

RECONSIDERATIONS

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Hamilton's Way

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Realist versus idealist; isolationist versus internationalist; protectionist versus free trader: discussion of American foreign policy would be considerably enhanced if these six terms were banned from the language. In a previous issue of this journal, I argued that the United States, like other powers great and small, has a traditional foreign policy based on interests that change only slowly over time.¹ This is not a monolithic tradition; the history of American foreign policy is to some extent a history of debates between four sometimes complementary and sometimes opposing schools of thought.

Throughout American history, Hamiltonians, Jeffersonians, Jacksonians, and Transcendentalists have battled to define the national identity and the national interest. All four schools of thought see foreign policy as an extension of domestic policy; all four have developed distinct approaches to American foreign policy that complement their domestic agendas.

The Hamiltonian tradition, which is the subject of this essay, is one of the four competing visions that have shaped American domestic and foreign policy since Colonial times. Elitist supporters of a strong central government, a powerful executive, and professional diplomatic and military services, advocates of hard money, mercantilist and globalist in outlook, Hamiltonians have faced continual opposition.

Decentralizing Jeffersonians, for example, have sought to weaken the executive. Contemporary Jeffersonians, men like Sen. J. William Fulbright, have sought to con-

duct foreign policy through Congress and to place strict constitutional limits on presidential activism abroad. Suspicious of the ultimate effects of full-bore capitalism on American democracy, they have generally favored easier monetary policies than their Hamiltonian rivals. Jeffersonians think that the protection of democracy at home and the extension of democracy abroad—not commerce—ought to be the central concerns of American foreign policy.

Populist Jacksonians, while agreeing with the Hamiltonian emphasis on a strong executive and the robust defense of the national interest—real or perceived—are deeply suspicious of the strong federal government and corporatist world order that are at the heart of Hamiltonianism. They can be fanatically opposed to tight monetary policy and, in their paranoid mode, see cabals of central bankers actively undermining democracy everywhere in the interest of world government. They share the Jeffersonians' suspicion of federal authority except when it comes to the military establishment. The Pentagon is one of the few federal institutions that contemporary Jacksonians believe in. Jacksonians also tend to be skeptical of the Jeffersonian emphasis on extending democracy; Jacksonians do not think, for example, that American troops can bring democracy to places like Haiti and Bosnia.

Transcendentalists are more sympathetic to the Hamiltonian goals of a strong federal government, a powerful and professional executive, and the creation of world order, but their support for Hamiltonian foreign policy

is limited in other ways. They believe that the kind of peaceful world order that the United States needs to build is incompatible with the aggressive pursuit of what is conventionally understood as the national interest. Hamiltonians are conditional multilateralists, favoring multilateral cooperation and institutions when and only when this approach serves U.S. interests better than unilateral approaches. Transcendentalists are unconditional multilateralists who believe that the growth of these institutions and cooperative diplomatic methods is itself a vital American interest. They are bitter critics of the sordid, even squalid, depths to which Hamiltonian statesmen and investors have sunk in their pursuit of commercial objectives, and they believe that American values, rather than American commerce, form the soundest basis for both foreign and domestic policy.

To reduce each of these schools to a phrase, we could say that Hamiltonians are ultimately concerned with the national interest, Jeffersonians with representative democracy, Jacksonians with popular sovereignty, and Transcendentalists with justice. Perhaps one reason that American foreign policy has so frequently been successful is that the country's political system continually forces politicians to build coalitions among these competing visions.

Viewing American foreign policy through this particular historical lens—rather than through that of such abstract conventional categories as isolationist, internationalist, idealist, or realist—promises to yield richer results for analysts and policy-makers alike.

Deceptive Hamiltonianism

This essay is largely confined to one of these four visions. This is because the Hamiltonian vision has been the most consistently influential of the four schools with respect to the conduct of American foreign policy. The Federalists, the post-1812 National Republicans, the Whigs, and the Re-

publican Party have all been guided by Hamiltonian principles in foreign policy for most of their history, and Hamiltonian ideas have heavily influenced the thinking of most modern Democratic administrations as well.

From the earliest years of the Republic, Hamiltonians have instinctively believed that the intellectual process through which the United States would develop its foreign policy was essentially the same any state would employ: it would consider its interests, take stock of its strengths and its weaknesses, and develop a policy that would safeguard those interests within the limits of its resources.

Yet the Hamiltonian vision is easily misunderstood. Unwary European diplomats in the company of Hamiltonian thinkers like Henry Cabot Lodge and his teacher Henry Adams might have thought that they were dealing with men who inhabited the same intellectual universe as they did. American Hamiltonians talk the language of European realism. Phrases like "the national interest" and "the balance of power" are often on their lips. As a group, they either come from or work for the class of people in the United States who most resemble the upper classes of European society; they have often read the same books as their European counterparts, studied the same subjects at school, seen the same operas, and hold similar opinions on many subjects. Yet the Hamiltonian tradition in American statesmanship leads us in directions where Continental Realists rarely go. In fact, traditional Hamiltonian thought on foreign policy is as different in its way from mainstream European realism as Jeffersonian thought.

This is not because Hamiltonians embrace a fundamentally different view of human nature from European foreign policy realists. When it comes to the weaknesses and foibles of human nature, Hamiltonians are unblinking. Unlike so many eighteenth-century political reformers, the Hamiltonians among the American

Founding Fathers were notoriously convinced that mankind was a quarrelsome and greedy race; that, as the psalmist tells us, the human heart is wicked above all things. They did not expect a spirit of generosity and fair play to guide the councils of foreign countries any more than they expected the American political process to unfold as a series of enlightened debates among dispassionate philosopher-kings. In foreign policy as in domestic policy, the Hamiltonians looked to interest as the guide to conduct.

Yet when the Hamiltonians came to consider the foreign policy interests of the United States, they came up with a radically different list of interests from those drawn up in most of the chancelleries of Europe, a list that was in important ways similar to Britain's. European powers were surrounded by jealous and powerful rivals, and their relations alternated between war and armed truce. Continental states were forced to understand their interests primarily in military terms.

