

THE CARIBBEAN ORBIT OF AMERICAN INFLUENCE

A Thesis

Presented to

the Faculty of the Department of History

University of Houston

M. D. ANDERSON MEMORIAL LIBRARY
UNIVERSITY OF HOUSTON

In Partial Fulfillment

of the Requirements for the Degree

Master of Arts

by

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June 1940

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TO
MY FACULTY ADVISERS
in respect and gratitude

ABSTRACT

Carnes, Ida H., The Caribbean Orbit of American Influence, Unpublished Master's Thesis, University of Houston, Houston, Texas, 1940.

Statement of the problem. It is the purpose of this thesis to show how the Monroe Doctrine was modified to enable the United States to deal with each complicated situation as it arose in the countries bordering on the Caribbean. Doubtless these modifications furthered the interests of the United States, but they also created antagonisms in the Latin-American countries, and caused them to seek friendship and economic relations in Europe. All the countries bordering on the Caribbean are of strategic importance in the defense of the United States, as well as of the entire hemisphere. The United States has always sought closer cultural and economic relations with the Latin countries. The present "good neighbor" policy is but another aspect of this traditional quest for security for ourselves and for our neighbors. The writer has attempted to present as a unified whole, the commercial and economic inter-relationship of the Caribbean countries, beginning with the issuance of the Monroe Doctrine and ending with the repercussions of the present conflict in Europe as they have affected the Western Hemisphere.

Procedures and sources of data. Available primary and secondary source materials were used to substantiate the historical sequence. Interpretation of recent trends was based on articles appearing in Current History and The Annals of the American Academy. Books containing descriptive information of these countries were suggested by the Pan-American Union. Trade figures were obtained from the United States Department of Commerce, Houston Branch Office, Division of Foreign Trade and Statistics. The resume of current economic conditions was based on Commerce Reports of recent date. Other information concerning imports and exports was based on Commerce and Economic Resources of Our Outlying Territories and Possessions and South America's Trade.

Summary and Conclusions. The Monroe Doctrine defined Europe's relation to the New World; but the United States' relation to the Latin-American nations was not mentioned. There were times when it seemed that the Doctrine had been abandoned, only to be revived with new vigor. While the United States was expanding territorially, the Monroe Doctrine was enforced as a unilateral policy. The development of the Panama policy gave added importance to the Caribbean region. Enmity and hatred among the Latin countries were engendered by the haughty, impatient, and aggressive policies of the United States; order was valued more than liberty,

and dollars more than democracy. Mexico and Cuba being nearest, the influence of the United States has been felt most strongly in these two countries. Present conditions in Mexico have made adherence to the "good neighbor" policy difficult. The deplorable conditions in Puerto Rico present a challenge which the United States must meet. All of the islands and countries bordering on the Caribbean are of strategic importance in the defense of the Panama. Stable political and economic conditions in these countries are of increasing importance to the United States.

The actions of the United States had their origin in the defense of the nation. This fundamental problem of defense is more important now than ever before; but it has been the desire of several Administrations to accomplish this, without arousing Latin-American antipathy toward the United States. In fact, perfect defense of the Americas depends upon the co-operation of all the countries with one another. Goodwill usually comes as a result of a better understanding based on close economic and trade relations. A relationship of lasting value can be built if the United States shows a sincere desire to help the Latin republics solve their problems, and enter into mutually beneficial trade relations. Such a solution would contribute to the defense of the democratic ideal in the Western Hemisphere.

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CHAPTER I

INTRODUCTION

There has always existed a difference of opinion concerning the true meaning of the Monroe Doctrine, a doctrine formulated to define the foreign policy of the United States in relation to the activities of all European powers in the Western Hemisphere. It did not, however, define the relationship of the United States to its neighbors.

Statement of the problem. It was the purpose of this study (1) to show how the Monroe Doctrine was modified to cover each diverse situation as it arose; (2) to show how the Monroe Doctrine was extended to apply to Asiatic Powers; (3) to show the economic and trade relations of the United States with the Caribbean nations; and (4) to trace the development of a policy aimed at creating a friendly relationship with the Latin-American republics, culminating in the present "good neighbor" policy.

Importance of the study. The most vital problem confronting the United States at this time is the impregnable

defense of the Western Hemisphere. Undoubtedly the good will and whole-hearted co-operation of all the Latin republics is a vital necessity. But in most of the Latin-American countries there is a generations-old fear and dislike of the United States. Furthermore, current conditions in Europe have upset the internal economy of every non-English country of the New World. In addition to this, there are too many racial affiliations between the Latin-American states and the European countries to allow their leaders to enter into a "united we stand, divided we fall" agreement with the United States. While there seems to be almost unanimous agreement concerning the necessity for precautionary measures against invasion of this hemisphere, there is uncertainty concerning what steps should be taken. Necessity for caution on the part of the United States in arming the Latin countries is obvious, since very few of them are satisfied with their present boundaries.

Statement of organization. In discussing the various relationships with the Caribbean countries, the writer began with (1) the political and economic background in the United States, leading to the formulation of the Monroe Doctrine, and the stages by which it became the determiner of a defensive foreign policy of the United States during

the period of growth and expansion. (2) After the Peace of Paris, and while the United States was establishing her position as a world power, the Monroe Doctrine was modified, and for a time was used as a cloak for imperialism. But the American people had a basic distaste for intervention in the internal affairs of the small countries. This led to the gradual decline of intervention and its replacement by the policy of the "good neighbor."

(3) Mexico shares a common frontier with the United States; and, as a result, the influence of the United States upon the Mexicans' way of life was great. Furthermore, Mexico has continually defied the United States, and her experiments are closely watched by all the Latin countries.

(4) Cuba's strategical location in the Caribbean was and is of singular importance to the United States. American capital has penetrated Cuba to an extent unequalled elsewhere, a condition likely to precipitate difficulties.

(5) The Caribbean Islands: Puerto Rico, Santo Domingo, Haiti, and the Virgin Island, were important to the United States in the development of the Panama policy.

In all the Caribbean Islands the negro and mulatto elements predominate; whereas, on the mainland the Indian and mestizo elements predominate. (6) Colombia and Venezuela, being on the Caribbean, are important in the defense of the Panama Canal. The control of the United States did not

extend to these countries; but the economic influence was powerful in both. (7) Central America was located in a peculiarly isolated position until the opening of traffic across the Isthmus. Not only are all the Central American states strategically located with reference to the Panama Canal, but they also contain other potential canal sites, and they are becoming increasingly important because of the rapid growth of the tropical fruit trade. (8) The United States has always sought closer cultural and economic relations with the Latin republics, as is evidenced by the growth of Pan-Americanism. Pan-Hispanism was organized in opposition to a closer union of the Americas. The current European conflict, nevertheless, has made the American republics aware of a common danger, and the need for closer co-operation.

CHAPTER II

THE MONROE DOCTRINE AS A DEFENSIVE POLICY

Almost from the day of its independence, the United States has kept a watchful eye upon the nations to the south. Evidence of this watchfulness is found in the issuance of the Monroe Doctrine--formulated in two separated paragraphs that occur in President Monroe's Message to Congress, December 2, 1823. The first provision was an assertion to the effect that the American continents had assumed an independent state and were no longer open to European colonization; the second provision was a declaration against the extension to the American continents, the system of intervention adopted by the Holy Alliance for the suppression of popular government in Europe; that is, it forbade European powers to punish wrong-doing in the two Americas, to the extent of interfering with independence or territorial integrity. Our statesmen of that time undoubtedly had a friendly interest in the welfare of the Latin republics, and it was hoped that the additional weight thrown on the side of the newly-created Latin-American republics might help to restrain the powers of Europe from attempting either to restore Spanish sovereignty or to substitute some other European domination.

According to Jones, Norton and Moon¹; There would seem to be no good reason to conclude that there has been any change in the fundamental concept of the Monroe Doctrine. The Lodge Resolution, adopted in 1912, specifically extended the scope of the Doctrine to make it apply to Asiatic as well as European powers. It is true that the Monroe Doctrine was and is maintained as a defensive policy. But when one considers the entire foreign policy of the United States since 1823, it would appear that the Doctrine was also used as a cloak for American expansion or imperialism. In the words of a former State Department official: "No consistent policy toward Latin-America, in keeping with the true interests of the American people has ever been permanently established."

The paragraph of Monroe's Message dealing with colonization gives no particular reason for objecting to new European colonies; but from the expressions of individuals, we know that there were two reasons: fear for our own safety, and a desire for room for expansion.² John Q. Adams, who reputedly phrased the Message, was an expansionist in that part of his life.³ He vigorously opposed joint action

¹C.L. Jones, H. K. Norton and P. T. Moon, The United States and the Caribbean, p. 85.

²D. Y. Thomas, One Hundred Years of the Monroe Doctrine, p. 38.

³N. W. Stephenson, A History of the American People, Vol. I, p. 429.

with Great Britain, not so much because he feared entanglements, but because he believed Canning's chief motive was to secure a pledge from the United States that she would not annex any of the Spanish dominions.⁴ After he succeeded Monroe as president, he gave proof of his desire to extend the American boundary, from the Sabine to the Rio Grande, by offering to buy this territory from Mexico. Her refusal to sell, in no measure halted the westward march of American pioneers into the territory belonging to Mexico. Numerous causes of friction between these early settlers and Mexico eventually led to revolt by the Texans. The Government of the United States did not instigate this revolt, even though President Jackson and other high officials had let it be known they desired annexation of this territory.⁵ Texas's successful fight for independence was followed by a decade of trouble concerning mistreatment of United States' citizens, destruction of American property, and insults to the United States flag. The annexation of Texas was the culminating event which led to a severance of diplomatic relations between the two nations. Then followed a boundary dispute wherein Texas claimed the Rio Grande, as opposed to the Mexican claim of the Nueces. Mexico refused

⁴ Ibid., pp. 424-425.

⁵ Ibid., pp. 493-494.

to sell the disputed strip of territory because she felt that President Polk was hampered by a dispute with England over the Oregon boundary, and in Congress by the Abolitionists. War was precipitated when President Polk ordered General Taylor to station himself on the northern shore of the Rio Grande. At the close of the war, Mexico was defeated in battle and deprived of 900,000 square miles of territory.⁶ Naturally Mexico felt she had grievances against her rapidly expanding neighbor. This marked the beginning of the steady growth of the United States in territory and influence, among former Latin-American possessions, and also the beginning of an increasing anxiety and resentment on the part of all of the Latin-American countries concerning our future advances.

