The Forging of the American Empire
In due course elections were held and a new president installed, and the military occupation ended in 1909. Three years later, when race riots occurred on the island, the troops were back again. Secretary of State P. C. Knox's note to the American minister on this occasion was a classic in understatement. The minister was told to advise Havana that if it failed "to protect the lives or property of American citizens in Cuba the Government of the United States...will land forces to accord necessary protection." This, the note concluded, "is not intervention." The Cubans protested that they could handle matters on their own, and in fact the rebellion ended in quick order when its leader was killed.

The troops were back again—this time to seize Santiago from a Cuban faction that was contesting election results—in 1917. The "singular intimacy" of Cuban-American relations was so pronounced that an American minister, William E. Gonzales, took it upon himself to issue a proclamation warning the revolutionaries of severe reprisals against them by the United States (not Cuban) government unless they laid down their weapons. Subsequently 2,000 marines were dispatched to the island; Washington explained that they were being prepared for "service in Europe."

By this time the Cubans, of course, had gotten the message. When General Enoch H. Crowder, one of Magoon's assistants, arrived in 1919, the Cuban government was ready to accept his continuous "suggestions" as gospel. American companies received favored concessions; American banks made lucrative—and guaranteed—loans. When J. P. Morgan & Co. issued a $50 million loan in 1923 it was stated quite frankly that it was "with the acquiescence of the United States Government under the provisions of the Treaty dated May 22, 1903"—the treaty which ratified the Platt Amendment.

In 1898 American investments in Cuba were somewhere between $30 and $50 million, and by the mid-1920's somewhere between a billion and a billion and a quarter. As of 1923, more than four fifths of all of Cuba's exports went to the United States and three quarters of her imports came from there. Cuba was the sixth largest export partner of Uncle Sam, quite a role for an island with a few million people.

Woodrow Wilson, who opposed extracontinental expansion prior to the Spanish-American War, later explained why it was necessary. "Since trade ignores national boundaries," he wrote in 1907, "and the manufacturer insists on having the world as a market, the flag of his nation must follow him, and the doors of the nations which are closed against him must be battered down. Concessions obtained by financiers must be safeguarded by ministers of state, even if the sovereignty of unwilling nations be outraged in the process. Colonies must be obtained or planted, in order that no useful corner of the world may be overlooked or left unused." The rationale for modern imperialism has seldom been stated better. Manufacturers and investors need world outlets; the flag—the United States government—must help secure and protect those outlets. If foreign nations close their doors, the doors must be "battered down," and if that means "outraging" the sovereignty of such nations, so be it.

With the victory against Spain and the subjugation of the Philippines, the United States was soon swept up in this pursuit. Having just experienced an unprecedented growth in manufacture and finance, it was ready to batter down as many doors as necessary to find outlets for its surplus goods and capital, as well as sources for raw materials to stoke its factories. Clearly, if commerce follows the flag, the more the potential of commerce the more places the flag should go.

Uncle Sam learned quickly, however, that this was no simple or automatic process. Other great powers had a long head start in outraging "the sovereignty of unwilling nations." By the time America joined in the international rivalry, the colonial standard had
been planted through almost all of Africa and most of Asia. As of 1900, for instance, Britain was master of an empire of 11.5 million square miles (125 times its own size) and 305 million subjects, in addition to its “spheres of influence” in China and Latin America. From 1871 to 1900 France added 3.5 million square miles to her possessions, and Germany a million. The newly won American domain, by contrast, totaled—with Cuba included—less than 200,000 square miles. Even in its back yard, Latin America, the U.S. position was not a formidable one. For while the Monroe Doctrine had stopped the European powers from military occupation—“planting” colonies, as Wilson put it—it did not prevent them from economic penetration. As late as 1914, after much headway by Uncle Sam, British investments were still more than twice those of the Colossus of the North, $3.7 billion against $1.7 billion.

The United States, as Walter E. Weyl was to write years later, could not resist “the ubiquitous economic tendency toward expansion,” but given the state of affairs in 1900–10 it could not do it in the same way as the Europeans. There were not too many colonies to be had in the old world, and to militarily occupy Argentina, Brazil, Chile, or Peru in the face of British or German economic hegemony was out of the question. The European states would not permit it, and to risk war with them was not a prospect to be taken lightly. Apart from the military inferiority of the United States vis-à-vis Britain, the destructiveness of warfare was escalating in a frightening fashion. In the 1904 fighting between Japan and Russia, battle lines were sometimes forty miles long; single engagements lasted as long as ten days or more; field guns shot four miles distant, and more ammunition was often expended in one day than in the whole Spanish-American War combined.

With few new colonies to conquer, the United States outraged the sovereignty of unwilling nations by means other than annexation. Even the team of Mahan, Roosevelt, and Lodge lost its zeal for occupying “any more islands,” a circumstance which led some scholars to conclude that “explosive imperialism” had run its course. But Washington found that weaker nations could be made to serve the American purpose, without the necessity of occupying them—through commercial and financial agreements, through loans with stern conditions attached to them, through training of satellite armies, through the threat of military intervention, and, only when other means proved inadequate, by sending in the marines. The end result of this process was a “sphere of influence” which in many respects was a firmer foundation for empire—and cheaper to administer—than a colony.

In the two decades from the Spanish-American War to America’s entry into World War I, the United States consolidated a sphere of influence near home—in Mexico and the Caribbean—and began a modest penetration outward that would eventually make it a world empire. The policy remained constant under four presidents.