Great Britain, however, was an island nation in a relatively isolated corner of Europe. Of all the European powers, only France could conceivably threaten its domestic security, and then only rarely and at great cost. Britain had only one thing to fear from the Continent: that a single power would dominate the rest and then harness the combined economic forces of Europe to construct a competing economic system that could lead to Britain's ruin and a navy that could lead to its defeat.

As a result, the British developed a strategic doctrine different from that of their Continental neighbors. British security would be safeguarded by building an invincible navy and by defending the balance of power in Continental Europe, while British prosperity would be enhanced by developing a global trading system. The financial resources created by its trade would enable Britain to subsidize its temporary Continental allies and to keep its navy up to strength,

while skimping on the cost of its army—maintaining it as a kind of *force de frappe* under normal circumstances.

This British tradition of diplomacy was part of the moral universe of European realism, but it was a somewhat sunnier and more civilian section of it. Great Britain was a normal European country, but it was one with a singularly favorable geopolitical position, a position its diplomats and traders sought to exploit to the fullest.

The British state was also different from the Continental states. By the end of the seventeenth century, neither the British royal family nor the British aristocracy was like that of Continental Europe. The Hanovers did not have the prestige of the Hapsburgs or the Bourbons. The old British aristocracy had been killed off in the Wars of the Roses and the Civil War; the new aristocracy was a commercial rather than a military caste, continually refreshed by the scions of new fortunes allying themselves to older bloodlines.

The British state was intimately connected with a greater range of British society than were the other European states. The British state church, originating in the tangled amatory propensities of Henry VIII, was a pragmatic and flexible institution by comparison with both its Protestant and Catholic rivals on the mainland; even its own bishops were less firmly united in their doctrine than in their belief that all good Englishmen ought to belong to the national church. Thus, by comparison with other European states, Great Britain lacked a state that existed over and above civil society and that presumed to rule it by divine right.

The Logic of American Foreign Policy

Both socially and in terms of its foreign policy interests, the United States in its early years was to Britain as Britain was to Europe. Britain was a loose society governed by pragmatism compared to its Continental

neighbors; the United States took this logic several steps farther. Britain's monarchy existed by the grace of Parliament; the United States was a republic. Britain had a weak state church; the United States disestablished religion. Britain was an island trading nation protected by the English Channel; the United States was a continental trading nation protected by the Atlantic Ocean.

As the early Hamiltonians worked out their ideas concerning American foreign policy, they found themselves—naturally and inevitably under the circumstances—looking to Britain as a model. But they went beyond their model. The United States was less exposed to the jealousies of rival powers than Britain was. Its territories were larger, and its population would eventually be greater than any of the European powers. Although Britain in Canada and, until 1803, France in the Louisiana territory posed potential threats to the newborn republic in the short term, in the long run the nation could expect to be relatively secure. With 3,000 miles instead of 30 miles separating it from the nearest great power, the United States would be safer than Britain from any Continental state.

If British foreign policy was more commercial and less militaristic than the foreign policies of the Continental states, American foreign policy could and would be more commercial still. Indeed, the importance of trade would determine the Hamiltonian definitions of America's security interests. If the United States was isolated from European armies, it was also potentially isolated from European trade. With its small navy, the United States would have trouble protecting the sea lanes across the Atlantic. Access to trade with the rest of the world was also a paramount American interest. Therefore, it was an interruption of trade, rather than the loss of territory to great-power rivals, that would most worry American foreign policy intellectuals through the first 150 years of national independence.

A foreign policy that was fundamentally commercial would change the nature of the American relationship with other powers. Security policy had historically been played like a zero-sum game. If Austria became more secure vis-à-vis France, France was less secure vis-à-vis Austria. There might be occasional happy exceptions to this dismal rule—for example, in the decade following the Congress of Vienna—but, in general, a policy of military competition meant conflict was inevitable. Not all interests could be served to the same degree, and every political settlement would leave some power or group of powers unhappy and restlessly intriguing for change.

Commercial relations, Hamiltonians reasoned, do not work in this way. In commercial transactions, it is possible to have both a satisfied buyer and a satisfied seller. Furthermore, economic prosperity is not zero sum. If Austria became richer, it could buy more goods from France, and this would make France richer. War, on the other hand, would hurt the economic interests of both nations, interrupting their trade, diverting their resources from productive to military uses, and increasing taxation in both countries.

Unlike Lenin, who later would come to view capitalism as the cause of international warfare, the Hamiltonians saw commercial capitalism as, potentially, a cause of peace. The expansion of trade, and the substitution of the win-win strategy of commerce for the Hobbesian game of war, would become important Hamiltonian aims in the twentieth century. But from the beginning, it meant that Hamiltonians saw the United States as responding to a different historical logic from the one that dominated Europe.

Hamiltonians would be much more hospitable to the instruments of warfare—above all, to the navy, but also to a professional standing army—than Jeffersonians, but the Hamiltonians' foreign policy, and the traditional foreign policy of the United

States, assigned a significantly smaller role to military matters than was common in Europe. If America's relations with Europe were to be primarily commercial, then even taking the darkest view of human selfishness, it seemed that America's relations with Europe were not doomed to the same low level as the relations of the European powers with one another.

European states were heavily informed and penetrated by an ethos that was not only elitist and aristocratic, but was frankly and proudly militaristic. The princes, chancellors, ministers, and ambassadors of nineteenth-century Europe—to say nothing of its generals and officers—were descended from warrior aristocracies. Until the eighteenth century, it was not uncommon for Europe's monarchs to command their troops in the field; the history of the state was to some degree the history of its armed forces. The state was less involved in civilian affairs and proportionately more involved in military matters than now. The gloomy psychology of Continental diplomacy and the inevitable militarization of its policy in part proceeded from and in part reinforced the militaristic bias of the Continental states.