Cuba was a factor in the development of our policy of territorial expansion. Cuba, in the wrong hands, might imperil the interests of our country, particularly so, after our purchase of the Floridas in 1819. A vigorous press campaign was carried on in England for the purchase of Cuba to check United States' expansion. The fact that Spain was hard pressed for funds to carry on the Carlist wars lent credence to the report that Spain might sell Cuba to England or France. The entrance of Great Britain into Cuba

⁶ This includes Texas, whose independence she had not recognized.

would be inimical to the interests of the United States and all the disclaimers on the part of Great Britain, of any intention of seizing the island, failed to allay our fears. The United States was in effect unwilling that Cuba and Puerto Rico should be transferred to any European power or be annexed by any of the new Latin-American states. The United States, convinced that the islands were incapable of self-government, was opposed to any project to liberate them with a view to their independence. The situation was one of great concern to the United States; for as long as the South American wars for independence lasted, there was danger of a change in the status quo of Cuba and of Puerto Rico, with possible serious consequences to the peace of the United States.⁷

From the days of the explorers, to the age of flying clippers, the Caribbean area has played a vitally important part in the destiny of the Americas. Soon after Central America had declared her independence, the Confederation tried to get an American company to build a transoceanic canal. The cooperation of the United States was solicited on the ground that "the noble example of the elder Republic was a model and a protection to all the Americas, and entitled to a preference over any other nation in the merits

⁷ H. F. Guggenheim, The United States and Cuba, Ch. I.

and advantages of the proposed undertaking."⁸ Williams, the American charge'd affaires at Guatemala, was instructed to assure the Central American government of the great interest taken by the United States in an enterprise "so highly calculated to diffuse a favorable influence on the affairs of mankind." He was urged to investigate carefully the facilities afforded by the route and to transmit the intelligence acquired, to the Government at Washington. There is no record of any report made by Williams under these instructions. However, on June 14, 1826, a contract was entered into with a company in the United States called "The Central American and United States Atlantic and Pacific Company." Under this contract the company was to open a canal through Nicaragua which should be navigable for large ships.

Notwithstanding some scruples of the President at an entangling alliance, in 1846, the Government under Polk took the first step toward a Panama Canal site. The New Granada Treaty of 1846 gave the United States a "right of way or transit across the isthmus of Panama." In return for this concession, the United States guaranteed the neutrality of the route and the sovereignty of New Granada (Colombia) over it. No canal building was attempted, but the treaty was significant in that it established the background for a

⁸ J. B. Lockey, Pan-Americanism: Its Beginnings, pp. 422-23.

profitable Panama Railroad, built in 1855, by a company controlled by citizens of the United States. This formed the basis of the lamentable and only recently settled controversy over the secession of Panama in 1903. During the year following the New Granada Treaty, the preliminary draft of instructions for Trist's Treaty called for a right of way across Tehauntepec. But this concession was declared by Mexico to violate a grant made previously to British subjects.

Intermingled with negotiations for a canal, were occasions for testing the Monroe Doctrine. Great Britain, as the protector of the barbarous Mosquito Indians, demanded from Nicaragua, and later seized the port of San Juan, thus menacing the canal route through Nicaragua. In Yucatan an uprising of the Indians threatened to annihilate the white man's civilization. The local authorities appealed for aid to Great Britain. This was a case of invitation rather than of intervention. In addressing himself to Congress, President Polk trusted to Congress in its wisdom "to prevent Yucatan from becoming a colony of any European power, which in no event could be permitted by the United States."⁹ This resulted in the sending of Elijah Hise on a mission of reconnaissance.

⁹L. M. Sears, A History of American Foreign Relations, p. 25

After the Mexican War, the demand grew for some accessible route to California, and attention was centered on negotiations for a canal site. Between 1846-1856, there was a spirited contest between Great Britain and the United States. Since both nations were interested in commerce and sea power, the strategic value of Central America was an issue of utmost importance. It is true that Great Britain's interest in Central America (Belize, the islands of Honduras Bay and the Mosquito Shore) began to develop long before the United States Government came into existence; but by a series of treaties extending from 1786 to 1814, she had acknowledged that she had no territorial rights in these regions nor were any such claims advanced until after 1823.¹⁰ The trouble began soon after Central America began its independent career. Morazon complained that the British were spreading far beyond their treaty limits, into territory that would form the Caribbean outlet to a transisthmian canal.¹¹ This extension of authority on the part of the British may be considered as a counter-stroke occasioned by the progress of the American Army during the Mexican War. Nicaragua protested against the British advance and, under the terms of the Monroe Doctrine, requested the United States

¹⁰ J. F. Rippey, Latin America in World Politics, p. 106.

¹¹ Thomas, op. cit., pp. 88-89.

to protect it against encroachments from the British. Elijah Hise was instructed to investigate what was being done, and to head off any plans that the British might be making toward exploitation of the Mosquito Coast or arranging for a canal route. Hise's mission is not important because of its accomplishment, but rather because it proves that the United States had at last become aware of the seriousness of the situation. He was superseded by E. G. Squier, who found that the British had been busy converting debts, due British subjects, into concessions of strategic points. Upon receipt of this report, Secretary Clayton took up the issue personally with the British Minister at Washington. The resultant Clayton-Bulwer Treaty of 1850 brought to an end complications, which for a while threatened war, with England. The treaty, as signed, provided that Great Britain and the United States would join in promoting the construction of a ship canal across the isthmus by the Nicaraguan route, promising that: (1) neither would "ever obtain or maintain for itself any exclusive control over the said ship canal"; (2) neither would "assume or exercise any dominion over any part of Central America," or use its connections with any state to acquire rights in relation to the canal, not offered on the same terms to citizens or subjects of the other; (3) the two governments guaranteed the "neutrality and security of the canal" so long as there should

be no "unfair discriminations or oppressive exactions" in its management, and engaged "to invite every state with which either contracting party had friendly intercourse to join in the agreement, . . . and share in the honor and advantage" of contributing to such important work; (4) both pledged "their support and encouragement" to the first person or company beginning its construction under satisfactory conditions. In addition, Article V applied the principle of neutrality to any means of transit over the isthmus route, "so that the said canal may forever be open and free."¹²

The Clayton-Bulwer Treaty applied with equal force to Tehuantepec or Panama--a wise provision, in view of the fact that all the routes would soon be used, so great was the pressure imposed by the gold rush to California on every means of transportation. Nevertheless, the Treaty was vigorously denounced in the Senate

because it pledged both the contracting powers not to extend their possessions in Central America, and also pledged both to maintain the neutrality of any inter-oceanic canal which they or their citizens might construct.

Under the terms of the New Granada Treaty, a railway across Panama had been built by American capitalists; and the idea of crossing at least one isthmus by a ship canal had seized the popular imagination. Not only the question of a canal,

¹² William MacDonald, Select Documents of the History of the United States, pp. 373-377.

but also the value of dominating such a route was the subject of Congressional debates in 1850. A treaty with Mexico concerning a canal across Tehauntepec was proposed in 1851. Though ratified by the United States Senate, it was rejected by Mexico, due to popular furore over the threatened absorption of the Spanish race by the Anglo-Americans which had been stirred up by enemies of the American company. There is also a possibility that the Mexican Government was supported in its opposition by rival American money.¹³

This marks the opening of a new chapter in the history of American finance; the chapter of the exploitation of Central America, both commercially and politically by capital from the United States.¹⁴

It may be said with some truth that Secretary Clayton ignored the Monroe Doctrine for the purpose of getting a canal treaty. If so, then one may conclude that Secretary Webster considered it dead, for all practical purposes: he advised Nicaragua to yield to British demands, and he allowed to pass unnoticed, England's proclamation taking over the Bay Islands as a British Colony, March 20, 1852. This was also a flagrant violation of the Clayton-Bulwer Treaty.¹⁵

¹³ Cornelius Vanderbilt had invested heavily in Nicaragua, hoping to make that Republic a popular half-way house to California. Naturally he had no desire to see a rival established at Tehauntepec. See note: N. W. Stephenson, A History of the American People, Vol. II, p. 7.

¹⁴ Ibid., pp. 7-10.

¹⁵ Thomas, op. cit., pp. 99-103.

The inauguration of Pierce brought a marked change of attitude on the Central American question. California's admission as a free state caused the Southern statesmen to look longingly toward the West Indies and Central America for expansion. The Administration attempted to bring about a complete withdrawal of Great Britain from the Caribbean area. However, Great Britain refused to interpret the terms of the Clayton-Dulwer Treaty as being retroactive, which would necessitate vacating the Mosquito Coast, nor did she admit that her occupation of the Bay Islands was a violation of it. Feeling ran high in the United States while the British seemed determined to oppose our southward expansion.¹⁶ But Great Britain's foreign policy was influenced and determined by economic considerations; the southward expansion of the United States would bring order and higher standards of living, thereby enlarging the market for British goods. On November 28, 1859, Great Britain signed a treaty with Honduras, acknowledging the Bay Islands as the possession of that Republic and recognizing her sovereign rights over that portion of the Mosquito territory which lay within its frontiers; a similar treaty was signed with Nicaragua. This was a clever move on the part of Great

¹⁶ Ibid., pp. 105-106.

Britain. In signing these treaties, she had not accepted the Monroe Doctrine nor had she relinquished joint control over interoceanic communications by way of the isthmus. As soon as the treaties were signed, they were sent to the United States with a note expressing the hope that they would "finally set at rest the questions respecting the interpretation of the Clayton-Bulwer Treaty which have been the subject of so much controversy between this country and the United States."¹⁷

During the gold rush to California, trans-isthmian transportation across Nicaragua was established by the use of steamers and coaches. Nicaragua at first welcomed Americans and American capital, but there were those among the Americans who came to stay for doubtful purposes, especially the buccaneering expeditions which drifted down from California. With just cause, the Nicaraguans soon began to doubt the motives of these people who seemed to be their friends.

The vast territorial acquisitions of the United States as a result of the Mexican War had aroused the apprehensions of the European countries. In addition to this the conditions in Mexico became so chaotic that Great Britain, France, and Spain intervened for the purpose of redressing injuries

¹⁷ Rippy, op. cit., p. 109 quotes J. B. Moore, The Works of James Buchanan, (1910), pp. 264-265.

and for the satisfaction of claims.¹⁸ Since the United States had recognized the regime of Juarez, the European powers asked her to cooperate. The United States replied that she was opposed to the interference of other powers in the domestic affairs of the independent nations of the New World, and especially in Mexico.¹⁹ The European powers assumed that the United States would undertake the moral obligation of restoring peace and order in Mexico. But the United States was in no position to establish a protectorate over Mexico nor to prevent European intervention. It would appear that Great Britain's intervention was largely a matter of honor and pride; for, as soon as it became clear that France was determined to establish a Mexican empire under Maximilian, she and Spain withdrew. In refusing to recognize Maximilian's empire and demanding the withdrawal of the French troops, the United States made it clear that she did not want to see the establishment of a hostile government in Mexico in violation of the principles laid down in the Monroe Doctrine.²⁰ Just as the Civil War ended, freeing the United States to deal with the Mexican situation, France

¹⁸ Tom B. Jones, An Introduction to Hispanic American History, p. 376.

¹⁹ Rippey, op. cit., p. 109, cites Calahan, "Evolution of Seward's Mexican Policy," p. 14.

²⁰ Jones, op. cit., p. 378.

withdrew her troops,²¹ and Maximilian's empire collapsed.

The Civil War had created a necessity for rapid transcontinental transportation in the United States. While interest centered chiefly in the rapid construction of railroads, there was also a renewed interest in an isthmian canal. Since the United States, through the Colombian Treaty of 1846 and the Clayton-Bulwer Treaty of 1850, was not quite free to do as she pleased in Panama, Secretary Seward turned to Nicaragua. He arranged a treaty²² providing for complete freedom of transit across Nicaragua by any means "natural or artificial." Seward planned a canal which, while not actually under the control of the United States, should never be used to her disadvantage. In order to secure this, he wanted naval bases in the Caribbean. He negotiated for the purchase of the Danish West Indies, and arranged for a second naval base on Samana Bay on the Island of Santo Domingo. Both plans failed to meet the approval of the United States Senate.²³ Seward did not live to see how truly in his foreign policy he was a prophet of the future. For the time being, the United States was concerned chiefly

²¹ Napoleon had shifted his interest to Continental affairs and needed his army at home.