Each of these presidents had his own style, but each pursued the same general goals of expansion. McKinley, an exceptionally handsome man, with high forehead, gray eyes, and Roman nose, who dressed for public occasions in a Prince Albert, seemed to be carried with the tide. Teddy Roosevelt, the Rough Rider, defined his approach in vigorous terms: “I have always been fond,” he said, “of the West African proverb: ‘Speak softly and carry a big stick; you will go far.’” William Howard Taft, amiable and direct, called for “dollar diplomacy”—substituting “dollars for bullets.” It was an effort, he pointed out, “frankly directed to the increase of American trade upon the axiomatic principle that the Government of the United States shall extend all proper support to every legitimate and beneficial American enterprise abroad.” Woodrow Wilson, professorial and complex, sheathed imperial purpose in the verbiage of virtue: “morality and not expediency is the thing that must guide us.” But there was little to choose between the intervention of McKinley in the Philippines, Roosevelt in Colombia, Taft in Nicaragua, and Wilson in Mexico. Carl Schurz correctly predicted that the government would seek “new conquests to protect that which we already possess”—and it didn’t matter much which president was in the saddle.

Early in September 1901, McKinley arrived in Buffalo with his wife and two nieces to attend the Pan-American Exposition. While greeting the public a few days later, he was shot by a boyish-looking man who carried a hidden pistol in a sling around his arm, a self-proclaimed anarchist named Leon Czolgosz. Despite a wound in the abdomen, McKinley seemed to be on his way to recovery—at least that is what the world was told—when on September 14 he took a turn for the worse and died. He was succeeded by the youngest man ever to be president, Teddy Roosevelt.

The hero of San Juan Hill was a complicated man who was sometimes all things to all men. Scion of a New York family which had been prominent in Empire State affairs for six generations, he had been an unvarnished conservative from the time he had taken his place as a state representative at the age of twenty-three. As presi-
dent, however, he gained the reputation of being a progressive—even a friend of labor when he settled the anthracite miners' strike of 1902. He was the kind of man who could invite a Booker T. Washington to dinner at the White House, then explain privately to friends who questioned such familiarity with the Negro president of Tuskegee that he had done it on impulse. If he spoke repeatedly of righteousness and justice, his contempt for Latin Americans was evident in statements such as the one that he would show "those Damned dogs that they will have to behave decently." He might tell the American Peace Society in 1904 that he agreed generally with their objectives "to bring nearer the day when the peace of justice shall obtain throughout the world," but he was always the proponent of the "big stick," and his greatest boast on leaving office was that he had increased the number of battleships in the American navy from nine to twenty-five. His ambivalent rhetoric was so striking that Finley Peter Dunne's Mr. Dooley denied to his friend Mr. Hennessy "th' infamous rayport that th' Prizidint was iver at San Joon Hill. At th' time iver this glorious an' lamentable performance, th' good man was down with measles contrabasted at th' International Peace Convention." Mark Hanna called Roosevelt a "madman" in 1900 and detractors of his presidency referred to him as "His Accidency," but he was neither mad nor accidental. He was the spokesman of a nation which had decisively fallen under the sway of the corporate trust and the financial goliath, and for whom commercial and strategic expansion at the expense of weaker powers was to become the way of life.

Roosevelt's first international project was the isthmian canal that would connect the Atlantic with the Pacific and cut the sea distance between the two U.S. coasts by two thirds. It was an idea that had been attracting men for hundreds of years. In the nineteenth century, Colombia and Nicaragua had granted concession after concession for the project, and one company after another had been formed to build it, but without exception had been unable to carry it through. The most noteworthy of these efforts had been undertaken at the initiative of Ferdinand de Lesseps and a multinational group of 135—mostly French but some Americans, Germans, and Britains—who met in Paris in May 1879. Their Panama Canal Company had actually started construction of a sea-level canal at Panama, but the work had to be halted in 1887 when it became obvious that a sea-level waterway could not be built in the allotted time and at a cost the de Lesseps group could afford. A hastily reorganized effort to build a canal with locks foundered when the firm went bankrupt. Meanwhile parallel efforts were going ahead in Nicara-

gua, where the canal would be longer—156 miles—though the inclusion of Lake Nicaragua in the canal would cut construction by more than a third. An 1884 treaty with the Central American republic calling for the United States to undertake the project at no cost to Nicaragua, the waterway to be jointly owned by the two nations, failed to win ratification in the Senate. Subsequent attempts by private citizens and a company incorporated by Congress also failed to get the plan under way.

The sudden emergence of the United States as both a Caribbean and a Pacific power, however, gave the whole business a new sense of urgency—at least for Americans. In his message to Congress on December 1898, McKinley stated that the annexation of Hawaii and the expected further expansion into the Far East made it "indispensable" to build the "maritime highway" with all due dispatch. There were just two impediments in the way: one was choice of a location—whether to use a route through Nicaragua or through the Colombian province of Panama—the other was an old understanding with Britain, the Clayton-Bulwer Treaty of 1850. Under this pact, the parties agreed that neither would exclusively own or control such a waterway when it was built, or try to fortify it. It was to be "neutral," a truly international waterway. The treaty was one of the least popular the United States ever concluded, since one of its provisions prohibited colonization of Central America. It passed because the project did not loom so large in midcentury as after the Spanish-American War. With victory assured sentiment took a volte face, and many Americans insisted that not only should the canal be owned and operated by this country; it should be fortified and under full American domination. If in the process Washington were forced to dishonor its signed word, then, as some Senators put it, "dishonor be damned."