Once again, Britain was the least militaristic of the great powers and, once again, American Hamiltonians, without repudiating British and even Continental ideas about the nature of man and the competition among states, came to very different practical conclusions about what needed to be done. The American state and diplomatic service took on a different coloring. Jeffersonians were revolted by the idea of an elite diplomatic service; Hamiltonians had no such objections in principle, but the nature and purposes of the state and the foreign service would be different in a commercial republic from those of a military monarchy.

In the Hamiltonian view, the American state needed to have a competent military, but the state itself was civilian. American

diplomats generally spent more time dealing with trade and far less time dealing with military matters or other state-to-state business than their foreign colleagues. Hamiltonian opinion, in general, thought that this was a blessing.

A consciousness of the great destiny of the United States was another factor that made Hamiltonian diplomacy sunnier than the European variety. During most of American history, it was clear that, all things being equal, the mere passage of time would make the United States increasingly richer, more powerful, and better respected in the world community. In the darkest days of the first tumultuous decades of independence, or in the depths of the Civil War, American diplomats operating within the Hamiltonian tradition could console themselves with the thought that their worst difficulties were temporary—that if the United States could survive, it was destined to thrive.

This was an assurance that few European diplomats outside Russia could share; other countries faced perennial and perpetual threats to their status as great powers or even to their independence. For the United States, the assurance of a great and glorious future was the normal state of affairs; fears for independence and unity were intermittent and only came forward at times of great crisis.

The result was an approach to diplomacy that, while it sprang from and operated within the traditional ideas of European diplomacy, was less defensive and more optimistic. It started from the same premises but moved to very different conclusions.

American Hamiltonians did not have to believe that the United States must either conquer or be conquered in its international relations. They could and did believe that the United States should be able to seek constructive compromises of mutual benefit in its dealings with foreign powers. Realistic as it may have been in a formal sense, at the

practical level, American Hamiltonianism in foreign policy was a radical innovation in the world of great-power diplomacy.

The Hamiltonian Tradition of the National Interest

The primary Hamiltonian agenda in American foreign policy has almost always been a commercial one. This does not mean that Hamiltonians ignore national defense and other issues; it means that they arrive at their understanding of these interests primarily through their understanding of the commercial and economic interests of the United States.

The first of these interests, one that occupied the minds of the American colonists even before the Revolution, is the freedom of the seas. In its narrowest sense, this involved the freedom of American citizens, American goods, and American ships to travel wherever they wished in the world in the interests of peaceful trade. Piracy must be suppressed, and foreign nations must abide by international law in their treatment of neutral shipping during war.

Freedom of the seas, even in this narrow sense, remains the single point on which American interests are most likely to come into conflict with those of other powers. Thomas Jefferson, no Hamiltonian and one of the most pacific presidents in American history, sent expeditions to fight the Barbary pirates who were seizing American ships. The United States fought undeclared naval wars with both Britain and France on this issue during the Napoleonic Wars in Europe, as the opposing sides sought to restrict the trade of neutral nations with their enemies.

The interest in safeguarding American commerce had grown even stronger by the time of the Civil War. "It would be superfluous in me," U.S. minister Charles Francis Adams observed to the British foreign secretary, Lord Russell, as Confederate ships prepared to leave British harbors to attack Union shipping, "to point out to your Lord-

ship that this is war." Thus, at the height of the Civil War, when victory was anything but certain, the North believed that its maritime interests were important enough to take on the world's greatest military power.

The twentieth century has seen a continuation and even an expansion in the importance of this principle. At the time of the First World War, shipping questions caused America to quarrel seriously with Britain and ultimately to enter the war against Germany. In 1941, America was already fighting an undeclared naval war with Germany in the North Atlantic when Japan attacked Pearl Harbor. Interference with shipping led President Gerald Ford—when the Vietnam syndrome was at its peak—to launch a rescue attempt when Cambodians captured the American freighter *Mayaguez* in 1975. Ronald Reagan sent American ships into the Persian Gulf to protect neutral shipping during the Iran-Iraq War and confronted Libya with the threat of war when it tried to bar American ships from crossing the "line of death" it had drawn in international waters. In the spring of 1996, President Clinton sent the Seventh Fleet to the waters off Taiwan, in part to deter China from interfering with neutral shipping in its campaign to intimidate Taiwan's government.

Likewise, freedom of the skies became a focus of American foreign policy in the twentieth century. The United States is still more dependent on safe and quick intercontinental transportation of goods and people than most other countries, and it takes the lead in fighting against hijacking and other threats to peaceful, legal commercial air travel. In true Hamiltonian fashion, it considers interference with this right of passage to be a direct and immediate threat to its vital interests, and it reserves the right to respond to such interference with the most vigorous diplomatic measures—and, when necessary, with the use of force.

No other principle has played such a major role in U.S. diplomatic history. Infring-

ing on Americans' freedom to travel by sea and air remains the fastest way for foreign powers who want to do so to start a war with the United States. And while the United States welcomes the cooperation of international organizations and other countries in efforts to curb interference with free traffic by air and sea, in practice it remains prepared to act unilaterally and, if necessary, in the teeth of international opinion.

Opening Doors

Freedom of the seas is related to the second great national interest as understood by Hamiltonians. It is not enough for American ships and goods to have free passage through international waters; American cargoes must have the same rights and privileges as the cargoes of other nations at the harbors for which they were bound. An open door for American goods is as important as an open ocean for American ships.

American diplomacy has consistently concerned itself with opening markets ever since the Revolutionary War. The first official American foreign mission was that of Benjamin Franklin to the court of Louis XVI. British armies were occupying American cities, and British fleets controlled the coasts, but the first treaty that the new nation signed was not simply a military alliance. It was also a trade treaty: France and the United States granted one another most-favored-nation status, and American goods were to be admitted to French markets with as few obstacles as possible.

The quest for an open door for American goods brought the United States into conflict with the efforts of European powers to maintain exclusive trade privileges within their colonial empires. For most of American history, the European powers controlled large colonial empires in both hemispheres. Often, though not always, the imperial powers sought special trading rights for themselves in their colonies, and restricted or even prohibited foreigners from trading or investing in them. The American colonists

had resented this system when Great Britain imposed it on the 13 colonies; they continued to resent the attempts by Britain, France, Portugal, and Spain to limit the right of American ships to trade with their overseas colonies after the Revolution.

