
Luis María Drago, 1902

The Drago Doctrine to protect the Americas

Argentine Foreign Minister Luis María Drago wrote the letter excerpted here to his government's ambassador in Washington. His comments, which he later characterized as "the financial corollary to the Monroe Doctrine," have since been incorporated into international law as "the Drago Doctrine." Drago issued the letter at a time when Great Britain, Germany, and Italy had blockaded Venezuela's ports to force it to pay its foreign debts.

It should be noted in this regard that the capitalist who lends his money to a foreign state is always aware of the resources of the country in which he is going to act and the greater or lesser possibility that the contract will be complied with without problems.

All governments, depending on their level of civilization and culture and their conduct in business matters, thereby enjoy different [levels] of creditworthiness, and these circumstances are measured and weighed before any loan is contracted. . . .

The creditor is aware that his contract is with a sovereign entity; it is an inherent condition of sovereignty that executive procedures cannot be initiated or carried out against it, since that type of collection would compromise its very existence, causing the independence and action of the respective government to disappear.

Among the fundamental principles of public international law which humanity has consecrated, one of the most precious is that which determines that all states, regardless of the power at their disposal, are legal entities—perfectly equal among themselves and thereby, in reciprocity, deserving of the same consideration and respect.

Recognition of the debt and its liquidation can and must be carried out by the nation, without in any way undermining its fundamental rights as a sovereign entity; but, at a given moment, compulsive and immediate [debt] collection by force could only result in the ruin of the weakest nations and their absorption by the powerful of the Earth. . . .

The principles proclaimed on this continent of America state otherwise. "The contracts between a nation and particular individuals are enforceable according to the conscience of the sovereign and cannot be the object of compulsory force," wrote the famous [Alexander] Hamilton. "Outside of

the sovereign will, they cannot be enforced."

The United States has gone very far in this regard. The eleventh amendment of its Constitution establishes, in effect . . . that a nation's judicial power cannot extend to any legal case or equity brought against one of the states by citizens of another state, or by citizens or subjects of a foreign state. . . .

What it has not established, and what is by no means admissible, is that once the amount owed is legally determined, the right to choose the means and opportunity of payment cannot be denied the creditor . . . because the collective honor and creditworthiness [of all] are bound therein.

This is by no means a defense of bad faith, disorder, or deliberate or voluntary insolvency. It is simply a protection of the respect of the public international entity which cannot be dragged to war in this fashion, undermining the noble purposes determining the existence and freedom of nations.

The recognition of the public debt, the definite obligation to pay it, is not, on the other hand, an unimportant statement even though its collection cannot in practice, lead us onto the path of violence. . . .

Your Excellency will understand the sense of alarm which has arisen upon learning that Venezuela's failure to pay the service on its public debt is one of the reasons for the detention of its fleet, the bombardment of one of its ports, and the military blockade rigorously established along its coasts. If these procedures were to be definitively adopted, they would set a dangerous precedent for the security and peace of nations. . . .

The military collection of debts implies territorial occupation to make it effective, and territorial occupation means the suppression or subordination of local governments in the countries to which this is extended.

Debt cannot justify armed intervention

This situation appears to visibly contradict the principles so often advocated by the nations of America, particularly the Monroe Doctrine, always so ardently maintained and defended always by the United States. . . .

We by no means imply that the South American nations can remain exempt from all the responsibilities which a violation of international law implies for civilized nations. The only thing that the Republic of Argentina maintains, and what it would with great satisfaction like to see consecrated regarding the developments in Venezuela by a nation which, like the United States, enjoys great authority and power, is the already accepted principle that there cannot be European territorial expansion in America, nor oppression of this continent's peoples just because an unfortunate financial situation could cause one of them to postpone meeting their obligations. In a word, the principle I would like to see recognized is that the public debt cannot give way to armed intervention, or a material occupation of American soil by a European power.