Fortunately, when Secretary Hay approached the British to revise the treaty, he found a receptive mood. Britain was then preoccupied with the Boer War in South Africa, and was feeling the ill will of rivals on the European continent. An initial agreement arrived at with Lord Pauncefote in February 1900—satisfactory to Hay—granted the United States the exclusive right to own, build, and neutralize the "maritime highway," but balked at giving Washington the right to fortify it. Roosevelt pointed out to his friend Hay that failure to win this right "strengthens against us every nation whose fleet is larger than ours," and Senator Lodge wrote defiantly, "The American people mean to have the canal and they mean to control it." As a result of such pressures the Senate tacked on three amendments to the treaty which in effect torpedoed it, or at least so the
British felt. A year later, with the British still involved in the Boer War and relations with Germany deteriorating, London retreated from its adamant stand. It accepted the American terms, including the right of fortification, and signed a treaty which breezed through the Senate by 72 to 6.

With the Clayton-Bulwer obstacle hurdled and Teddy Roosevelt at the tiller in Washington, all that remained was to choose between the Nicaraguan and Colombian (Panamanian) routes—and start building. Each route had its advocates, with Nicaragua seemingly on the inside track because a canal there could be built at sea level, obviating the necessity of locks. The leading figure promoting this pathway was a senator from Alabama, John T. Morgan, who felt that the site would be closer to Southern ports. His adversaries, favoring Panama, were two topnotch salesmen, a wily Frenchman with a full mustache who had been chief engineer for the New Panama Canal Company, Philippe Bunau-Varilla, and a Wall Street lawyer, William N. Cromwell, of the firm of Sullivan and Cromwell, who was the company’s attorney. Cromwell’s chief asset was the friendship of Mark Hanna and other Republican chieftains, no small advantage as matters turned out. All other things being equal, the Panama route was superior: part of it had already been dug, passage through it would be only 12 hours as against 33 for the Nicaraguan waterway, and construction and maintenance costs considerably smaller. But to counterbalance these advantages the French company wanted $109 million for its concession and there were tricky problems in negotiating arrangements with Colombia, a nation that had been wracked by civil war for the previous three years. The impediments seemed so strong that in January 1902 the House of Representatives voted for Nicaragua, with only two congressmen dissenting.

Congress did not reckon, however, on the resourcefulness of Bunau-Varilla and Cromwell—ably assisted by Senator Hanna. To make the project palatable, the two men reduced their selling price from $109 million to $40 million. Next they began a campaign to discredit the Nicaraguan venture, alleging that the little country was prone to volcanoes and earthquakes that might make the canal unsafe. As luck would have it, Nicaragua had issued a postage stamp showing a smoking volcano in the lake through which the canal would pass, and Bunau-Varilla, quick to use an advantage, saw to it that the stamp was placed on the desk of every American senator. Nature itself was even more obliging, for in the midst of the deliberations Mount Momotombo in Nicaragua erupted and an earthquake destroyed a number of wharves nearby. Daly alarmed by now, the Senate, on June 19, 1902, approved the Panamanian route by 42 to 34. The House reversed itself a few days later, and Secretary Hay began negotiations with the Colombian ambassador to Washington, Tomás Herran.

What ensued was a mixture of confusion, highhandedness, and brigandage. Under the Hay-Herran Treaty the United States agreed to pay Colombia $10 million outright plus $250,000 a year rental, beginning nine years later, in return for a lease on the canal site and an isthmian zone six miles wide. The treaty included a clause by which Colombia was precluded from negotiating with the private canal company to get any part of its $40 million—a strange gesture of solicitude by American officials for the private fortunes of Bunau-Varilla and Cromwell. When these terms were transmitted to Bogotá—where peace had finally broken out—they were greeted by a blast of acrimony in the Colombian Senate, followed by a vote of 24 to 6 against the treaty.

Presumably matters should have ended there. Colombia, after all, was a sovereign nation, with the right to dispose of its territory as it saw fit. But Secretary Hay had no patience for such niceties; he warned the Latin Americans that if they did not accept the original treaty, North America would take action “which every friend of Colombia would regret.” An infuriated Roosevelt castigated the “contemptible little creatures in Bogotá” who were holding up progress. Outlook magazine, edited by a close friend of the President’s, suggested that Panama “might secede” and the Indianapolis Sentinel, echoing the views of many newspapers, suggested: “The simplest plan of coercing Colombia would be inciting a revolution in Panama . . . and supporting the insurrectionary government.” Senator Lodge, in Paris, expressed “strong hopes” that “by the secession of the Province of Panama we can get control of what undoubtedly is the best route.” Indeed Roosevelt was so determined to divorce Panama from Colombia that in the first draft of his message to Congress that year, 1903, he included a passage recommending seizure of the isthmus “without any further parley with Colombia.” Though it was struck from the final draft, it represented, as he later admitted, his true views, unembroidered with the typical vagueness of presidential messages.