The attempt to open the doors of these colonial empires was a major thrust of American policy in the early decades of independence, and success in this endeavor played an important role in American economic development. Not that American diplomats could claim much of the credit. The collapse of the Spanish and Portuguese empires in the New World, France's abandonment of its imperial ambitions in the Western Hemisphere, and the triumph of free-trade principles in British politics meant that the first half of the nineteenth century was a time in which American access to world markets dramatically increased.

The open door largely disappeared as an element in American foreign policy until the end of the nineteenth century witnessed a new worldwide scramble for colonies and economic advantages by the European powers.

The United States was not greatly exercised about the partition of Africa, but the extension of European influence on the Pacific Rim was a much more serious problem. Hamiltonians were convinced that the United States could not accept an exclusionary colonial partition of China. The United States consistently opposed European schemes to divide China into spheres of influence and pursued a long-term strategy to acquire bases in the Pacific to ensure that European nations, either singly or in combination, could never extend the exclusive colonial system to China, a country whose trade, Hamiltonians firmly believed, was vital to the future of the nation.

This policy should not be confused with Jeffersonian anti-imperialism. As their approval of the acquisition of Hawaii and the Philippines and of the land for the building of the Panama Canal demonstrated,

Hamiltonian thinkers and politicians were perfectly capable of behaving as imperialistically as anyone in Europe when they believed that the national interest required it. But they were not gratuitously imperialistic. Unlike many of the Europeans, they did not seek to plant the national flag wherever they could. "I have about as much desire to annex [the Dominican Republic]," said Theodore Roosevelt, "as a gorged boa constrictor might have to swallow a porcupine wrong-end-to."²

When the imperialistic mania was at its height, and the idea of an open door for trade began to look utopian in a world increasingly divided into quarrelling empires, Hamiltonians wanted to make certain that the United States got its fair share. Hamiltonian brains briefly teemed with schemes to annex everything from Canada to Baja California, but this fit soon passed. The basic view, which dominated Hamiltonian opinion through most of American history, was that the United States had few territorial ambitions beyond what became the 48 contiguous states and in the central and northern Pacific, but that it should enjoy open commercial relations with all the rest of the world.

Closing Doors

This did not necessarily mean that America wanted the rest of the world to enjoy open commercial relations with it. It was clearly in the national interest of the United States to open foreign markets to American-made goods; it was much less clear to Hamiltonian manufacturers and bankers that it was in the national interest to allow foreign goods to trade freely in the United States.

The zenith of Hamiltonian power in the United States lasted from Abraham Lincoln's election to the outbreak of the Great Depression; of the 17 presidential elections held between Abraham Lincoln's victory in 1860 and Herbert Hoover's defeat in 1932, the Republicans won all but four. This was also the period in which American

tariffs were at the highest levels in U.S. history.

During most of that time, British opinion believed that free trade benefited Great Britain even if other countries did not reciprocate. Britain's willingness to allow U.S. goods free access to its home and colonial markets without reciprocation gave the United States a free ride in terms of international trade. When a much weakened Britain responded to the Smoot-Hawley Tariff of 1930 by raising reciprocal tariffs against American goods, the game was up.

The weight of Hamiltonian opinion in the United States gradually shifted from protectionism toward free trade as the lesson of reciprocity sank in. In the aftermath of the Second World War, Hamiltonian opinion would shift even further, ultimately reaching the old British view that free trade would benefit the American economy even if other countries failed to open their markets in return.

In recent years, as the American technological lead has dwindled in some areas and disappeared in others, Hamiltonian opinion is shifting once again, still in line with perceived American commercial interests, toward a policy of insisting on reciprocity: open doors abroad in exchange for an open door at home.

Although Hamiltonian trade policy has changed its methods over the centuries, the central idea—that national prosperity through an appropriate trade regime is the responsibility of the federal government—has never changed. Hamiltonians have never believed in using tariffs as simply a revenue tax, raising or lowering tariffs in line with the fiscal needs of the government. For Hamiltonians, tariffs and trade policy have always been political instruments, used to shape national economic policy.

Another interest, which played a sporadic but sometimes vital role in the Hamiltonian view of the national interest, was a variation of the open door. Periodically in modern history, there have been strategi-

cally necessary materials that were only available from a handful of countries. What oil is today, rubber was yesterday. Other, rarer materials are needed for military manufacturing. Since the nineteenth century, the United States has conducted its foreign policy with an eye on the necessity of maintaining its access to supplies of strategic materials. Any country or group of countries with a monopoly in some key material that attempts to use this monopoly against the United States soon finds itself the object of vigorous countermeasures. The history of OPEC, and the unfolding of the close relationship between the United States and Saudi Arabia against a background of falling oil prices, is instructive in this regard.

The Money Flow

Freedom of the seas leads to the open door for goods, which in turn leads to another American interest, equally vital from a Hamiltonian point of view: the need for a free flow of money between the world's principal trading nations. Unless dollars, pounds, and francs could be freely exchanged for one another in some predictable way, and unless traders and investors could freely move money from one country to another, the advantages of trade would be largely lost.

The implications of this interest for both foreign and domestic policy are incalculably large. Keeping the world's money markets integrated involves accepting important restraints on domestic policy. Governments must, for example, engage in sound fiscal and monetary policies if their currencies are to be useful mediums for international transactions. Countries cannot borrow excessively, nor must they depreciate the value of their money by printing too much of it.

These considerations imply not merely fiscal restraint on the part of governments; they require the establishment of institutions that can function as central banks and

as honest arbiters in controversies between citizens and noncitizens. There must be an authority to ensure that currencies keep their value and to guarantee liquidity for international capital transactions. Courts must treat noncitizens on a level with nationals when it comes to the enforcement of commercial contracts.