²² Stephenson, op. cit., p. 304.

²³ Ibid., p. 311.

with developing its home markets and restoring its financial contacts with Europe which had been broken by the Civil War.

The nearest approach to the complete abandonment of the Monroe Doctrine came during President Grant's administration. Secretary Hamilton Fish made an unsuccessful attempt to get the powers of Europe to co-operate with the United States in a settlement of the Cuban question.²⁴

The canal question loomed up again in 1878 when Colombia granted a canal concession to a French company. De Lesseps began to promote the construction of a canal at Panama. Fearing the loss of revenue, the American railway interests protested this concession. The De Lesseps project aroused apprehension in the United States. A foreign company-controlled canal might eventually wield a political or military influence not in keeping with the principles of the Monroe Doctrine. A resolution was introduced in Congress to the effect that

the people of these states would not view without serious inquietude any attempt by the powers of Europe to establish under their protection and domination a ship canal across the Isthmus of Darien, and such action could not be regarded in any other light than as a manifestation of an unfriendly disposition toward the United States.²⁵

²⁴J. H. Latane, America as a World Power, p. 257 cites Latane, Diplomatic Relations of the United States and Spanish America, pp. 163-73.

²⁵Sears, op. cit., p. 371, quotes Charles Richard Williams, The Life of Rutherford Birchard Hayes, 2 vols, (Boston and New York, 1914), Vol. II, p. 218.

It was generally acknowledged by all sections of American opinion that the Monroe Doctrine was in danger, and that our interests in the canal were so preponderant that they must be safeguarded. One of the last acts of Hayes was a warning to the world that any inter-oceanic canal must be under the control of the United States and that

The United States cannot consent to the surrender of this control to any European power, or combination of powers. . . .suitable steps should be taken by just and liberal negotiations to promote and establish the American policy on this subject consistent with the rights of the nations to be affected by it An inter-oceanic canalwould be the great ocean thoroughfare between our Atlantic and our Pacific shores, and virtually a part of the coast line of the United States.²⁶

This was a definite departure from a statement contained in President Taylor's message in 1849. He had advocated a canal under world guarantee and control which would "become a bond of peace instead of an object of strife between nations."²⁷

Meanwhile those interested in the success of the De Lesseps company assured the United States that their project need not and would not endanger the interests of its

²⁶ Stephenson, op. cit., p. 323, quotes Hayes' Message to Senate, March 8, 1880.

²⁷ D. R. Moore, A History of Latin America, p. 452.

citizens. As proof, Americans were urged to buy stock in the projected canal.²⁸ Nevertheless, the fear persisted that American citizens and the United States Government would not have sufficient control over the management of the canal. It was decided by some that the most practical solution was, to begin immediate construction of an American-owned canal. They justified violating the terms of the Clayton-Bulwer Treaty on the ground that Great Britain had refused to vacate the Mosquito Coast after 1850.

The controversy continued as Hayes was succeeded by Garfield, with Blaine as Secretary of State. What Hayes had said calmly, Blaine repeated in a belligerent tone. In a dispatch to the American Minister at London, June 24, 1881, he ignored the Clayton-Bulwer Treaty. In defiance of its provisions, he announced that all agreements with regard to a canal must grow out of the Colombian Treaty of 1846. This was accompanied by the declaration that during any war in which the United States or Colombia is engaged, the canal will be closed to unfriendly vessels. This domineering attitude aroused antagonism in England, where there was no intention to permit the Clayton-Bulwer Treaty to be regarded as a dead letter. Blaine's successor, Frelinghuysen, assumed that the treaty had lapsed and drafted a treaty with

²⁸ E. E. Sparks, National Development, 1877-1885, pp. 207-210.

Nicaragua providing for a purely American canal. The failure of Secretaries Blaine and Frelinghuysen to oust England from joint control of the isthmian canal, on the ground that the expanded interests of the United States had nullified that agreement, tended to bring the Monroe Doctrine into further discredit.²⁹ In an Annual Message to Congress, President Cleveland reaffirmed President Taylor's policy.

Whatever highway may be constructed across the barrier dividing the two greatest maritime nations in the world, must be for the world's benefit, a trust for mankind, to be removed from chance domination by any single power, nor become a point of invitation for hostilities or a prize for warlike ambition.³⁰

The Nicaraguan Treaty was promptly withdrawn from the consideration of the Senate. It seems that in this early stage, Cleveland had not thought much about foreign relations. During the next decade, while the canal question had dropped out of discussion, the De Lesseps company started construction of the canal and also discontinued, due to bankruptcy.

Being on the Caribbean, Venezuela is of considerable strategic interest to the United States. In 1895, something of an international crisis arose over a boundary dispute between Venezuela and British Guiana, and the Monroe Doctrine was revived in a striking way. During many years the

²⁹ Ibid., pp. 222-28.

³⁰ Stephenson, op. cit., p. 325, quotes Cleveland, Annual Message, December 8, 1885.

republic of Venezuela had carried on a discussion with England as to the precise location of the boundary line separating Venezuela from British Guiana. The discovery of gold in the disputed frontier country made the discussion acute. This boundary dispute dated from 1814 when Great Britain got Guiana from the Netherlands. A boundary line drawn in 1840 was not acceptable to Venezuela. Now Venezuela appealed to the United States for help against British encroachment. The Secretary of State dispatched a note to Great Britain, forcefully stating the principles of the Monroe Doctrine with a new interpretation.

The United States is practically sovereign on this continent, and its fiat is law upon the subjects to which it confines its interposition . . . in addition to all other grounds, its infinite resources combined with its isolated position render it master of the situation and practically invulnerable as against any or all other powers.³¹

London's first reply refused to recognize either that the Monroe Doctrine was a part of international law, or that "American questions were for American discussion only." President Cleveland appointed a commission to determine the rightful boundary and further emphasized the fact that if a European power takes possession of territory belonging to one of the Latin-American countries, it brings on precisely what Monroe had declared to be "dangerous to our peace and

³¹ D. R. Dewey, National Problems, p. 306, quotes Richardson, Messages and Papers, IX, p. 632.

safety." Cleveland's diplomacy triumphed.³² When Great Britain agreed to arbitrate the Venezuelan dispute, she accepted the Monroe Doctrine as a part of international law, and she also recognized the paramount interest of the United States. In view of the growing sentiment in the United States to abrogate the Clayton-Bulwer Treaty, "the Spectator urged that Great Britain abrogate the Treaty before the United States demanded it."³³

At the beginning of the twentieth century, Venezuela found herself in the midst of another crisis. Politicians had bargained concessions to foreigners who now appealed to their home governments for protection. The close of 1902, found Germany, Great Britain and Italy ready for joint action to obtain satisfaction for losses and injuries. Venezuela again appealed to the United States for help and the controversy was settled by arbitration. The European powers seemed willing to accept the Monroe Doctrine as international law, provided that the United States was "willing to make itself responsible for the foreign policy of all the petty, impetuous states on the two continents."³⁴

³² Great Britain's cooperation was in some measure influenced by the Jameson raids and other events leading to the Boer War. See Stephenson, op. cit., p. 366.

³³ Rippey, op. cit., p. 122, quotes Hansard, Parliamentary Debates, Third Series LXVI, p. 152.

³⁴ S. F. Bemis, A Diplomatic History of the United States, pp. 522-23.

Germany had consistently resented the Monroe Doctrine; joint intervention had been instigated by her. This left the State Department apprehensive about her real purpose or design, which was, perhaps, a feeler to see to what extent the United States would defend the Monroe Doctrine.

At this time world interest was focused on Cuba. Because of its strategic position, the United States had always been interested in Cuba. In speaking of Cuba, Jefferson said that it would be "the most interesting addition that could ever be made to our States." Cuba in the wrong hands would imperil our position. Since it is the key to the Gulf of Mexico, the safety of the southern and western part of the United States might be endangered, should Cuba fall into the hands of a strong naval power. Reports were persistent during the first half of the nineteenth century that Great Britain was casting covetous eyes on Cuba. Up to the close of the Mexican War, the United States had consistently tried to maintain the status quo in Cuba, owing to the influence of the Southern slaveholders. So we let it be known that we would not look with complacency upon the transfer of ownership of Cuba from Spain to a more active power.³⁵ The first effort to obtain Cuba was made in 1848 when President Polk authorized the American Minister to Spain to buy

³⁵Stephenson, op. cit., p. 18.

it; during the Campaign of 1856, the Democratic Party advocated its acquisition. But during the Civil War, Cuba was virtually forgotten; the canal negotiations suffered a similar fate. The Cubans revolted in 1868. After ruthlessly suppressing the revolt, Spain granted a few reforms which proved illusory in practice. By 1895, the Cubans had organized under Gomez and were demanding independence. The policy of Gomez was to destroy every possible source of revenue, hoping to force the United States to intervene. All laborers who continued at work in any sugar factories were to be considered as traitors to their country and shot.³⁶

Cleveland refused to intervene. After the Maine was blown up--cause unknown--in Havana harbor, McKinley proposed an armistice in Cuba which Spain declined until it was too late. President McKinley sent his Special Message to Congress one day later, merely alluding to the Spanish communication. He asked for authority to empower him to make a permanent settlement of the Cuban question.

As a result of the Spanish-American War, the long delayed advance into the Caribbean had begun. The United States acquired Puerto Rico and a protectorate over Cuba. After two years, the government of Cuba was restored to the Cubans; but by the terms of the Platt Amendment, the United

³⁶ Latane, op. cit., p. 6, refers to Senate Docs., 58 Congress, 2 Session, No. 25, p. 125.

States retained the privilege of intervening if and when it seemed advisable. This Amendment was vigorously protested by the Cubans, and it was ratified only after they had been assured by the State Department that there would be no interference in Cuban affairs except to maintain a stable government. Secretary Root explained that the Amendment was "not synonymous with intermeddling or interference with the affairs of the Cuban Government."³⁷ This safeguard was taken by the United States in order to make sure that no foreign power would interfere with the destiny of Cuba, which is its own naval defense.

The Monroe Doctrine defined Europe's relation to the New World, but the United States' relation to the Latin-American nations was not defined. There were times when it seemed that the Monroe Doctrine had been abandoned, only to be revived with new vigor. Throughout the history of the United States some of the leading statesmen have always been expansionists. This helps to explain why the Monroe Doctrine was enforced as a unilateral policy while the United States was expanding territorially.

³⁷ Bemis, op. cit., p. 505, quotes "Article XVI, Treaty of Paris" of December 10, 1898.