As it happened, the Rough Rider did not have to take this precipitous action, for on November 3, 1903, the province of Panama declared its independence. The plot had been hatched in the offices of the Panama Railroad, a subsidiary of the New Panama Canal
Company, back in May, and the plotters had received the encouragement of Cromwell and a $100,000 check from Bunau-Varilla. Of even greater importance, the French engineer, in talks with Roosevelt and Hay, had sounded them out as to whether they would prevent Colombia from suppressing a revolution in Panama. And while Roosevelt later denied that any American official "had any part in preparing, inciting, or encouraging the revolution," it is known that Hay wrote the President two months before, urging intervention if an insurrection should break out, and that the day before it took place, orders had been sent the American navy to proceed to both sides of the isthmus.

American ships arrived too late to intercept 400 Colombian soldiers who disembarked at Colón on November 3—they were bought off instead by bribes to their officers, judiciously supplied from Bunau-Varilla's $100,000 fund—but thereafter the U.S. navy effectively stopped Colombia from dealing with its rebels. As a legal figleaf for such brazen interference, the State Department quixotically alluded to an 1846 treaty signed with New Granada (Colombia) that guaranteed the United States the "right of way or transit across the Isthmus of Panama." It stretched matters beyond credibility to claim that a right of transit gave Roosevelt legal sanction to prevent Colombia from using its forces to suppress an internal revolt. But the U.S.S. Nashville and other American ships effectively convinced the troops at Colón to reembark for home, and stopped another ship with more Colombian soldiers from landing at Panama. On November 4 the timid revolutionaries, consisting of some 500 mercenaries bought by Bunau-Varilla's money, plus 441 members of the fire department, declared their province an independent republic. Within an hour after receiving this heartwarming news, Roosevelt ordered that the state of Panama be officially recognized. At the twelfth hour, the government at Bogotá offered to accept the American treaty in toto if only the American President would permit it to send troops against the Panamanian rebels. The offer, however, was understandably rejected. Instead, on November 13 Roosevelt formally received the minister of Panama, who turned out to be, by odd happenstance, a Frenchman named Philippe Bunau-Varilla, and within a few days the minister negotiated a treaty with Secretary Hay even more generous than the one rejected by Colombia. The money provisions were identical but the Canal Zone conveyed to the United States was ten miles wide instead of six, and deeded in perpetuity.

As in the case of the treaty with Hawaii in 1893 there was much opposition in the press to the "cooked-up republic" whose indepen-
III

The terms "colony" and "protectorate" have never been part of the official American lexicon, for the understandable reason that they clash with the tradition of a nation born in a fight against colonialism. But while the words have been eschewed, the United States did in fact begin its new phase of empire building from 1901 to 1917 by transforming small countries in the Caribbean and Central America into protectorates—their sovereignty effectively curtailed in the interests of the "mother country." The Platt Amendment, giving Washington the unilateral right to occupy Cuba at will, and the leases granted the United States in perpetuity in Panama, as well as guarantees of "maintaining the independence" of that republic, reduced both to protectorate status without using the word. In due course, by treaty, by threat of intervention, and by actual intervention, the United States made of the whole area an American lake, no more independent—as one historian put it—than Long Island or the state of New York.

What began as episodic intervention to expand America's strategic and commercial position was refined by Roosevelt—and his successors—into broad principle. Under the Monroe Doctrine the United States proclaimed that European powers could not occupy any additional territory in the western hemisphere. During a dispute between Germany and Britain against Venezuela in 1901, Roosevelt (then still vice-president) magnanimously conceded to the foreign powers the right to punish small nations that played fast and loose with their investments. "If any South American country misbehaves against any European country," he wrote, "let the European country spank it." "Spanking" in this instance took the form in 1902–03 of a blockade by Germany, Britain, and later Italy; the seizure and sinking of some Venezuelan gunboats; and the naval shelling of Fort San Carlos. But before anyone decided to land occupation troops, Roosevelt—now President—put an end to the dispute by forcing all parties to accept arbitration. Spanking was one thing, landing troops another—and even on the subject of spanking the imperious Roosevelt evidently had second thoughts.

In the course of resolving a crisis in Santo Domingo—the Dominican Republic—shortly thereafter the President decided to modify the Monroe Doctrine by tacking onto it what became known as the Roosevelt Corollary. The Monroe Doctrine had been fashioned against the ambitions of Europe; the corollary refashioned it against the sovereignty of Latin America. In essence it reaffirmed that the United States would not tolerate direct European intervention in Latin America, but added the new feature that since intervention was sometimes necessary, this right was reserved exclusively to the United States of America. As historian Julius W. Pratt defines it: "Uncle Sam now assumed the role of international policeman—kindly to the law-abiding, but apt to lay a stern hand upon little nations that fell into disorder or defaulted on their obligations, since disorder and default...might invite intervention from outside the hemisphere."

The events that led to the proclamation of the corollary are as instructive as the corollary itself. The government of Santo Domingo had undergone the usual political tempests since it had secured independence from Haiti in 1844, and by 1902–03 found itself saddled with a debt of $32 million and a bankrupt treasury. The money was owed to capitalists of half a dozen nations, the largest single amount to an American corporation with offices in New York, the San Domingo Improvement Company. In response to intelligence from the company that its holdings were in jeopardy, the State Department arranged for the Dominican regime to purchase its obligations for $1.5 million and a board of arbitrators was chosen to decide how the payments were to be made.