These considerations have been central to Hamiltonian thinking since the era of the Articles of Confederation. The need for the United States to maintain sound public finance was one of the reasons that Alexander Hamilton and his associates favored the ratification of the Constitution and a strong national government. The assumption of the national debt and the establishment of the First Bank of the United States were the direct and immediate causes of the first great fight between those who became known as Hamiltonians and Jeffersonians during the Washington administration. The repayment of prewar debts to British subjects was another bitter political battle at the time.

From 1789 until the early twentieth century, the importance of a sound international medium of exchange was felt primarily in the formation of domestic policy. The fights over the restrictive effects of the First and Second Banks of the United States on the money supply were critical battles before the Civil War; the controversies over expansionary and inflationary monetary innovations like greenbacks and free silver did much to shape domestic politics in the following half-century.

For Hamiltonians, the importance of these battles lay only partly in domestic questions over prices and inflation. An unstable dollar against the pound would curtail the flow of British investment that would remain crucial to American economic expansion until the twentieth century. The gold standard, attacked by William Jennings Bryan as a "cross of gold" on which evil bankers wished to crucify mankind, was for Hamiltonians the necessary

instrument of international—and, therefore, of national—business. Moderate Hamiltonians repeatedly proclaimed their readiness to consider silver coinage if Britain and the other leading powers would agree, but no agreement on this point was ever forthcoming. Foreign and domestic policy were inextricably mixed; great domestic battles had foreign policy implications and vice versa.

The shift in financial power from Britain to the United States during the First World War meant that the continuing Hamiltonian concern for a stable international financial system would thenceforward involve a more active international role for the United States. Throughout the isolationist 1920s, the Federal Reserve Bank cooperated closely with the central banks of Britain, Germany, and France. While the United States declined to join the League of Nations or the World Court, and while Hamiltonian politicians running for office declaimed the virtues of isolationism, American officials became intimately involved in the intricacies of European financial reconstruction, German reparations, and exchange-rate stabilization. The end of the Second World War would see an even greater increase in Hamiltonian activism in search of international monetary stability as the Bretton Woods agreement establishing the International Monetary Fund and the World Bank was concluded.

Hamiltonians and the Pacific

The American traders and merchants who were the earliest supporters of Hamiltonian policies and principles in American foreign policy had been interested in the possibilities of the Pacific very early on. In the seventeenth century, Boston merchants were showing an interest in the China trade, and an American colonist sailed the Pacific with Captain Cook. Pacific politics even played a role in the American Revolution. The Boston Tea Party, after all, reflected among other things the impatience of American

merchants with British attempts to limit their access to the Pacific.

The first ship to reach China under an American flag sailed from New York on George Washington's fifty-second birthday, less than a year after American independence. By the year 1800, more than a hundred American ships had visited Canton (now Guangzhou), and the possibilities of the Pacific trade were looking very bright.³ "There is no better advice to be given to the merchants of the United States," wrote John Adams in 1785, "than to push their commerce to the East Indies as fast and as far as it will go."⁴

The trade deficit with China also appeared very early on—as did political struggles in the United States about how to treat it. The Chinese notoriously did not want to buy Western goods; American merchants tried to solve this in some of the usual ways—including offering for sale opium shipped from Smyrna (now Izmir) on the Turkish coast. As early as the 1840s, the Far Eastern trade of the United States was raising the sorts of moral and economic questions we are familiar with today. Mercantile opinion favored trade without regard for moral and social considerations. American missionaries, on the other hand, loathed the opium trade. They supported the efforts of the Chinese government to suppress it, and their American supporters attacked the cynicism of merchants whose love of profit recognized no limits.

American commercial activity in the Pacific increased by leaps and bounds. Much of this was at the expense of marine mammals. Sealers and fur trappers combed islands and bays from southern Chile to the Arctic Ocean. At the peak of the Pacific whaling industry, more than 600 American ships sailed the Pacific in search of spermaceti, whale oil, and baleen. By the middle of the nineteenth century, the Hawaiian islands were already part of an American sphere of influence. Missionaries, whalers, merchants, and planta-

tion owners were steadily changing the nature of island society and making the archipelago a base for American influence and trade.

The Hamiltonian and mercantile tradition in American foreign policy has regarded the Pacific trade as a natural and necessary part of American commerce from earliest times, and the protection and furthering of that commerce has been a constant theme in American diplomacy and activity. Nor has this been simply a history of trade. The American military presence in the Pacific dates back to the War of 1812. American naval vessels visited Pacific ports in Andrew Jackson's administration; Commodore Perry's visit to Japan in 1853 was part of a far-reaching policy of diplomatic, scientific, and military missions to Asia that continued throughout the century.

For almost all of that time, Hamiltonian thinking about American policy in the Far East was guided by principles that changed very little until the cataclysmic events that swept through Asia in the 1940s. Even then, the changes were superficial; American thinking about the Far East today is visibly descended from the views of men like John Adams, Commodore Perry, and William Henry Seward.

Trade—and, later, investment—were the paramount considerations in relations with Asia, and the political and military involvement of the American government was always to be closely related to these goals. Freedom of the seas and the open door had special applications in Asia. Freedom of the seas clearly implies such things as humane treatment of shipwrecked sailors and the suppression of piracy. As early as the 1830s, American naval ships regularly patrolled Far Eastern waters in the service of both of these interests.

A national policy of establishing commercial agreements with Asian governments also dates from this era. Asian markets were to be opened to American goods—at gunpoint if need be. In the relations between

Commodore Perry and the reluctant Japanese, one can perhaps see the first signs of what would become a perpetual trade problem in the relations of the two nations, with the Japanese attempting to decline imports and the Americans attempting to push them.

These policies involved the United States very early on in a complex relationship with both Asian and European governments. Briefly stated, the United States generally sided with European governments when the issues involved the rights of foreigners to trade and the security of foreigners in Asian countries. On the other hand, the United States generally opposed the partition and colonization of Asian countries—especially China—by European powers.

As Japan outstripped its neighbors in industrial development, it began to seek equal treatment with European powers and to establish a sphere of influence in China and elsewhere similar to those that had been created by European countries—and by the United States in its own neighborhood.