CHAPTER III

CARIBBEAN CONSOLIDATION AFTER THE PEACE OF PARIS

Now that the United States had assumed her position as a world power, the Monroe Doctrine was modified by the exegesis of developing the Panama policy. The growth of Caribbean interests and the naval operations during the war with Spain vividly emphasized the need for an American-owned and controlled canal. This could be accomplished only by the abrogation of the Clayton-Bulwer Treaty. Since Great Britain had already decided to withdraw from a contest for predominance in the Caribbean,¹ Hay's task of negotiating a new treaty was made easier. The first version of the Hay-Pauncefote Treaty, which gave the United States complete freedom to construct a canal but required an international guaranty of its neutrality and forbade its fortification, raised a storm of American protest. Among its critics was T. R. Roosevelt:

We cannot sit huddled within our own borders and avow ourselves merely an assemblage of well to do

¹The transfer of the Philippine Islands into the hands of the United States led England to cultivate the United States as a possible ally in the Far East. See N. W. Stephenson: A History of the American People. Vol. II, p. 419.

hucksters who care nothing for what happens beyond. . . . We must build the Isthmian Canal, and we must grasp the points of vantage which will enable us to have our say in deciding the destiny of the oceans of the east and the west.²

The transcontinental railroads were accused of working up opposition to a new treaty to avoid competition from steamship companies making use of a canal. The Senate amended the text of the treaty, which England first rejected but finally signed, November, 1901. The United States now had the full power not only to build, but to control and to fortify an isthmian canal. This amounted in effect to the transference of naval supremacy in the Caribbean to the United States. These fortifications have since then become the key to American naval defense and a fundamental factor in the foreign policy of the United States.³

Having removed the barriers against a purely American canal, the United States now proceeded to make plans to obtain a right of way from the Latin-American states immediately concerned. Two American companies held canal concessions from Nicaragua, and a French company had

²H. C. Hill, Roosevelt and the Caribbean, p. 1, quotes Public Papers of Theodore Roosevelt, Governor, p. 298.

³S. F. Bemis, A Diplomatic History of the United States, pp. 510-511.

obtained the concession granted by Colombia to De Lesseps. All were anxious to sell to the United States. The Walker Commission, which had been appointed in 1899, declared that "the most practicable and feasible route for an isthmian canal. . . was that known as the Nicaraguan route."⁴ The House voted to accept this report, January 20, 1902. This created a crisis in the affairs of the French company which cabled a reduction of its price to the Commission.⁵ This offer resulted in the Spooner Amendment authorizing the President to acquire the rights and property of the French company and to acquire from the Republic of Colombia perpetual control of a strip of land not less than six miles in width extending from the Caribbean Sea to the Pacific Ocean, and to proceed to construct a canal, provided the right of way could be obtained within "a reasonable time and upon reasonable terms;" failing that, a canal was to be constructed through Nicaragua. Forth-with a clear title to the French company's rights was obtained; and negotiations for the Panama route were begun while Congress was still debating

⁴Hill, op. cit., p. 36, quotes "Report of the Isthmian Canal Commission," Senate Document No. 54 (Fifty-seventh Congress, first session), p. 263.

⁵J. H. Latane, America As A World Power, p. 211, cites Johnson, Four Centuries of the Panama Canal, p. 124.

the merits of each route.⁶ After considerable delay, the Hay-Herran convention was signed. Although the Senate objected to this treaty because it failed to secure for the United States full governmental authority over the zone, it was nevertheless ratified, March 17, 1903.⁷ The Colombian Congress found the provisions so objectionable and the sum offered so utterly inadequate to the benefits granted, that the treaty was rejected by a unanimous vote.⁸ The spirit of the Roosevelt diplomacy in this instance was unfriendly. The American despatches show: (1) utter disregard of the attitude of the Colombian people or their representatives; (2) a fixed determination to secure ratification of the treaty "exactly in its present form"; (3) imputations of ill faith; and (4) veiled threats in case the treaty was rejected.⁹

President Roosevelt preferred the Panama route and wanted the right of way definitely secured at the earliest possible moment. Congress would meet in December and might possibly declare that a reasonable time "had

⁶Hill, op. cit., p. 47.

⁷Latane, op. cit., p. 213.

⁸Loc. cit., Senate Documents., 58 Congress, 2 Session, No. 51, p. 56.

⁹Hill, op. cit., p. 52, cites Senate Documents, No. 474, XV, pp. 423-496.

elapsed; and, therefore, order the construction of the Nicaraguan Canal." Colombia was in the throes of a civil war, hence an immediate reconsideration of the treaty would have been fruitless. President Roosevelt was exasperated with Colombia and undecided concerning a possible future course. The inhabitants of the Isthmus were also greatly excited at what they considered a sacrifice of their interests, and two of the foremost citizens conferred with officials of the Panama Railroad Company as to the advisability of organizing a revolution. They were greatly encouraged by the sudden arrival in New York of Philippe Buneau-Varilla, the former chief-engineer of the French company, who entered with enthusiasm into the revolutionary project.¹⁰ It was during this time that a confidential adviser presented a confidential memorandum to President Roosevelt which pointed out the fact that the United States had repeatedly landed troops to protect the canal route against riots and insurrectionary disturbances.¹¹

¹⁰ Latane, op. cit., p. 215, cites Johnson, Four Centuries of the Panama Canal, pp. 162-171.

¹¹ The record shows that from 1846, to the Panama revolution of 1903, American troops were employed on the Isthmus seven times. They were used only with the approval of Colombia. On but one occasion did the American troops interfere with the movement of Colombian troops. See Hill, op. cit., p. 45.

"Once on the ground," this memorandum stated, "this government would find no difficulty in meeting the questions as they arose."¹² Soon thereafter, President Roosevelt's problem was solved by a timely revolution in Panama; a small group rebelled against the action of the Colombian Senate and declared themselves independent. It would appear that this revolution was organized by Bunau-Varilla and William Nelson Cromwell, working through the employees of the Panama Railway Company. While in the United States,

Bunau-Varilla also conferred with Professor Moore, Secretary Hay, and President Roosevelt....No evidence has been presented to show that these high officials of the United States directly conspired with the plotters, but they certainly did nothing to discourage a movement which presented itself for their convenience.¹³

American warships were ordered to Colon, "to maintain free and uninterrupted transit, even to the extent of using armed force to occupy the route and to prevent the

¹²Bemis, op. cit., p. 514, cites Helen Dwight Reid: International Servitudes in Law and Practice. (University of Chicago Press, 1932). (The memorandum, initialed J. B. M. is printed in the appendix. Mr. Moore was then Professor of International Law at Columbia University, but previously had been an Assistant Secretary of State.)

¹³Ibid, p. 515, cites Philippe Bunau-Varilla, Panama, the Creation, Destruction and Resurrection (New York, 1914) and The Story of Panama (Hearings on the Rainey Resolution before the Committee on Foreign Affairs of the House of Representatives) (Washington, G. P. O., 1913), p. 371.

Colombian troops being landed." In this manner troops, sent by Colombia to quell the rebellion, were not permitted to land; those already present were kept from active duty by the United States marines. The almost instantaneous recognition of the Republic of Panama was followed by swift negotiation of a treaty with a representative of the new Republic.¹⁴ The treaty was signed at Panama just eighty years to a day after Monroe issued his famous message. By the terms of this treaty, the United States was granted jurisdiction over a strip of land ten miles wide across the Isthmus, together with control over adjacent waters; it guaranteed independence to Panama in addition to the fee and annual bonus originally offered to Colombia. Thus President Roosevelt was able to announce to Congress that all arrangements for securing the Panama Canal site had been completed. Construction began almost immediately.

Colombia charged the United States with military intervention in her internal affairs and with violation of the Treaty of 1846. Justly aggrieved, she demanded arbitration of the controversy. President Roosevelt

¹⁴The newly formed Republic of Panama designated Bunau-Varilla as minister to the United States with full power to negotiate a treaty.

refused on the ground that the rejection by Colombia of the Hay-Herran Convention was a virtual repudiation of treaty obligations to the United States.¹⁵ On January 4, 1904, he sent a special message to Congress in which he held that Colombia was not entitled "to bar the transit of the world's traffic across the Isthmus," and defended his action on the basis of our treaty rights, our national interests, and by the interest of collective civilization.¹⁶

Colombia consistently refused to accept President Roosevelt's view of the case and persistently sued for an apology and an indemnity. During Roosevelt's second term, efforts were made to appease Colombia. All efforts at appeasement were equally unsuccessful during Taft's Administration. During Wilson's Administration, a treaty offering more generous terms, together with a "regret clause" was arranged with Colombia; however, this treaty was rejected by the United States Senate.¹⁷ A similar treaty was ratified during Harding's Administration. The lack of opposition may be attributed to the death of President Roosevelt and to economic pressure of American

¹⁵Hill, op. cit., p. 64, cites House Document No. I (Fifty-eighth Congress, second session), I, pp. 260-278.

¹⁶Latane, op. cit., p. 219.

¹⁷Strong opposition was voiced by the friends of President Roosevelt. See Bemis, op. cit., p. 518.

capitalists who wanted an opportunity to exploit the promising oil lands recently opened up in Colombia. In the words of one stern critic of this changed point of view:

News had leaked into the lobbies of Congress that there were rich oil-fields in Colombia and that American capitalists were losing a fine harvest of profits on account of the ill-will cherished in Bogota.¹⁸

Colombia withheld concessions pending amicable settlement of the Panama controversy.

There has been adverse criticism of Roosevelt's action in the Panama controversy. One editor observed that "There is a clean disregard of both law and morals in all this. Even the buccaneers who sailed the Spanish Main would have found it too much for them."¹⁹

From one point of view it was preposterous that a little clique of grafters in Colombia should seek to retard the commerce and progress of the world. On the other hand the thought intrudes that whatever our innocence or complicity in the actual revolt, its recognition was a matter of indecent haste, but little calculated to inspire the Latin mind with confidence in American professions of good will.²⁰

¹⁸Stephenson, op. cit., p. 437, quotes C. A. Beard, Rise of American Civilization, II, p. 517.

¹⁹L. M. Sears, A History of American Foreign Relations, p. 465, quotes The Nation, LXXVII, p. 374-375, November 15, 1903.

²⁰Loc. cit. Author's comment.

History's verdict concerning this controversy should be summed up in President Roosevelt's own words. In an address at Berkeley, California, March 11, 1911, he declared:

I am interested in the Panama Canal because I started it. If I had followed traditional, conservative methods I should have submitted a dignified state paper of probably two hundred pages to Congress, and the debate on it would be going on yet; but I took the Canal Zone and let Congress debate and while the debate goes on the canal does too.²¹

The determination of the United States to build a canal, made the adoption of a policy of naval supremacy in the Caribbean Sea inevitable. This led to the formulation of policies to be applied in the West Indies, Mexico and Central America. The destinies of these countries have been greatly influenced by the military, financial and diplomatic intervention of the United States, by the establishment of protectorates, the supervision of finances, the control of all canal routes, the acquisition of naval stations, and the policing and administration of all disorderly countries. The control of the United States Government did not extend beyond the countries mentioned, but the economic influence of its citizens is very powerful in Venezuela and Colombia, which may in a sense be called Caribbean states.

²¹Hill, op. cit., p. 68, quotes J. B. Bishop, Theodore Roosevelt and His Time, I, p. 307.