Meanwhile rival factions in the small republic began fighting, and the United States landed some marines in Santo Domingo, Puerto Plata, and Sosua from January 2 to February 11, 1904, ostensibly "to protect American life and property" but actually to put pressure on the faltering regime to place its customhouses in North American hands. In July the arbitrators, as expected, authorized the United States, in case of default by Santo Domingo of its debt to the San Domingo Improvement Company, to install itself as financial agent over the customhouses at Puerto Plata, and if necessary three others. Two months later the inevitable happened and the United States, by odd quirk, chose as collector in Puerto Plata a representative of the very Improvement Company for whom the monies were to be sequestered. Since the move threatened to drain away suanas from southern ports, whose customs were pledged to French, Belgian, and Italian bondholders, France and Italy ordered vessels to the island with the same objective in mind as the United States—to do their own collecting. It was in the wake of these events that Teddy Roosevelt, in his annual message to Congress delivered on December 6, 1904, restated the corollary already stated in May, but in more unambiguous language:
"Any country whose people conduct themselves well can count upon our hearty friendship. If a nation shows that it knows how to act with reasonable efficiency and decency in social and political matters, if it keeps order and pays its obligations, it need fear no interference from the United States. Chronic wrongdoing, or an impotence which results in a general loosening of the ties of civilized society, may in America, as elsewhere, ultimately require intervention by some civilized nation, and in the Western Hemisphere, the adherence of the United States to the Monroe Doctrine may force the United States, however reluctantly, in flagrant cases of such wrongdoing or impotence, to the exercise of an international police power."

The idea that the United States had the right to exercise police power against "uncivilized" or "impotent" people had of course been expressed throughout the nineteenth century with respect to Indians, Spaniards, Mexicans. But that right was now being claimed on a broader front. And though the corollary was partly repudiated in 1930, it remained the rationale for dozens of interventions in the western hemisphere and throughout the world.

Early in 1905, then, after a show of military force, the American minister to Santo Domingo, Thomas C. Dawson, was able to "persuade" the Dominican authorities to "invite" the United States to collect customs at all its ports. Forty-five percent of the payments would be turned over to the Dominican government, and the other 55 percent used to service debts to both the San Domingo Improvement Company and the Europeans. The American navy, of course, would stand by and see that everything ran smoothly.

When Dawson's arrangement was transmitted to Washington the outcry was so shrill that the State Department instructed its minister to put the agreement into a formal treaty so it might be debated at home. That treaty was submitted to the Senate in mid-February with a strong statement by Roosevelt that "it is incompatible with international equity for the United States to refuse to allow other powers to take the only means at their disposal of satisfying the claims of their creditors and yet to refuse, itself, to take any such steps." In other words, if Uncle Sam wanted to prevent Europeans from intervening it had to do the intervening itself. The Senate, as it had so often in the past, refused to ratify the treaty, whereupon Roosevelt simply put it into effect by "executive agreement"—or what is called modus vivendi.

Simultaneously, with American warships patrolling the area, Roosevelt sent a revealing letter to his Secretary of the Navy: "As to the Santo Domingo matter, tell Admiral Bradford to stop any revolution." To collect a debt for an American company it was necessary to take over the customhouses—lest others take them; to take over the customhouses it was necessary to "stop any revolution." There was an inexorable logic to this process, which would be repeated over and over again in the ensuing decades. Moreover, intervention also brought with it further economic penetration. On Wall Street the firm of Kuhn, Loeb & Company floated a $20 million bond issue to satisfy Dominican creditors, and to undertake long-delayed public works. That loan too was guaranteed by the customs collectors and the American warships.

Both at home and in Latin America there were great misgivings about the expansion of "Monroeism." Not only the anti-imperialist sheets but such fervid Republican papers as the Boston Transcript pointed out that the new policy places "us in the unenviable attitude of coercing our Southern neighbors at the behest of Europe. . . ." It would be a strange, untoward outcome of eighty years of Monroeism if a secret combination of Latin American countries should be formed in opposition to 'the overlordship of the United States.'" But after the modus vivendi had been in effect for more than two years, the Senate in 1907 finally approved a new treaty which was very much like the one rejected, except that it omitted the brash preamble under which the United States could interfere in domestic matters of the Dominican Republic other than the collection of customs. In practice it did not make much difference. In 1911, for instance, the President of Santo Domingo was shot and a provisional government formed to take over the reins. President Taft sent two commissioners to look into the situation, along with a gunboat and 750 marines. At their "suggestion" the provisional president decided to resign. The United States had become an international policeman and would retain that stance wherever and whenever it was disposed to act in that role and strong enough to fill it.

IV

Teddy Roosevelt was an aggressive figure, the master of fire-and-brimstone phrases. In 1904, when a man of doubtful American citizenship named Perdicaris (he may have been a Greek subject) was seized by a Moroccan chieftain named Raisuli, Roosevelt had Secretary Hay send a cable to the U.S. consul general at Tangier demanding "Perdicaris alive or Raisuli dead." He talked of using a "big stick" in international relations, but in truth the cowboy diplomat was a less fierce imperialist than many of his successors. He could
have annexed Santo Domingo, as Grant had unsuccessfully tried in 1869 when the Senate rejected a treaty to do so, but the ex-Rough Rider said that "if it is absolutely necessary to do something, then I want to do as little as possible." He wanted to leave the impression that while he himself would have preferred more pleasant alternatives, events had forced him into supporting Panamanian secession and Dominican intervention. Moreover, domestic affairs loomed larger in his purview than foreign issues during his two terms in office, and he worked assiduously, despite a long conservative background, to earn the reputation of being a "progressive."