The United States vigilantly opposed this, not only because a Japanese empire would lead to violations of the open door and, possibly, set off a colonial scramble in China similar to that which resulted in the partition of Africa, but also because a strong Japan seemed to pose a long-term threat to the security of Hawaii and the west coast of the United States.

Since that time, the United States has generally favored a balance-of-power policy in Asia, supporting the weaker powers against the stronger in the hope of preventing the rise of any power that could dominate the others. Until 1949, Japan was this power, and the United States consistently opposed its ambitions. After the communist takeover of China, it was China in alliance with the Soviet Union that seemed to be the aspiring hegemon. Washington, still bent on its traditional Asian

goals, switched sides and supported a war-weakened Japan against a newly vigorous China. It is at least imaginable that future changes in the Asian balance of power will see the United States once again alter its alliances dramatically.

The Special Relationship

Although Hamiltonian thinking about American foreign policy was grounded in the British foreign policy tradition, there was one extremely important difference between the situations of the United States and Britain. That difference was Britain itself. No other power has dominated American foreign policy thinking to as great an extent. The national preoccupation with the Soviet Union during the Cold War was neither as intense nor as focused as the national concern with Great Britain during most of American history.

Britain was everywhere. American traders and missionaries in the farthest corners of the globe alternately competed against and cooperated with their British counterparts. British finance dominated American commerce, its tentacles extending even into remote agricultural and mining communities. From the invention of the telegraph until the development of radio, Great Britain controlled the world's systems of communication. For decades, its industrial technology was without rival or peer. Its mighty fleets were the only foreign force capable of attacking the United States at home.

Great Britain was to the nineteenth century something like what the United States became to the twentieth; the United States in the nineteenth century was something like what Brazil is today. The existence of an economically powerful, potentially hostile superpower—a power that alternated between friendly support for the United States and designs against its independence and prosperity—was the great fact of American foreign policy for almost 150 years after the Revolution, just as its disappearance is the

great fact with which America must live today.

Britain has occupied a special, central place in the thinking of Hamiltonians since the Federalist period. At virtually every crisis in American foreign policy, from the Treaty of Paris to the presidency of George Bush, Hamiltonians have seen good relations with Great Britain as the key to a successful U.S. foreign policy and they have done their best—in early times with little cooperation from pigheaded and short-sighted British diplomacy—to preserve close relations between the two great English-speaking nations.

This policy was not simply the product of sentimental Anglophilia. In terms of power politics, the United States and Great Britain have a relationship that goes beyond their common language, their common heritage, and their acceptance of democratic values. If the inhabitants of the British Isles spoke Finnish and practiced Zoroastrianism under the direction of an absolute monarch, Hamiltonians would still have built a close relationship with Britain. This does not mean that the common heritage meant nothing to the two countries. American businessmen in the nineteenth century, and their British counterparts in the twentieth, benefited enormously from sharing the language and the legal system of the world's hegemonic power.

It was partly a matter of trade. As a market for American goods and as a source for manufactured goods, the importance of Great Britain to the young republic is impossible to exaggerate. In 1790, Britain absorbed 35 percent of America's total exports; a hundred years later, that proportion had risen to 52 percent. Great Britain remained the largest single purchaser of American exports until 1946, when it was overtaken by Canada.

Beyond this, the United States and Great Britain enjoyed a financial relationship that grew steadily closer during the nineteenth century. The United States be-

came increasingly important to the British as a source of raw materials and foodstuffs, as a safety valve for immigration from Ireland, and as an outlet for foreign investment.

The growing importance of British investment in the United States created a strong pro-American party in Britain and a strong pro-British party in the United States, contributing in turn to the continuance of good relations and further improving the climate for economic cooperation. After two sons of the influential Baring family of British bankers married daughters of Philadelphia's prominent Bingham family in the late eighteenth century, the House of Baring became the American government's most important foreign banker, arranging the financial transactions connected with the Louisiana Purchase and continuing to handle American financial affairs in Great Britain during the War of 1812.

The Barings invested heavily in the United States, purchasing over a million acres in Maine; in 1840, it would be Lord Ashburton, born Francis Baring, who worked out a compromise settlement of the boundary dispute between Maine and New Brunswick with Daniel Webster. After the crisis of 1837, in which nine American states defaulted on their debts, it was the House of Baring that helped the offending states resume regular payments and persuaded nervous British investors that American markets were once again sound investments.

The most important banking firm in the United States was the House of Morgan. This bank was a fully transatlantic institution, which maintained its principal offices in London for much of the nineteenth century. The House of Morgan examined American borrowers carefully for creditworthiness before placing their securities in the London market and, by placing Morgan partners on the boards of client firms, maintained a strict and conservative watch over the financial practices of American companies in the interest of lenders.

For a generation, the House of Morgan served as the de facto central bank of the United States. It rescued the dollar during the gold panic of 1893 and prevented a massive financial collapse in the wake of the panic of 1907. In 1913, its place was taken by the Federal Reserve, which continued Morgan's tradition of close collaboration with the Bank of England until the Nixon administration.

These relationships were critical to Hamiltonians' thinking about domestic and foreign policy. But bilateral finance and trade were not the only elements in the Hamiltonian approach to Anglo-American relations. From a defensive standpoint, from 1783 until the First World War, Great Britain was the only country with the power to make war on the United States. Thanks to the protection conferred by the British navy, no continental European country was strong enough to cross the Atlantic with a fleet that could inflict damage on the United States. At the same time, Canada served as a hostage to British behavior in North America. Were Britain to use its naval superiority to threaten the American coast, the United States by 1850 had the resources to conquer Canada by land. The result was a balance of power between the two English-speaking countries that was distinctly favorable to the United States, one that grew more so as time went by.

The Anglo-American connection also drew strength from the common interests of the two countries in Europe. Both Britain and the United States had an overwhelming interest in the balance of power in Europe. So long as the Continental powers were divided among themselves, no European superpower could contest Britain's power at sea and, therefore, no new threats could arise against the United States. This was of course the foundation of the Monroe Doctrine until the American Civil War, and it was the interest that drew the United States toward intervention on Britain's side in both world wars—and during the Cold War.

