas of the American Founding Fathers to their deep knowledge and strong interest in the English Commonwealthman tradition was extended by historians Caroline Robbins and Felix Gilbert, and more recently, by John Pocock. Robbins and Gilbert were colleagues at the history department of Bryn Mawr College. Caroline Robbins widely increased our knowledge of the Gospel of Opposition with the publication of her work, The Eighteenth-Century Commonwealthman (Cambridge, Mass., Harvard University Press, 1959). Felix Gilbert in 1944 had published "The English Background of American Isolationism in the Eighteenth Century," The William and Mary Quarterly. As a visiting professor in the Amerika Institut at the University of Cologne (1959-60) he completed the manuscript of his To The Farewell Address: Ideas of Early American Foreign Policy (Princeton, New Jersey, Princeton University Press, 1961). In this work, Felix Gilbert showed that isolationism and internationalism were companions. These companion concepts were rooted in Enlightenment thought, and based on the growth of international commerce and industrialization.

In reviewing Felix Gilbert's To the Farewell Address, the Times Literary Supplement declared:

Washington's 'Farewell Address' is one of the sacred American texts and, even more than the Declaration of Independence or the Constitution, it has the aura of having been handed down from Sinai or read from the chariot before Washington-Elijah took off. Its

precepts sank deep into the American mind and evoked a response still far from dead. And, as Professor Gilbert points out, Washington's testament was the most important because the most revered and obeyed.

During the eighteenth century, England and America witnessed a "Battle of the pamphlets" in London regarding English foreign policy. As a result of the fierce public debates in pamphlets, as well as in parliament, public opinion gained an important place in the formation of foreign policy. Gilbert notes:

Thus in England, foreign policy had lost the character of a "secret science" which only a few initiated could handle. It aroused the interest of wide groups of society and was an important element in the formation of "public opinion."

(Gilbert, p. 32.)

Gilbert draws attention to the observation of the Dutch diplomat Count Willem Bentinck in 1745 that in London the growing concept was "des principes isolés." (Gilbert, p. 29.) This was the product of over twenty years as prime minister of Sir Robert Walpole who sought not a policy of meddling in other country's affairs to achieve a balance of power but to remove conflicts in order to gain "the tranquility of Europe." Walpole sought to avoid foreign engagements in order to preserve peace so that trade might flourish. By the time that Walpole left office, his policy had become widely ingrained. A 1742 pamphlet stated that England "ought not to concern itself with particular nations, or Schemes of Government in distant countries ... her interest requires that she should live if possible in constant Harmony with all Nations, that she may

better enjoy the effects of their friendship in the Benefits resulting from their Commerce." A 1744 pamphlet declared:

A Prince or State ought to avoid all Treaties, except such as tend towards promoting Commerce or Manufactures All other Alliances may be look'd upon as so many Incombrances. (Gilbert, pp. 22-23, 28.)

Thomas Paine's Common Sense (January, 1776) focuses the Oppositional Anglo-American approach to foreign policy. Expressing a deep moral consistency, Common Sense sought the avoidance of all political alliances. Gilbert says:

Thus Paine had a definite program for American foreign policy. He advocated not only separation from England but also renunciation of all political alliances; America should become a free port to serve the commerical interests of all nations. (Gilbert, p. 43.)

That commerical role was exactly the one which the North American colonies had fulfilled during the period of "Salutary Neglect." Paine was describing the status quo which the Americans declared their independence to maintain in the face of the mercantilist reaction against which Adam Smith published in 1776 his The Wealth of Nations.

Gilbert shows that the American combination of isolationism and internationalism reflected the Enlightenment thinking of the Physiocrats in France, as well as the new economists, Turgot and Condorcet. Based on the economic principles of Smith, Turgot, etc., internationalism required diplomatic isolationism. D'Argenson declared: "The true purpose of the science called politics is to perfect the interior of a state as much as possible. Flatterers

assure the princes that the interior is there only to serve foreign policy. Duty tells them the opposite. (Gilbert, pp. 59-66.)

The American Constitution was written against the background of the thinking which Gilbert describes in his To The Farewell Address. This thinking was based on the tradition of moral sciences in Europe, on the English Commonwealthman values in the eighteenth century, on the Walpolian Whig concepts of 'Salutary Neglect,' later presented by Edmund Burke, which joined with the utilitarianism of the Economists - Smith, Turgot, Condoreet, and of the internationalism of the Enlightenment thinkers. It was an Anglo-American approach to foreign policy shared by England and America until the early twentieth century.

Today, American public opinion has been expressing one or another elements of this tradition, or several of the elements. Some political leaders in Congress during the last half century have expressed one or another elements of this tradition, sometimes classified by journalists as conservative, sometimes as progressive. But, whatever the conservative or progressive elements might have been, the arguments were dismissed by opinion leaders as incompatible with the broader goals which had been established by them.

Most of those goals have disappeared. The attempt to create a new version of the goals is faced with the reality of an emerging public finance crisis. Opinion leaders will be challenged by a newly self-aware public opinion to propose important new ideas.

This newly aware public opinion has a growing moral foundation. Public opinion leaders are challenged to provide solutions to the growing crisis by returning to the intentions of the American Founding Fathers in the development of the U. S. Constitution. If the restoration of the constitutional principles of the Founding Fathers is not pursued, the threat in the background is that emphasized by James Buchanan and Constitutional Political Economy - public opinion will renounce the constitutional framework which is unable to retrack the causes of the public finance burden and seek a revolutionary/counter-revolutionary solution to the crisis.

The Founding Fathers recognized that the emerging new civilization of commerce and industrialization required a constitutionally constrained government. Those constraints have been widely tresspassed weighing heavier and heavier fiscal and regulatory burdens on American commerce and industry. Foreign policy has played an important role in this burdening of American commerce and industry. The values of the Founding Fathers' Republic would provide the least costly route to the present crisis.