William Howard Taft, Teddy's corpulent successor and one of the truly reluctant nominees for the presidency, was less blatant and less colorful, but he placed a higher priority on international relations and he propelled the imperialist credo a major step forward. Where Roosevelt was ready to use the navy to defend private American investments already made, such as those of the San Domingo Improvement Company, Taft and the corporation lawyer he chose as Secretary of State, Philander C. Knox, actively sought outlets for American banking and industrial firms in foreign lands. They came to office at a time when exports were booming and the Panama Canal was nearing completion, and they deemed it the duty of government to grease the way for American dollars and American commerce to penetrate new markets. Their dollar diplomacy was tailored not merely to protect but to encourage foreign investments and foreign trade. That they succeeded mightily is attested to by statistics. As of 1900, private citizens of the United States owned less than half a billion in foreign securities: $150 million in Canada, $185 million in Mexico, $50 million in Cuba, $55 million in other Latin American states, and only $15 million in Europe and the Far East. By 1909, however, the figure had reached $2 billion and by 1913, $2.5 billion, with half of it in Latin America and about a quarter in Canada. Thus investments south of the Rio Grande more than quadrupled in just thirteen years. Jim Blaine's Pan-American dream came true two decades after his death—but not without further and more severe outraging of the sovereignty of Latin America.

"Big Bill" Taft, the architect of dollar diplomacy, was one of the most pleasant and good-natured men to hold the exalted office of president. He was five feet ten and a half inches tall, weighed somewhere between 300 and 350 pounds, and was lethargic and easy-going to a fault. Left to his own devices he would have passed over the presidency, as well as his assignments in the Philippines and Cuba. What he wanted most was to be a justice of the Supreme Court, a position that eluded him until he was appointed by Hard-
his career from the judiciary to the presidency. In 1904, finally, he accepted an offer to come home, as Secretary of War, a post which was more nominal than real since he took on one special assignment after another for Roosevelt. In 1906, on the last of these missions, he went to Cuba to seek a solution for the disorders that broke out after the election of Tomás Estrada Palma. Under the Platt Amendment, Roosevelt was convinced he had to "main/ain order," but he was painfully aware that the American people were in no frame of mind for further interventions; he asked Taft to resolve the issue "in as gentle a way as possible." It was Taft, however, who insisted that there was no other solution but immediate occupation, and though he considered the day he made this recommendation "the most un- pleasant of my life," temporarily accepted the job as provisional governor of Cuba. He expected to suffer "a great fall" as a result of his role but came off surprisingly well in the public mind back home. For the next two years, then, Taft was in fact if not in name a candidate for president and Roosevelt was in effect his campaign manager. Though a poor speaker and lacking the charisma of his predecessor, he easily defeated the peripatetic William Jennings Bryan, who was making his third and last appearance in a presidential election.

Having won the plaudits of the great corporations by promising "to interfere with legitimate business as little as possible," the corpulent new President espoused an active diplomacy to help financiers and industrialists make their mark in other countries. The United States, Taft insisted, rejected the "outworn dogmas of the past" that diplomacy was "a mere assertion of the right to international existence"; it was to be used now as an active force for commercial expansion. "The diplomacy of the present administration," he would say on December 3, 1912, "has sought to respond to modern ideas of commercial intercourse. This policy has been characterized as substituting dollars for bullets. It is one that appeals alike to idealistic humanitarian sentiments, to the dictates of sound policy and strategy, and to legitimate commercial aims." As historian Thomas A. Bailey summarizes it, "the dollar" became "a diplomat." Typically, when the State Department learned that a consortium of British, French, and German bankers were preparing to build the Hukouang railway in central and southern China, it formed American bankers into a committee, headed by J. P. Morgan, and succeeded in elbowing them into the project. "I have an intense personal interest," Taft wrote the Chinese Prince Regent, "in making the use of American capital in the development of China an instrument for the promotion of the welfare of China...."

Henceforth the diplomatic saga of the United States was to be replete with State Department efforts to promote J. P. Morgan, Kuhn, Loeb & Company, Edward H. Harriman, the First National Bank, the National City Bank, and other financiers in their quest for foreign investments. It was not entirely a new phenomenon. The American Asiatic Association, a group of textile firms with a stake in the cotton-goods market of the Orient, and the American China Development Company, which owned a concession for building a small part of the Peking-to-Canton railroad, had prodded the government to proclaim the Open Door policy in 1899 and expected to profit handsomely from it. But Taft regularized the procedures for aiding American business abroad, and established this objective as clear-cut official policy. Diplomats did the bidding of the corporations, and ex-diplomats, such as Willard Straight, consul general at Mukden from 1906-08, became their agents on retirement. With State Department sponsorship, the trend to insinuate American dollars wherever possible expanded not only in the back yard of Latin America, but in such places as Turkey, where in 1909 Rear Admiral Colby M. Chester secured a preliminary agreement from the government for American capital to operate certain mines and build a port and railways. Subsequently, especially after oil fields became a prime objective of American companies, the State Department's role as an advance agent for big business abroad enlarged immeasurably.

Properly speaking, it was not the dollar that was the diplomat, but diplomacy that pried doors open for the penetration of dollars. And since modern diplomacy is ultimately backed by military might, it was not surprising that the policy which Taft said appealed "to idealist humanitarian sentiments" graduated to military intervention. The first to enjoy this treatment under Taft was Nicaragua, the little republic whose bid for a canal route had been bypassed. From 1893 to 1909 it was ruled by José Santos Zelaya, a dictator no better and no worse than the traditional dictators of Latin America—except that he seems to have manifested little friendship for the United States. He refused its requests for a base at Fonseca Bay and a concession for a second canal route. He turned down proposals for new business opportunities for American firms, threatening to cancel some of the old ones. Zelaya remained a thorn in Washington's side, so much so that in his annual message to Congress, in December 1909, Taft complained that Zelaya "has kept Central America in constant tension and turmoil."