Low-Cost Defense

This special relationship meant that the United States had an extraordinarily simple and cheap national defense policy in the nineteenth century. For Hamiltonians in those years, American security policy was a simple matter: stay strong enough to ensure that Britain respected American rights and, otherwise, stay out of European politics.

So long as Britain was strong, the United States could pursue this low-cost policy. Beyond the needs of the Western frontier, the United States required only a navy—and, after 1815, even this was largely neglected with no very terrible results. This system worked best for the United States before the Civil War. At that time, only Britain and Russia were significant powers beyond the confines of Europe. The Dutch and Portuguese empires in Africa and Asia were of little concern or interest to the United States, the Germans had no colonies, and the French were concerned largely with the Mediterranean.

The external situation began to change late in the nineteenth century, and Hamiltonian thinking evolved along with it. First France and then Germany established the foundations of global empires. The French, who wanted very much for the Confederacy to succeed, revived the old scheme of installing a European prince on an American throne by establishing the unhappy Habsburg archduke Maximilian in Mexico City under the cover of the Civil War. This adventure ended in disaster, but French armies and navies moved into Asia and the South Pacific. More ominously, Germany established itself in Africa and China—one alleged motive for the American annexation of the Philippines was to prevent the Kaiser from taking the islands. Worse still from the American perspective, German immigration and German trade were beginning to establish the Germans as rivals to the British in the Southern Cone of Latin America.

As the nineteenth century drew to its close, two nightmare scenarios worried mili-

tary planners and gave ammunition to those who wished to enlarge the armed forces. The first was that Germany might succeed in overturning the balance of power in Europe and become so powerful by land and sea that the United States would have to fight a long hard struggle against it. Berlin had already made it clear that it had naval ambitions; it wanted to be a world power, not simply a European power. A Germany triumphant in Europe would be a formidable and expansionist rival power.

The second was an even more frightening possibility. Britain's quest for new foreign policy options as its relative power declined might undermine its close relationship with the United States. Among other things, Britain was working to build an Anglo-Japanese naval alliance. Washington worried that Britain and Japan would agree to divide up China between themselves—and that the United States would be helpless to prevent this. This fed American fears of a strong Japan capable of attacking the Philippines, Hawaii, and ultimately, the West Coast. The worst-case American scenario at the time was that Britain would form an alliance with Germany in Europe and Japan in Asia. This gang of thieves could then divide up the entire world among themselves any way they wished. (In *Philip Dru: Administrator*, the odd, best-selling novel by Woodrow Wilson's closest Washington friend and confidant, Col. Edward House, this nightmare came to pass. Fortunately, the resourceful Dru foiled the villains in time and went on to establish a peaceful world order.)

Hamiltonian Policy in the Twentieth Century

Despite these dangers, Hamiltonians were in an expansive and confident mood at the dawn of the twentieth century. The declining power of Britain increased British dependence on its special relationship with the United States. Britain grew ever more deferential toward American views about the Western Hemisphere. Its decline also gave

new scope as well as new impetus for the United States to act as a global power—propping up British power while reaping increased commercial and political benefits from the special relationship.

This development was nowhere more apparent than in the isthmus of Panama, where an American railroad had connected the Atlantic and the Pacific since the days of the California Gold Rush. The creation and the control of an isthmian canal would offer immense advantages to the nation that achieved it. Most Americans today have very hazy ideas about the facts of maritime geography. This is partly because of the importance of air travel, and partly because the Panama Canal has revised maritime geography so far in America's favor. Without the Panama Canal, San Francisco is closer by sea to London than it is to New York. (Brazil juts out so far into the Atlantic that ships bound from New York for Cape Horn must sail far to the east. Ships from western Europe actually have a more direct and shorter route.) Without the canal, Britain was better positioned to reach China and California than the United States was. With the canal, the United States would be able to maximize the advantages America's central location between the two coasts of the great Eurasian supercontinent.

Given the stakes, and given the element of rivalry that always infused the special relationship, it is not surprising that Britain and the United States struggled for years to control the isthmian route, or at least to deny control to the other. In the first phase of the rivalry, Britain was stronger, and British agents staked out claims to the Caribbean coast of Nicaragua—then believed to be the most promising starting point for a canal.

But the growing power of the United States forced the British to acknowledge that a canal without the consent and cooperation of the Americans would be impossible. In the Clayton-Bulwer Treaty of 1850, both sides acknowledged a standoff

and agreed that neither one would build a canal without the other. This was the agreement that Theodore Roosevelt had the great satisfaction of scuppering with the Hay-Pauncefote Treaty of 1901, in which Britain agreed that the United States could dig, administer, and fortify a canal without British participation.

This was not the only sign that the United States had become supreme in its own hemisphere. In 1895, Grover Cleveland's secretary of state forced the British to accept arbitration with Venezuela over a boundary dispute, and in 1903, American negotiators were immensely gratified to obtain a favorable resolution of certain boundary disputes between Alaska and British Columbia.

The Growth of the Axis Powers

Yet these triumphs in Panama and elsewhere did not make the United States more secure. The same relative decline of British power that enabled Uncle Sam to treat John Bull so unceremoniously in the New World had consequences in the Old World. There Germany was the rising power. German scientists were developing new technologies faster than the British; German industrialists were developing new methods and products that the British could not match; German merchants were driving the British from market after market around the world.

Germany's new global prominence went beyond economics: Germany was developing an armed force that, potentially, could dominate Europe. Worse still, Germany was seeking new colonies and dependencies abroad. German merchants appeared in China. German agents staked claims in Africa. German bankers appeared in Latin America. Even worse, Germans had read and understood the arguments on the importance of sea power by the American admiral Alfred Thayer Mahan, and the German government had decided that neither its colonies nor its trade would be secure until it had a navy to rival Britain's.