There are few, if any regions in the world in which the political units are more interdependent than that of the United States and the Caribbean countries. Immediately following the Spanish-American War the United States began making the necessary diplomatic arrangements for the construction and control of an Isthmian Canal. To assure the protection of the approaches to both sides of the canal, from both coasts, became the primary concern of the foreign policy of the United States. The development of this policy has been described by some historians as the rise of American imperialism. The United States has been accused, by publicists in both Americas, of intervening in the Caribbean area for economic reasons. It is true that trade has followed the flag; but the countries in which the United States intervened were the ones which were the least promising for economic development. The only exception to this was Cuba; the others were all regions where the least American capital has been invested.²² The Islands of the Caribbean and the Caribbean parts of Mexico, Central America, Colombia and Venezuela are all potential bases from which naval operations could be conducted against the coasts of the United States. It has been, and

²²Bemis, op. cit., p. 518.

continues to be, a matter of primary concern to this country that these potential bases should never fall into the hands of any power which might convert them into actual bases.

The Monroe Doctrine, in some instances, was used as a screen for the imperialistic ambitions of the United States. The earliest sanction of this interpretation was given by Secretary Olney²³ when he wrote that "today the United States is practically sovereign on this continent, and its fiat is law upon the subjects to which it confines its interpretation." Evidence of this new position of the United States may be seen in the settlement, by arbitration, of the Venezuelan crisis in 1895 and in 1902, and in a similar situation in Santo Domingo in 1904. The European powers were willing to accept the Monroe Doctrine as a part of international law, if the United States were willing to accept the exercise of police power as a corollary of the Monroe Doctrine. This modification of the Doctrine became surprisingly popular in succeeding years.

In order to develop its Panama policy, the United States immediately became interested in promoting the tranquility of the Central American governments and that

²³C. L. Jones, H. K. Norton and P. T. Moon: The United States and the Caribbean, p. 86.

of the islands of the Caribbean. A collapse in any one of these might mean danger of European intervention. President T. R. Roosevelt did not accept the Calvo Doctrine: that governments have no right to exercise diplomatic pressure for the collection of claims held by their individual citizens of subjects against a neighboring state.²⁴ He expressed his idea very aptly when he said:

If we had refused to apply the Doctrine to changing conditions, it would now be completely outworn, . . . When we announce a policy . . . we thereby commit ourselves to the consequences of the policy, and those consequences from time to time alter.²⁵

And in another formal statement he said:

. . . . adherence of the United States to the Monroe Doctrine may force the United States, however reluctantly, in flagrant cases of such wrong doing or impotence, to the exercise of an international police power.²⁶

In 1905, President T. R. Roosevelt invoked the Monroe Doctrine to justify intervention by the United States in Santo Domingo. He was forced to take action because of the attitude of the European creditor states, and by the likelihood that non-intervention by the United States would bring a repetition of the Venezuelan crisis with

²⁴ Sears, op. cit., p. 471.

²⁵ Latane, op. cit., p. 257

²⁶ Sears, op. cit., p. 472, quotes Foreign Relations, 1904, p. 41.

all the latent dangers in such a situation. The President's opponents both in and out of Congress denounced his course as unconstitutional, declaring that he had put into effect a treaty which the Senate refused to ratify. But since the President was determined to carry out his policy without the sanction of the Senate, that body finally decided it would be best to give the arrangement a legal status. In 1907, the Senate signed a treaty with Santo Domingo which established a protectorate over that Government. Similar conditions in Nicaragua and Honduras led to similar treaties with them in 1911. It was during Taft's Administration that the United States Government adopted the policy of transferring Caribbean loans from Europe to New York, and of establishing American financial receiverships to safe-guard against further defaults. In speaking of these treaties, President Taft gave them the unhappy description of "dollar diplomacy," a term which turned public opinion against them.²⁷

It was during the revolutionary disturbances in Central America and Mexico that a situation developed which resulted in an extension of the Monroe Doctrine. Rumors announced that a Japanese Fishing company was about to buy from the Government of Mexico an extensive

²⁷ Bemis, op. cit., p. 533.

tract of land in Lower California, in an admirably located situation for a naval base to intercept communications between the United States Pacific Coast and the Panama canal. Before consummating the deal, the company enquired the opinion of the United States Department of State concerning a transaction of this kind. "The reply, though not a categorical refusal, gave no encouragement for selling to the Japanese."²⁸ To forestall such action in the future, Senator Lodge advised the passage of his resolution:

That when any harbor. . .is so situated that the occupation thereof for naval or military purposes might threaten the communications or safety of the United States, the government of the United States could not see without grave concern the possession of such harbor. . .by any corporation. . .which has such relation to another government, not American, as to give that government practical power of control for national purposes.²⁹

This was a distinct departure from the point of view expressed by Seward in 1866, relative to Ecuador's intention to surrender the Galapagos Islands to English creditors.

If Ecuador is invested with the title to those islands, I know no reason upon which the government could question the right of Ecuador to convey the

²⁸ Sears, op. cit., p. 506.

²⁹ D. Y. Thomas, One Hundred Years of the Monroe Doctrine, pp. 80-81.

soil to such private persons as should desire to buy, whether they should be subjects or³⁰ citizens of one state or country or of another.

In this way the Monroe Doctrine was adapted to twentieth century conditions, particularly as these situations concern the defense of the Panama Canal.

With the beginning of the revolution in 1910, conditions in Mexico became increasingly more chaotic. President Taft followed a policy of non-interference, which policy President Wilson endorsed by his "watchful waiting." He was sympathetic with Mexico's reform movement and the necessity for it. But had it not been for the protecting circumstances of the European War, the United States might have been forced to intervene during the latter and more bitter phases of the revolution. It was during this time that President Wilson gave expression to a new policy of non-recognition of Latin-American governments. The United States would not recognize those which were not constitutionally right. This was the substance of a speech made shortly after his inauguration. Later in a speech made at Mobile, Alabama, (October, 1913) he made overtures to Huerta which promised loans or isolation. These were considered curious overtures from an opponent of "dollar diplomacy."³¹ The United States was

³⁰ Sears, op. cit., p. 508, quotes Herbert Kraus, Die Monroedoktrin (Berlin, 1913)

³¹ Ibid, p. 513

possibly justified in refusing to recognize Huerta's government as long as there was armed opposition in Mexico, but a mistake was made in demanding Huerta's withdrawal from the campaign for the presidency. It was during 1914 that the Ambassadors of the A. B. C. Powers (Argentina, Brazil and Chile) met with President Wilson to avert war. His position at Vera Cruz was as unwelcome to himself as it was to Mexico.⁵² His acceptance of the invitation to mediate cleared President Wilson from a contradiction of his declared policy of non-intervention. This mediation molded good-will for the United States all over Latin-America and may be considered the beginning of a new policy, that of Pan-Americanizing the Monroe Doctrine. Wilson desired to make the principles underlying the Monroe Doctrine acceptable to the Latin-American republics; so he proposed that all should join in a mutual guaranty of their territories and independence.

It may be said with some truth that President Wilson repudiated "dollar diplomacy" only in name. During his Administration a treaty was negotiated with Nicaragua for a canal route and Nicaragua virtually became a protectorate. Military intervention by the

⁵²Ibid, p. 529, cites C. Seymour, Intimate Papers of Colonel House, Vol. I, pp. 206-234.

United States in Santo Domingo in 1916, was authorized by President Wilson "with the deepest reluctance." The treaty with Haiti, February, 1916, carried the Caribbean policies of the United States to the farthest limits, short of actual annexation.

The latest acquisition of the United States in the Caribbean was that of the Virgin Islands. Like the Panama Canal transaction in 1903, this notified the world that the United States regarded herself as having a special and rightful interest in the Caribbean and along its shores. Sentiment for the acquisition of the Danish West Indies gained impetus from rumors that Germany was seeking to acquire the Islands for a naval base. Researches reveal that Germany did seek such a base.³³

Discussions with Denmark resulted in the signature of a treaty in 1902, though it was not until 1917 that both governments were able to exchange ratifications of the treaty of purchase. Under the terms of this treaty, the United States acquired the islands of St. Thomas, St. John, and St. Croix, together with some adjacent small islands.

The principle of non-recognition of revolutionary governments, instituted by President Wilson, has been

³³ Bemis, op. cit., p. 521, cites Alfred Vagts, Weltpolitik, Vol. II, pp. 1410-1524.

reflected in embargoes by the United States on the shipment of arms and implements of war to revolutionists. This became the official policy of the United States in a Resolution of Congress, approved January, 1922. President Coolidge first put it into effect in respect to Honduras in March, 1924, and to Nicaragua in September, 1926. President F. D. Roosevelt applied it to Cuba in June, 1934. In 1935, he announced that in future, arms to Latin-American countries would be licensed only when the Department of State had been informed by the respective legations of those countries in Washington that it is the desire of the government concerned to have the exportation authorized.³⁴

Persistent popular opposition in the United States to "imperialism" in Nicaragua, Haiti and Santo Domingo led to the withdrawal of the marines from Nicaragua in 1925. The marines were returned almost immediately while President Coolidge explained to Congress and a puzzled public that "the intervention was due to the necessary implications of Nicaraguan disturbances as they affect the Panama Canal." The Coolidge policy was reversed during the Hoover Administration when the Secretary of State issued an official statement in 1929, to the

³⁴Ibid., pp. 335-337.

effect that the United States would no longer assume general protection of the American nationals throughout the territory of Nicaragua. This warning foreshadowed the later policy by which the "Roosevelt Corollary" of the Monroe Doctrine has been completely repudiated. The United States no longer guarantees that the Latin-American Republics must behave responsibly toward foreigners or suffer the "big stick." The Hoover Administration followed up the policy of tapering off the military forces and turning over the responsibility to the existing local governments. This was in line with a popular conviction voiced by President Hoover in an address at Guayaquil, December, 1928: "True democracy is not and cannot be imperialistic." This new policy was applied to Haiti in 1931, and to Nicaragua in 1933.

The Clark Memorandum, December, 1928, repudiated the Roosevelt Corollary

as an unwarranted interpretation of the Monroe Doctrine, which was a declaration of the United States vs. Europe -- not of the United States vs. Latin-America.

It went further to declare that the Monroe Doctrine had been wrongly credited with giving the United States a right to interfere in the national affairs of other nations. The Treaty of Conciliation and the Treaty of

Arbitration were further evidence of assurance that the United States was no longer going to interpret the Monroe Doctrine in an imperialistic way. These two treaties were worked out by the special Washington Conference in 1929.

About 1930, partly as a result of the economic crisis, American public opinion began to shift from the policy of intervention in Latin-America. The wide-spread defaults, particularly of Latin-American bonds, following the crash of 1929, kindled popular indignation against domestic bankers rather than frenzied demands for the employment of the Army and Navy to collect from the defaulters. "Dollar diplomacy" seemed to confirm that necessity, but going contrary to that line of logic, the American public developed a factual interest in American banking.