This was the setting for a so-called revolution which broke out against the Nicaraguan chieftain in 1909. It was financed, though this was not known at the time, by Adolfo Diaz, the secretary of an
American firm at Bluefields, Nicaragua, La Luz y Los Angeles Mining Company. Though he earned only $1,000 a year and seemed to have no other wealth to draw on, Díaz somehow scraped together $600,000 for the rebels. He also prevailed on the United Fruit Company and others to use their steamers for transporting troops and supplies to the revolutionaries, all with the assent of the State Department. Washington gave its support to the "rebels" through thick and thin. It broke relations with Zelaya, refused to recognize his successor, Dr. José Madriz—chosen legally by the Nicaraguan Congress—and paid its customs duties to the rump regime established by Díaz and General Juan J. Estrada at Bluefields. Then, when the official government defeated the insurgents, American marines were landed to protect them and permit them to reorganize. Spurred by such aid, the "rebels" finally defeated Madriz and Estrada entered the capital, Managua, at the end of August 1910.

In October 1910 the State Department sent Thomas G. Dawson—the man who had negotiated control of customs in the Dominican Republic—to Managua, to work his magic there. And sixteen days later, aboard an American battleship, appropriately, the leaders of the Díaz-Estrada rebellion signed one of the most interesting agreements ever negotiated between two sovereign states. The first point of the pact provided that a constituent assembly be selected and that it choose Estrada as president and Díaz as vice-president for terms of two years. Why an assembly was needed if the main items on its agenda were already decided was not made clear. The second point called for a mixed commission, satisfactory to the State Department, to settle outstanding financial claims. The third provided that Nicaragua would accept a loan from American bankers, to be secured by part of its customs receipts, which, as in the Santo Domingo convention, would be collected by a U.S. agent. The terms—kept secret at first—were so onerous that when they became known they caused a furor. According to the American minister in Managua in February 1911, "the natural sentiments of an overwhelming majority of Nicaraguans is antagonistic to the United States, and even with some members of Estrada's cabinet I find a decided suspicion, if not distrust, of our motives."

Rummaging a loan down the throat of a small nation proved more difficult in this instance than Washington had expected. In a show of independence the National Assembly of Nicaragua decided in April to formulate a constitution that would prevent foreign domination through the mechanism of bank loans. The State Department, of course, opposed this measure, and Estrada, committed bag and baggage to Washington, dissolved the Assembly rather than permit the antiloan provisions of the constitution to stand. Again there was turmoil in the Latin republic and Estrada was forced to resign. The American minister wired the State Department that if it wanted Díaz, the vice-president, confirmed as president by the National Assembly, "a war vessel is necessary for the moral effect." The Liberal Party, he reported, was so incensed that it was planning an uprising and since it constituted "such a majority over the Conservatives" it would be wise to station a war vessel at Corinto "at least until the loan has been put through . . ." Dollar diplomacy it seems was no more considerate of popular sentiment in the countries it was helping to "civilize" than the big stick.

With its puppet, Díaz, in power and a warship standing by, the United States finally had its way. The agreement of June 6, 1911, between Secretary of State Philander C. Knox and a Nicaraguan representative, called for floating a $15 million loan by American financiers, and operation of the customhouses of Nicaragua under American supervision. Simultaneously the State Department worked out the details of the loan with two banking houses, Brown Brothers and J. and W. Seligman. Properly speaking, it was not a loan to Nicaragua, for the government of that country would never see a dime of the money. The two banking firms would simply set up a special account in their own banks for $15 million, out of which they would liquidate claims by Europeans and Americans against Nicaragua; and would allocate monies to improve the national railway, as well as build a new one, both of which would be controlled by them. The arrangement was so blatant that despite President Taft's solemn urging the United States Senate three times refused to ratify it.

In these circumstances both State and the bankers trimmed their sails and came forth with a bizarre loan convention, called the Treasury Bills Agreement. Only $1.5 million would be provided this time, but it would be used to reorganize the National Bank, so that the two American firms would have a 51 percent interest, and Nicaragua was generously permitted to keep 49 percent. Among the other provisions a mere $100,000 would be used as initial capital in the new bank, while $1.4 million would be deposited in the United States Mortgage and Trust Company and be available for "reforming the currency" of Nicaragua. The loan would be secured this time both by a lien on customs and by the liquor tax. This plan was not put before the U.S. Senate; it was instituted by simple executive fiat. An American, Colonel Clifford D. Ham, recommended by the bankers, was placed in charge of customs and remained in that post for seventeen years.
As more loans were pumped into the Central American republic and the straitjacket tightened, resistance to the marionette Diaz increased. His Liberal opponents demanded an election but were sternly advised by the American minister that elections could come only after organization of the National Bank had been completed, not before. Refusing to accept this order of priorities, the Liberals on July 29, 1912, seized a large stock of weapons and several customhouses and ships, occupied part of the railroad, and went over to revolution. Had the United States not intervened they would certainly have won. But when the American manager of the Bank of Nicaragua wired Brown Brothers in New York that he needed "protection," Taft and Knox sent 412 marines immediately, and, later, almost 3,000 troops as well as eight warships to suppress the rebels. They bombarded Managua, assaulted Coyotepe, and took a host of other actions which finally forced the revolutionary leader to surrender aboard the American ship U.S.S. Cleveland. After the revolution was defeated the marines finished their job by standing watch over the election booths, to assure Diaz's victory for a new four-year term. Subsequently, at Diaz's request, the United States stationed a contingent of marines as a "legation guard" at Managua. They remained there for thirteen years, from 1912 to 1925. Among the strategic benefits that the United States extorted from Nicaragua in that period—and oddly enough under the "pacifist" Secretary of State William Jennings Bryan and the apostle of the "New Freedom," Woodrow Wilson—were the right to a naval base at the Gulf of Fonseca and a lease for a second canal route "in perpetuity and for all time . . . free from all taxation or other public charge . . . by way of any route over Nicaraguan territory." The concession was undoubtedly worth much more, but with an American "legation guard" at hand it went dirt-cheap, for $3 million.