In another troubling sign, the extremely rapid growth of Japanese power indicated that world history was moving into a new phase. For two centuries, European nations had enjoyed such technological and commercial advantages that non-European peoples had been unable to figure in world politics. The comforting notion had spread through European civilization that the causes of this superiority were racial: that yellow, brown, and black human beings were simply incapable of mastering the technological secrets of white civilization.

Japan's defeat of Russia at the dawn of the twentieth century signaled the defeat of such racial theories. The European nations and their progeny states around the world would have to come to terms with the moral, political, and economic claims of non-white peoples as these groups mastered Western technologies and sought political redress of their many grievances.

The emergence of non-European power centers also changed the dynamic of the global power system. The powerlessness of the non-European peoples had been a critical element contributing to British supremacy in the eighteenth and nineteenth centuries. It reduced the strategic problem of British foreign policy to the maintenance of the balance of power in Europe. With this in hand, British power would be undisputed around the world.

The first power to challenge that idea was the United States itself, and the first task of British diplomacy after the defeat of Napoleon was the establishment of a solid relationship with the new nation. But the rise of Japan was more challenging. The Pacific Rim was so distant from Europe that even a relatively weak Japan by European standards would be a significant factor in the local power equation. Furthermore, it was not as simple for Britain to reach an accommodation with Japan as with the United States. Not only were the societies of Britain and Japan far more different than were the societies of Britain and the United States,

conciliating Japan created problems for the British relationship with the Americans.

Japanese ambitions in Asia were conventional by the standards of the era: the Japanese wanted a colonial empire like other great powers and, once Korea was swallowed, China was the one place they could get it. Any lasting British arrangement with Japan would have to concede Japan a free hand in significant parts of China. Japan wanted a relationship with Britain that would parallel the American relationship with Britain. Just as the British gave Washington a free hand in the Americas, Japan wanted a free hand in Asia—an Asian Monroe Doctrine.

But any attempt to reach such an arrangement with Japan would have brought British policy into direct collision with the American insistence on the open door. British thinking about Asia involved an old-fashioned understanding with Japan. American thinking about Asia, on the other hand, involved a new kind of arrangement with China, where the United States had both commercial and sentimental interests.

The British never solved this problem. With the costs of maintaining the European balance of power drastically escalating, Britain could no longer achieve military domination of the Far East at an acceptable cost. Britain could not indefinitely contain a hostile Japan. But there were no other powers in the Far East capable of balancing Japan. China was too weak and divided. Russia under the tsars was unable to play a major role after its humiliating defeat. The United States, unwilling to see Britain reach an arrangement with Japan, was equally unwilling to give Britain the kind of active support and material assistance that an anti-Japanese policy would have required. The British dithered helplessly in this situation until 1941, when the Japanese dealt Britain a blow in East Asia from which it never recovered.

The rise of the nonwhite peoples in what had once been a stable British maritime trad-

ing world was the background noise to the fall of the British Empire. At times, as in India, independence movements posed direct political threats to British rule. But all the time and everywhere, the rising power and assertiveness of nonwhite peoples, whether colonial subjects or not, increased the burden of Britain's global role. The non-European world was no longer passive and impotent.

It was no longer a European balance of power that Britain had to maintain, but a global one. The needed policies to accomplish this feat were beyond the intellectual abilities of Britain's statesmen, the cost was too high for its economy to bear, and, ultimately, the military resources required to sustain it were beyond Britain's ability to assemble.

This process was still in its early stages in the years leading up to the First World War, but the implications for American foreign policy were clearly revolutionary, and the dim shadows of all the responsibilities that Washington would later take on were already visible to the discerning. The Panama Canal would make it possible for the United States to assume a more active role in international politics; the decline of the British Empire would make that role necessary.

If Europe's rivalries were once again to spill out into other continents, the United States would once again have to worry about the rights of neutral shipping, and it would need a navy that could vindicate those rights around the world. If Britain could no longer provide the security shield that gave the Monroe Doctrine its meaning, the United States would have to make good the deficit.

There was more. The hopes of the China trade—and the fears about what it would mean to be shut out of it—imposed immense new military burdens on the United States. The signs of a breakup in the European order were the signs of a new and more difficult era in American foreign policy, and

those in power began to read the foreign news with increasing interest and to embark on a major program of naval rearmament.

The close of the nineteenth century and the opening of the twentieth found the United States involved in an increasingly active global foreign policy under the leadership of such self-described Hamiltonians as Theodore Roosevelt and Henry Cabot Lodge. The war with Spain and the occupation of the Philippines was the most dramatic sign of a newly energetic policy. But it was not the only one. In an act difficult to reconcile with the Monroe Doctrine or any isolationist doctrine, the United States participated with five European nations in a campaign against the Boxer rebels in China. Under Theodore Roosevelt, the United States not only helped Russia and Japan negotiate a peace settlement, it participated in what John Quincy Adams would have called a congress of European powers to settle a dispute between Germany and France over their respective rights in North Africa.

The Irrevocable Commitment

For American Hamiltonians, the United States had been irrevocably committed to a global foreign policy throughout its history. The First World War stirred Hamiltonian ideas of intervention and solidarity with Britain that had been prominent under George Washington. From the moment the British declared war on Germany, an overwhelming preponderance of Hamiltonian opinion favored intervention on the British side. While Jeffersonians and Jacksonians urged strict neutrality, the sons of Hamiltonian bankers and industrialists rushed to Plattsburg, New York, for basic military training to prepare for war should the country need them.

There were 141 years between the Declaration of Independence and America's entry into the First World War. During much of that time, Hamiltonian ideas about foreign policy had guided the United States. Under Hamiltonian leadership, the United States

had defined its interests in global terms, articulated them on the basis of its national interests realistically defined, and advanced them through a diplomacy that was neither isolationist, unrealistically idealistic, nor amateurish. No diplomacy is always successful, no nation ever gets everything it wants, and no statesman avoids the occasional blunder. But by any meaningful standard, American foreign policy was extraordinarily successful up until the First World War, and the intellectual and political foundations laid down in those days can still serve us well today. ●

This is the first part of a two-part article.

Notes

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