At all events, the State Department as an attorney of private interests and the sea power as a debt collecting agency lost some of their glamor as the public received a re-education in the fine arts of banking, money-lending and huckstering.³⁵

President F. D. Roosevelt, in 1933, hit upon the happy phrase "the good neighbor" to characterize his foreign policy when in his inaugural address he "dedicated this nation to the policy of the good neighbor." These words were thought to herald the definite reversal of

³⁵C. A. Beard, America in Midpassage, pp. 399-400.

the traditional attitude. For the United States it meant "hands off" Latin-America. In 1933, a new treaty was negotiated with Haiti by which the military forces were withdrawn and the receivership of customs was discontinued. This was followed by the abrogation of the treaty of 1903 with Cuba. The United States has now reverted to its former policy of recognition of de facto governments, allowing the people of the Caribbean the right of revolution. In 1936, the United States signed a treaty with Panama ending that protectorate. This was all in accord with the principles which President F. D. Roosevelt had written into his policy of the "good neighbor." In December, 1936, President Roosevelt paid Latin-America the signal compliment of attending, in person, the opening meeting of the Eighth Pan-American Congress at Buenos Aires. At this Congress a treaty was adopted providing that

in the event of international war outside America, to determine the proper time and manner in which the signatory states, if they so desire, may eventually cooperate in some action tending to preserve peace in the American continents.³⁷

Though heavy pressures undoubtedly were exerted, especially in Mexico, in connection with the seizure of

³⁷G. Arbalza, "Monroe Doctrine: 1937 Edition," Current History, 46: 55-60, June, 1937.

oil properties and the expropriation of lands owned by the citizens of the United States, they were not featured by open thundering or by the by-plays of the martial spirit as in the days of Wilson, Harding and Coolidge.

The Panama policy has thus been brought back to the abiding essence of the Monroe Doctrine, plus the possession of the Canal Zone. In this basic Doctrine, there is nothing imperialistic, nothing aggressive. As far as the Panama Canal is concerned, there is little reason for apprehension that serious issues will arise between the Caribbean powers and the United States. None are now, nor are any likely to become rival naval powers, and the commercial interests of all are best served by the policies to which the United States has given its support.

The defense of the Caribbean and the Canal is quite as important to the United States as the defense of its coasts. No administration, whatever its political affiliation, is apt to stray very far from the course of action which has been consistently followed through the course of our national life. The actions of the United States in the Caribbean have their origins in the defense of our country. That is a problem for the United States alone. It would be false idealism to entrust the vital interests of this country to the care of any other state or group of states.

The fundamental problem of defending our interests without arousing Latin-American antipathy is being solved by President Roosevelt. In the words of President Wilson: "If nations are politically suspicious of one another, all their intercourse is embarrassed." ³⁸ We have been aggressive and sometimes haughty, impatient and intolerant. There were times when we valued order more than liberty and dollars more than democracy. International relations within the American continents seem now more sincerely friendly than at any previous time.

From the foregoing it would appear that the United States modified the Monroe Doctrine to suit its interests. For a non-aggressive nation, the United States has done remarkably well in extending her sphere of influence. Of all the nations frankly intent on imperial expansion, only Great Britain has done better. The Caribbean orbit of American influence has an area of more than 1,000,000 square miles, a population of 25,000,000 and a foreign trade of almost \$1,500,000,000.³⁹

³⁸J. F. Rippey, Latin-America in World Politics, p. 288

³⁹C. L. Jones, H. K. Norton and P. T. Moon, The United States and the Caribbean, p. 145.

CHAPTER IV

MEXICO -- ECONOMIC PENETRATION

Having narrated the various modifications of the Monroe Doctrine as reflected in the foreign policy of the United States, we shall now examine in detail how each of the Caribbean nations was affected by its application. In view of the common frontier of 1800 miles between Mexico and the United States, it is inevitable that each country should feel the influence of the other on its way of life. Even before Mexico started her war for independence "the United States sent the first of an uninterrupted succession of agents to explain to Mexico the advantages of democracy." The first of these was William Shaler. His instructions, signed by Robert Smith, Secretary of State to President Madison were:

. . .to diffuse, wherever convenient, the idea that the United States is inspired by the sincerest good will toward the inhabitants of Spanish-America. . . and that in case of political separation from the mother country and the establishment of a system of national independent government, it would coincide with the sentiments of the United States, in order to promote friendlier relations and a freer interchange among the inhabitants of this hemisphere.¹

¹Roberto Pina, "South of the Border", Saturday Evening Post, Vol. 212, No. 35, pp. 29-70, February 24, 1940.

It appears to be a well established fact that the United States' first Ambassador to Mexico, Joel Poinsett, had a hand in toppling the empire formed after Spain's withdrawal. In a speech July 4, 1938, Josephus Daniels, the present Ambassador to Mexico, said: "as an apostle for democracy and liberty, he (Poinsett) took action to direct a movement that brought about a change in the Executive of Mexico."² Since declaring her independence in 1821, her national life has been characterized by its instability and lack of protection for life and property. At the close of the war with the United States in 1848, Mexico emerged defeated and deprived of a huge portion of her land. Buccaneers expeditions and unscrupulous ambassadors to Mexico further widened the chasm of unfriendly relations.

In 1854, the Provisional Government adopted a constitution which embodied principles rather more advanced than the majority of Mexicans were capable of either understanding or operating. Civil war followed with the liberal opposition led by Benito Juarez. The United States was sympathetic to Juarez but refused to establish a protectorate over Mexico to establish peace. This paved the way for Napoleon's unsuccessful attempt to establish

²Loc. cit.

a Mexican Empire. Until his death in 1872, Juarez continued to work for reforms but was handicapped by lack of money and the superstitious fear of the Indians. In 1873, the first railway line was opened, connecting Mexico City with the Gulf of Mexico. Some progress had also been made in road building, city improvements and in the exploitation of the country's resources.

Diaz's successful revolt in a way marked the turning point in Mexico's history. He advanced the material progress of the country without equal regard for the advancement of human values. He smothered revolution and strife by stifling liberty and continued a system of peonage akin to serfdom for the masses of the people. In his desire to advance the material progress of Mexico, he invited foreign capital, under broad and lavish concessions, to exploit its natural resources and to organize its economic life.³ The relations between the United States and Mexico, during Diaz's regime were of a routine nature but they were not devoid of significance. This period marked the permeation of Mexico by foreign capital, particularly American.⁴

³S. F. Bemis, A Diplomatic History of the United States, p. 540.

⁴One billion dollars was invested by 1912. See Loc. cit.

By 1910, the opposition to his regime had gained strong headway. Diaz had made no effort to curb the ever-growing church power, especially among the Indians; he had encouraged the holding of land in great lots; and he had permitted peonage, abolished by law, to exist in practice. These abuses, together with the concessions to foreigners, aroused a smoldering popular hostility, directed most strongly against the United States, which happened to be the nearest of the foreign exploiting nations. The revolution began as a revolt for the restoration of constitutional liberties and ended with the completion of a revolution for the social regeneration of the desperate masses. During the nineteenth century the Creoles had ruled, while the native Indians and mestizos⁵ dwelt in poverty, disease and ignorance.

The task of re["]establishing a stable government proved to be a gigantic task for the young, idealistic, revolutionary group. The suppressed desires of thirty years clamored for immediate satisfaction. The situation was further complicated by foreign capitalists who were exploiting the Mexican resources. In the turbulent years that followed, intervention by foreign powers would have been almost certain had it not been for the diverting activities of the World War. The closer coö["]peration between

⁵Ninety percent of the population.

the United States and the A. B. C. Powers, for the purpose of mediation, must be considered one of the worthwhile results of this period. By 1920, a semblance of orderly government had been established and it began to consolidate its reforms in detailed legislation. This included the bridling of foreign concessions to Mexican sovereign control.

The legacy of issues between the United States and Mexico, which came down from a decade of revolution, was intricate and confusing. The United States took the position that, while not denying the right of the nation to reform its constitution and legislation in its own way, such reforms could not be applied to property rights already secured by foreign nationals in good faith under earlier constitutions and laws. A series of diplomatic discussions followed. It may be said that the efforts of Ambassador Morrow were significant in the amicable settlement of the long standing controversy over the Mexican nationalization of petroleum deposits. He re-directed the revolutionary currents by his frank realization of Mexico's need to reform. The value of such services cannot be over-estimated, in view of the fact that Mexico's revolutionary experiments are closely watched by all the Latin-American countries, to be imitated,

improved upon or rejected.⁶

The unsettled state of Mexico offers a situation of direct and keen interest to the United States. This problem cannot be solved by saying that capitalists, large land-owners and corrupt officials once held the mass of the Mexican people in economic bondage. In the first place, Mexico was conquered, not colonized. Modern civilization came to Mexico as a foreign product and made its peace with feudalism. Civilization in the guise of foreign capitalists extracted the country's wealth without bringing its benefits to the majority of Mexicans. Even today, one-third of the population live on remote mountain tops in such a primitive way that "it could be called savagery without great exaggeration."⁷ The present achievements in Mexico are not the result of any one man but of the change from a feudal to a more democratic regime, that is, from a system of abject serfdom to one of a free labor supply and "regulated capitalism."⁸ Mexico's past explains much of its present. Today it is practicing the ideology of communism. About thirty percent of the population is living on collectivist communal farms, confiscated from the large land owners.

⁶ Carleton Beals, "Latin-American Social and Political Progress," Current History, 33: 932-938, August, 1930.

⁷ Pina, op. cit.

⁸ Carleton Beals, "Cardenas Organizes Capitalism," Current History, 46: 47-54, May, 1937.

But the average, humble worker is doing very little dictating. Things are run now pretty much as they have always been, that is, by one strong man or at best a little oligarchy.

Mexico is one of the few countries in the world which are actively building railroads out of current finances and locally financed bonds.⁹ Among other reforms Mexico has also set out to modernize her educational system, by making it revolutionary. This drive for socialist education is the result of a long and bitter struggle waged against the Catholic Church. It may be said that at present, Mexico's educational system is progressive in theory but retrogressive in practice.¹⁰ School children now march to commemorate the revolt against Diaz. Only a few years ago the event was marked by military parades. This change is symbolic of a nation slowly emerging from military rule to that of public opinion and civic organization. The Mexican government is conducting an experiment in co-operative farming without equal in the Americas or anywhere else in the world. On October 6, 1936, Cardenas issued an historic decree ordering the expropriation of nearly a million acres of land

⁹ Loc. cit.

¹⁰ V. F. Calverton, "Red Rule in Mexico's Schools," Current History, 43: 263-266, December, 1935.

and its distribution among plantation workers.

Mexico has also become conscious of her Indian heritage. This brought about a marked change in the Indian Policy which is a challenge to the ingenuity and financial resources of the government. Under a recent law, archaeological treasures are not for sale or transfer out of the country; they are to be considered not as of cash value but as of scientific value. And as art and historical treasures, they belong to the nation.¹²

A problem of outstanding importance both in the foreign relations and in the domestic economy of Mexico is that raised by the oil properties which the Mexican government, following a labor dispute, expropriated in 1938. The oil companies, of British and American ownership, regard the question as an international one and have sought the aid of their own governments in either getting their property back or getting paid for it. Most of the leading newspapers of the United States are agreed that

. . .if American oil properties can be seized with impunity in Mexico, and no payment made for them, then American property of all kinds, in all parts of the world suddenly becomes insecure and this involves many billions of dollars.¹³

¹²H. K. Norton, "Conflicting Standpoints of the Two Americas," Current History, 35: 353-359, December, 1931.