Reviewing this venture in imperialism, it would be wrong to attribute Washington's interest exclusively to the private American investments in Nicaragua or to the profitable banking loans. Secretary Knox, it is true, had represented Pittsburgh corporations with interests in Nicaragua when he was in private law practice. No doubt this preconditioned him toward the course he and Taft followed, but it is virtually certain that a similar path would have been charted by a Secretary less intimately associated with American corporations in the invaded country. Safeguarding Wall Street's capital was obviously not the only concern, since, as Professor Julius Pratt points out, U.S. investments amounted to only $2.5 million in 1912 and $17 million by 1928. There were at least two other reasons for the intervention. One was that in the process of domesticating Nicaragua, Knox and Taft were sending messages to the other states of Latin America, in effect warning them not to tamper with Uncle Sam's financial and military position in the whole area. There was to be no Zelaya accepting sizable loans from Europe, or contemplating the grant of canal rights to Britain or Japan. When there was trouble in Ecuador subsequently, the Taft administration also interfered in its affairs "to the end that American interests in Ecuador might be saved from complete extinction." That same year, 1912, the marines landed again in Cuba, and no one in Latin America could have missed the point expressed so poignantly by President Taft: "While our foreign policy should not be turned a hair's breadth from the straight path of justice, it may well be made to include active intervention to secure for our merchandise and our capitalists opportunity for profitable investment . . . ."

When the State Department learned in 1913 that Cuba was on the verge of granting a concession to British capitalists to build a railroad from Nuevitas to Caibarien, the legation in Havana was instructed to urge the Cuban president to postpone action on this bill "emphasizing the burden it would impose on the Cuban Treasury in favor of capital which is neither American nor Cuban." In other words, the Monroe Doctrine, which was originally designed simply to keep Europeans from acquiring new territory in Latin America, was by now interpreted to inhibit their efforts to acquire economic concessions as well. And interventions in places like Nicaragua, Cuba, Honduras, Haiti, etc., made this clear.

Another factor, however, was of a broader strategic nature. The foreign policy of an expansionist nation cannot be gauged by immediate commercial and investment benefits. There is also the matter of strategic "security," a factor which may open the door to economic opportunities in other places and other times. Secretary Knox put it crisply when he said that "the logic of political geography and of strategy, and now our tremendous national interest [increased trade, etc.] created by the Panama Canal, make the safety, the peace, and the prosperity of Central America and the zone of the Caribbean of paramount interest to the Government of the United States." If the canal was a maritime highway to the enormous trade potential in the Far East and elsewhere, the United States would have to assert its dominance in all the countries nearby.

Starting from this one pivotal area the American empire would soon expand throughout the western hemisphere and finally—especially after World War II—throughout the world. Secretary Knox may have been technically accurate in 1912 when he said on a good-will tour of the Caribbean nations that "I beg to assure you
... that my government does not covet an inch of territory south of the Rio Grande." But he failed to emphasize that it was no longer necessary to annex "an inch of territory" to enjoy the profits of imperialism.

12

THE FINE ART OF VANDALISM

The first three presidents to adopt the modern imperialist outlook were Republicans who, by party tradition, were close to big business. But Woodrow Wilson, who defeated Taft and Teddy Roosevelt in the three-way race of 1912, was not only a Democrat but an avowed progressive who meant to tame big business. In his first administration, the tariff was substantially cut for the first time in a half century, the currency and banking system was altered to offer a wider dispersal of financial power, a complex antitrust law, the Clayton Act, was put on the books to slow down the march of the trusts (AFL president Samuel Gompers called it "labor's charter of freedom" because it contained a passage that exempted unions from prosecution as "trusts"), and the Federal Trade Commission was created to abolish unfair practices by businessmen. Progressives hailed the La Follette Seaman's Act, the Farm Loan Act, and other bills passed during Wilson's first few years in office as great steps forward for the "little man," and by implication great curbs on the power of the rich. It is a fact nonetheless that the Princeton historian contributed more to America's imperialistic tendencies than both of his predecessors combined, and that he intervened in more places and for longer periods than they did to curb the sovereignty of unfortunate neighbors.

Thomas Woodrow Wilson (the "Thomas" was permitted to atrophy through disuse) has been described by Robert Leckie as "an iceberg needing to be warmed"—by contrast with Roosevelt, who was a volcano needing to be cooled." He was driven by an inner sense of commitment which by his own admission he could communicate to masses of people collectively but not to a single person directly.