¹³B. M. McConnell, Mexico at the Bar of Public Opinion, p. 2

Since 1915, the Mexican Government has been expropriating farm lands owned by American citizens. So the issue raised by the seizure of foreign-owned oil properties was not a new one but an old one suddenly rendered acute. President Cardenas pledged the Mexican government to pay for the expropriated oil properties within ten years, in oil, the Mexican Government to fix the valuation. This promise, even if it could be carried out, "would set a precedent of which other Latin-American Governments would immediately take advantage." It is true that the United States has recognized Mexico's sovereign right to expropriate, but in Secretary Hull's words, "the taking of property without compensation is not expropriation, it is confiscation." The newspapers throughout the United States have various explanations for the lenient attitude of our State Department toward Mexico. Some say that pressure was not exerted upon the Mexican Government for fear such action might have an ill-effect upon its "good neighbor" policy toward all Latin-America, while others agree that

. . . it must be a little difficult for an Administration that is so tolerant of radicals in its own capital to be harsh towards the Mexicans seeking the more abundant life in their own way.¹⁴

So far, all the satisfaction that the oil companies have

¹⁴Ibid, Ch. IV.

got is found in the words of Cardenas: "I will settle the question in justice and in equity."

Mexico stands as a beacon for Latin-America because of its defiance of the United States, its new education, its land distributions and its concessions to the proletariat. Whatever Mexico is today, the United States is at least partly responsible. Ever since 1787, the influence of the United States was constant and in many cases decisive. At that time Jefferson wrote to Jay:

. . . however distant we may be, both in condition and in dispositions, from taking an active part in any commotions in that country, nature has placed it too near us to make its movements altogether indifferent to our interests, or to our curiosity.

Often a course of action was embarked upon without any real understanding of the conditions in Mexico. At this time, Mexico feels that her nationalistic program is very similar to our New Deal, only more justifiable because the so-called economic royalists are aliens. She declares she is in the process of developing 10,000,000 consumers of so-called civilized goods with a potential market value of \$250,000,000.¹⁵ President Cardenas, in speaking on International Trade (1938) said:

¹⁵Carleton Beals, "The Mexican Challenge," Current History, 48: 28-30, April, 1938.

. . . Only last year our country bought industrial equipment and all kinds of agricultural machinery from the United States to the amount of 45,000,000 pesos, which sum represents almost 10% of our national income. . . purchases to harness the works of the new irrigation projects, for railway and road construction, and for replacements of the National Railway of Mexico's equipment.¹⁶

In trade with Mexico, no other country has fared so well as the United States. Between 1895 and 1929 our investments increased from \$185,000,000, to \$1,380,000,000.¹⁷

Mexico's trade with the United States has been as follows:¹⁸

	IMPORTS	EXPORTS
1916	\$ 54,275,000	\$105,065,000
1929	133,863,000	117,738,000
1939	83,177,000	56,319,000

The year 1939 closed with the economic situation in Mexico leaving much to be desired. The principal difficulty of the Mexican trade situation lies in the export of its mineral products for which adequate tonnage and the attitude of Allied buyers are of chief concern now. Since the war, Mexico has prohibited the exportation of certain necessities, such as sheep, goats and their products, wool,

¹⁶William Parker, "Juan Hangs Up His Gun," Current History, 50: 28-54, August, 1939.

¹⁷J. F. Rippy, Latin America in World Politics, p. 134.

¹⁸Department of Commerce, Bureau of Foreign and Domestic Commerce, Reports of 1921, 1930 and February 13, 1940 respectively.

beans and corn, to prevent scarcity and increase in prices. A notable decline in the arrival of goods from Europe has caused the Mexican importers to turn to the United States for similar products. Domestic industry has not been enlarged to supply the goods formerly imported from Europe, and, therefore the demand on the United States increases in spite of the high rate of exchange.¹⁹

The democratic form of government adopted by the United States was ideally suited to its people who for centuries had enjoyed freedom and some measure of self-government. However, it appears that we have completely disregarded the fact that Mexico's colonial government was feudal and that she was left without leaders capable of operating or of understanding a democratic government. Nevertheless, there has been a succession of representatives to Mexico to influence her course of action. American and other foreign capitalists went to Mexico to exploit her natural resources. No material benefits accrued to the masses of her people. From the earliest days of independence up to the present time all of the Latin-American nations have watched with increasing interest our relations with Mexico.

¹⁹ Commerce Reports, No. 1, p. 5, January 6, 1940; No. 5, p. 103, February 3, 1940; and No. 8, p. 181, February 24, 1940.

CHAPTER V
CUBA -- A CONTINUOUS CONCERN OF
OUR STATE DEPARTMENT

The Monroe Doctrine established the basic principles of our foreign relations, and in the development of this policy Cuba played a highly important role. Nature and history have bound the life of Cuba to that of the United States. Even Jefferson was dazzled by "the pearl of the Antilles" when he said,

I have ever looked upon Cuba as the most interesting addition which could ever be made to our system of states . . . Her addition to our Confederacy is exactly what is wanting to advance our power as a nation to the point of its utmost interest.¹

In addition to this there was real concern that Cuba in the wrong hands might imperil the interests of our country. After our purchase of the Floridas in 1819, a press campaign was carried on in England for the cession of Cuba by Spain to England, to check American expansion. The fact that Spain was hard pressed for funds to carry on the Carlist Wars lent credence to the reports that Spain would sell Cuba to England or France. In addition to this, the United States was

¹H. F. Guggenheim, The United States and Cuba, p. 2, quotes Paul L. Ford, Writings of Thomas Jefferson, N. Y., 1899, Vol. X, pp. 251, 278.

concerned lest the newly formed Spanish-American Republics create a situation in Cuba inimical to American interests, in their endeavor to expel Spain completely from the Western hemisphere. Our expansionist policy did not overlook the possibilities of its annexation. Fears of the establishment of a black military republic under British protection led President Polk to instruct Secretary Buchanan to attempt to purchase Cuba. From this time on various plans were devised in the United States on behalf of Cuban independence, or of annexation to the United States. Disregarding the Southern sympathy for the Cubans, President Taylor warned his countrymen that

. . .an enterprise to invade the territories of a friendly nation, set on foot and prosecuted within the limits of the United States, is in the highest degree criminal.²

The United States was continually irritated by being hampered in its efforts to trade with Cuba. In his inaugural address President Pierce declared that

. . .our attitude as a nation and our position on the globe render the acquisition of certain possessions . . .eminently important for our protection, if not in the future essential for the preservation of the rights of commerce and the peace of the world.

²Ibid., p. 10, quotes James D. Richardson, Messages and Papers of the Presidents, (N. Y.) 1897-1927, Vol. VI, p. 2545.

The Southern slaveholders were anxious to annex or buy Cuba. Three Ambassadors were appointed by the President to investigate. Their "Ostend Manifesto" undertook to prove that

. . .after we shall have offered Spain a price for Cuba far beyond its present value, and it shall have been refused. . .then by every law human and divine, we shall be justified in wresting it from Spain, if we possess the power.³

It was inevitable that the Civil War should also involve the question of Cuba; both the North and the South were soliciting Spanish sympathy. With the end of the war both dominant issues shaping our Cuba policy were eliminated. The Civil War had ended the slavery question and the United States emerged a powerful, unified nation no longer fearing foreign aggression.

The Cuban issue now began to be pressed vigorously by the Cubans themselves. This prepared public opinion in the United States for the Spanish-American War. Cuba's troubles were a constant source of irritation and injury to the United States. From time to time, expeditions were organized in the United States to aid in the rebellion. In the complexity of the situation, Secretary Fish instructed our ministers in six foreign capitals to

³William MacDonald, Select Documents of the History of the United States, pp. 405-412.

urge these governments to counsel Spain to settle the controversy in Cuba in order to avoid an intervention by the United States. This was in opposition to the basic principle of the Monroe Doctrine. In 1877, President Hayes said, "We suffer but abstain from intervention" in Cuba. The Treaty of Zanjón promised reforms for Cuba, but Spain continued exploitations in the traditional manner.

Revolutionary activities were renewed in February, 1895. The conflict between Spain and Cuba was an orgy of pillage and destruction on both sides; in fact it was an effort to ruin Cuba. The sympathy of the United States was with the Cubans. In September, 1896, Secretary Olney reported to President Cleveland that the revolution

. . . was just in itself commanding the sympathy, if not the open support of the great bulk of the population affected, and capable of issuing in an established, constitutional government.⁵

The forces acting upon the American mind finally exploded with the Maine. In answer to protests, Spain pursued a policy of vagueness. She replied that there could be no success from mediation. As a result President McKinley sent a Message to Congress, April, 1898, asking for authority to empower him

⁵Ibid., p. 31, quotes Montgomery Schuyler, "Richard Olney," in American Secretaries of State, Vol. VIII, p. 287.

. . .to take measures to secure a full and final termination of hostilities between the Government of Spain and the people of Cuba. . .and to use the military forces of the United States as may be necessary for these purposes.

In granting the President these powers, Congress also enacted the Teller Amendment. This specified

That the United States hereby disclaims any disposition or intention to exercise sovereignty, jurisdiction or control over said island, except for the pacification thereof, and asserts its determination when that is accomplished to leave the government and control of the island to its people.⁶

The actual presence of American troops aroused suspicion and distrust in Cuba. The Cubans were familiar with Latin-American affairs and the part played therein by the United States. A complete collapse of civil government in Cuba brought about military occupation by General Wood. This Administration undertook a complete reorganization of all public works; public education was reorganized; and an attempt was made to train the Cubans "in the first steps of systematic self-government." The story of the fight against yellow fever is, perhaps, the most interesting episode of the American occupation; certainly it is the most valuable contribution not only to Cuba but also to humanity.

⁶H. C. Hill, Roosevelt and the Caribbean, p. 69, quotes United States Statutes at Large, XXX, p. 733.

When the delegates to the Cuban constitutional convention assembled, Secretary Root made dexterous suggestions to the effect that the United States was Cuba's protector and the fact should be recognized in her constitution. The Cubans repudiated the idea but Secretary Root quietly pressed the point with a none-too-subtle intimation that the wishes of the United States would have to be respected. The Cuban people were quite humanly dissatisfied with a foreign occupation of their country but finally ratified the Platt Amendment, after assurances were given by Secretary Root that the Cuban Government once established could negotiate a commercial treaty on the basis of "mutual benefits and friendly relations." Opposed to a favorable trade treaty with Cuba were the American beet and cane sugar producers, tobacco growers, and all those who on general principles opposed any tariff reductions for fear of establishing a precedent that might later be harmful to their interests. One startling admission was made by the opponents: "Cuba could produce all the sugar the United States required and more cheaply than any other part of the world." Under the leadership of President T. R. Roosevelt, a reciprocity treaty was negotiated after he had declared in a message to a special session of Congress, that such

a treaty "demanded not only our interest, but our honor."⁷

The Cuban problem was too complicated to be settled by mere political arrangements. The special conditions created by the Reciprocity Treaty favored economic penetration by American capital. This movement was not the result of any special privileges but was brought about by natural causes. Cuba needed capital to develop her industries and the American investors secured as good a bargain as they could, in accordance with the "profit motive." At the end of the war when "Cuba was little less than destitute," it was estimated that about \$50,000,000 of American capital was invested in Cuba; by 1929, it was estimated at about \$1,500,000,000.⁸ Foreign capital has penetrated the whole economy of the island. It is accentuated because the island's natural resources have attracted a proportionately larger investment of foreign capital than any other country. Even the stores and small businesses are in the hands of foreigners. Only the cultivation of tobacco is largely in the hands of the Cubans, but the Spaniards play a large part in its manufacture. This deplorable condition is not the result of any scheme of the foreign business "imperialists"

⁷Ibid., p. 22, quotes J. D. Richardson, Messages and Papers of the Presidents, X, p. 460.

⁸Guggenheim, op. cit., p. 113.

but rather it is the fault of the Cubans. They aspired to the Spanish role of wealthy landlord without the inclination to achieve this ambition through the slow process undertaken by the foreign capitalists. This lesson was taught to Cuba by the Spanish Colonial Government: To the rulers of the land belongs the budget. And so the Cubans concentrated on the budget instead of business as a means of livelihood. Under the influence of Spanish tradition, the Cubans choose politics as a career. Wherever possible they enter a profession as a preparation for it. In the words of a Cuban: "The trouble with Cuban politics is that there are four million Cubans and only one Presidential office."⁹ There are, of course, exceptions; and they indicate a brilliant commercial future for the Cubans, after the curse of politics has been lifted.

The relationship between Cuba and the United States might have been mutually advantageous but for the material disparity between the two countries and the self-interest that dictates the policies of nations. Cuba's strategical location in the Caribbean was and is of singular importance in the Panama policy. Through the Platt Amendment, the United States secured naval bases and a right to intervene in Cuban affairs to preserve a stable government. Although Cuba was persistently dissatisfied with the protective status

⁹
Ibid., p. 160

imposed by the Amendment, she manifested " a sentiment of complete solidarity and loyal cooperation with the United States during the World War."¹⁰ Prior to 1933, the United States had intervened in Cuba only two times, in 1906 and 1911. By 1932, Machado's rule had become so dictatorial and oppressive that the Cuban revolutionists implored the United States to help rid the island of him. President Hoover followed a "hands off" policy, which was severely criticized by the Cubans, declaring that Machado is being "maintained in office against the obvious will of the Cuban people, by the financial support of the great (United States) corporations."¹¹ In 1933, the Cubans forced Machado out, but Ambassador Welles arranged the stage so it could be done. In helping Cuba banish him, the United States confessed her share in the responsibility of creating such deplorable conditions. The Platt Amendment had produced a servile state without political or economic self-respect, and the constant threat of intervention tended to paralyze the forces of decent citizenship.¹² During the disorders that followed the fall of Machado, the United States refused to invoke

¹⁰S. F. Bemis, A Diplomatic History of the United States, p. 507, cites P. A. Martin, Latin-America and the War, (John Hopkins Press, 1925), pp. 107-172

¹¹D. R. Moore, A History of Latin-America, p. 620.

¹²Hubert Herring, "The Downfall of Machado," Current History, March, 1934.

the Platt Amendment. This was followed by a new treaty, abrogating the Platt Amendment, and thereby giving Cuba its full sovereignty for the first time. A new trade treaty designed "to restore the once flourishing trade between the two countries" was also signed in 1933.

A review of the successive administrations of Cuban government had many discouraging features, unless one bears in mind constantly, the handicaps and special conditions under which they have worked. The problem of the Cuban Government is an economy based on one crop -- sugar. Any considerable expansion of the tobacco business is improbable. The expectation of a profitable market for Cuban fruits and early vegetables have not been realized, though single shipments have at times been profitable. Now that the Platt Amendment has been repealed, Cuba is free to reorient her national economy. She is attempting to diversify production for greater self-sufficiency and to develop trade with countries other than the United States. To accomplish economic self-sufficiency, coffee plantations have been started, the local dairy industry has been expanded, rice is being cultivated, and the canning industry is being developed, hogs and cattle are being raised. With the exception of flour, Cuba is now practically feeding herself.¹³

¹³W. L. Schurz, "Cuba's Economic Isolation," Current History, 36: 545-550, August, 1932.

The economic penetration of American capital in Cuba finds its fullest expression in the Cuban sugar industry. The greatest expansion occurred during and after the World War. Sugar interests were bought during the war and the banks were compelled to take over many others during the collapse of 1920-21. The proportion of the crop manufactured by American-owned mills is estimated to have increased from thirty-five percent shortly before the war, to sixty-seven and one-half percent in 1926-27; an additional eight percent is produced by mills in which American capital has a part interest.¹⁴ Owing to the overwhelming relative importance of sugar production, the control of an increasing proportion of the sugar mills by foreign capital has created social problems of an increasingly serious nature. Even before the downfall of Machado, one of the objectives of the revolutionary groups was the restoration of the control of the sugar industry to the Cubans. Two-thirds to three-fourths of the total wealth of Cuba is attributable to our financial surplus spilling over into surrounding territory. And yet, the possession of the wealth of the country by foreigners, while the political power remains

¹⁴D. G. Munro, The United States and the Caribbean Area, p. 59, cites Jenks, Our Cuban Colony, Ch. XV

with the citizens of that country, is a condition likely to precipitate difficulties.¹⁵ American interests dominate nearly every important field of business enterprise on the island. Public utilities are in American hands; the largest hotels were built by American capital; American money is invested in agriculture, in mines and in manufactures.

From an economic and commercial standpoint, Cuba is far more important than any other Caribbean country. The volume of commerce with the United States exceeds that of any other Latin-American Republic. In 1898, our investments were about \$50,000,000; by 1924, they totaled \$1,360,000.000.¹⁶ Cuba's trade with the United States has been as follows:¹⁷

	IMPORTS	EXPORTS
1916	\$164,666,000	\$243,728,000
1929	128,909,000	207,421,000
1939	104,930,000	81,644,000

The year 1939 was one of recession in Cuban business activities. This retrogressive movement was arrested only slightly by the monetary stimulation produced by the advance of sugar prices which followed immediately upon the

¹⁵ C. L. Jones, H. K. Morton, and P. T. Moon, The United States and the Caribbean, p. 137.

¹⁶ J. F. Rippey, Latin-America in World Politics. p. 260.

¹⁷ Department of Commerce, Bureau of Foreign and Domestic Commerce, Reports of 1921, 1930 and February 13, 1940, respectively.

outbreak of the European war. Since the European supplies have been cut off, industrial chemicals and dyestuffs are being purchased from the United States. One of the outstanding features of the December, 1939, trade was the large increase in the shipment of wrapper tobacco to the United States. Likewise of interest, were the unusually heavy shipments of filler tobacco to European neutral countries. The severe cold weather in the United States during January was very helpful to the fresh vegetable trade.¹⁸

American capital has penetrated Cuba to an extent unequalled elsewhere. Even before the Monroe Doctrine was enunciated the leading statesmen of the United States sensed the importance of Cuba to our welfare. Because her position is of such strategic importance to the United States, we have imposed our form of government upon her. At long last the United States has given the Cubans the privilege of misbehaving in their own way.

¹⁸ Commerce Reports, No. 1, p. 1, January 6, 1940; No. 2, p. 31, January 13, 1940; and No. 7, p. 153, February 17, 1940.

CHAPTER VI

PUERTO RICO, SANTO DOMINGO, HAITI AND THE VIRGIN ISLANDS

The Caribbean Islands were the first new world territory discovered by the Spaniards. They include the first and the last of the Latin-American states to gain their independence from European domination. After the Spanish-American war, the prime objective of the United States' foreign policy was to obtain and hold Panama; along with this went the determination to consolidate her hold on the Caribbean. For strategic reasons the United States is prepared to resist any attempt by foreign powers to gain new footholds in this region. There is one fundamental difference between the Caribbean Islands and the other Latin-American countries. The Indian and mestizo elements predominate on the mainland; the negro and mulatto elements predominate on the islands.

PUERTO RICO

Following the Spanish-American war, Puerto Rico was ceded to the United States. American citizenship was granted to the islanders in 1917. A governor, appointed by the President of the United States, is at the head of Puerto Rico's

representative government and the island is represented in Congress by a Resident Commissioner.

Agriculture is the main source of the island's income. The agricultural areas of Puerto Rico are the most thickly settled of any under the American flag. The population has doubled since 1898. Coupled with this increase has been a concentration of the most fertile land into the hands of a few. Industry, as we know it in the United States, is almost non-existent. Needlework production, carried on largely in the homes, has come to be the leading industry. The F. D. Roosevelt Administration has initiated extensive plans for the social and economic rehabilitation of the island to make the disease ridden tropics as healthful as northern climates.¹ The first need of the Puerto Ricans was for land redistribution; now thousands of small farmers are restored to the land. Rehabilitation came in the form of housing, slum clearance, reforestation, electrification, and others. When the new hydro-electric plants now under construction are completed, Puerto Rico may become a producer of ferro-manganese by electricity. With the rapid increase of population, Puerto Rico's food supply is insufficient. Efforts are being made to diversify

¹
E. J. Long, "Puerto Rico: Watchdog of the Caribbean." National Geographic Magazine, Vol. LXXVI, No. 6, pp. 697-788, December, 1939.

the agricultural products and to introduce new industries in order to make the island less dependent on imported food stuffs and furnish a greater demand for labor. As yet no satisfactory adjustment has been found for the very real population problems which Puerto Rico faces.

Sugar, Puerto Rico's leading industry, is aided by free entry into American ports. Its production is at present restricted by quota. The tropical storms of 1926 and 1928 caused a serious set-back for the coffee industry, as well as the production of citrus fruits, coconuts and pineapples. Puerto Rico's development of its agricultural industries has led to a greater dependence upon foreign sources of supply for food stuffs. Rice, beans, corn, potatoes, and other grains and vegetables, which could be grown on the island, are being imported. Tobacco also is imported because the majority of natives prefer the imported product. Sugar, needlework, tobacco, rum, fresh and canned grapefruit and pineapples, and coffee are the leading exports; her imports are food stuffs, cotton goods, machinery and vehicles, fertilizers, footwear, and cigarettes.

Puerto Rico's trade is principally with the United States. Products shipped in either direction are subject to the internal revenue taxes of the country of destination only. The volume of trade between Puerto Rico and the

United States was as follows:²

	IMPORTS	EXPORTS
1916	\$60,977,000	\$71,987,000
1929	75,979,000	78,126,000
1939	75,684,000	84,782,000

During 1939, Puerto Rico's foreign trade was characterized by a rise in exports attributable to the increased value of centrifugal sugar, needle work, cotton, hairnets, and buttons. Her economy was adversely affected by increased unemployment because of a restricted sugar quota and the effect of the Federal Wage-Hour Law.³

Education represents one-third of the island's budget, by far the largest single expenditure. The University of Puerto Rico has become "a door and a bridge between the Americas," due to the steadily increasing enrollment from Latin-American countries, and many summer-session students from the United States.

Puerto Rico has again become an outpost, facing east, the northwest corner being the site for a \$9,000,000 United States Air Base. The defense of the eastern part of the Caribbean will rest on this new base when it is completed.

² Department of Commerce, Bureau of Foreign and Domestic Commerce, Reports of 1921, 1930, and February 13, 1940, respectively.

³ Commerce Reports, No. 3, p. 53, January 20, 1940.

"Put enough planes here, and enough land forces to guard your bases, and Puerto Rico becomes the 'Gibraltar of the West Indies' or the 'Hawaii of the Atlantic.'"

Most gratifying of all to the islanders is the intangible feeling that Puerto Rico has again taken its proper place in the national spotlight -- its new, yet historic role of "watchdog of the Caribbean."⁴

SANTO DOMINGO

Long a matter of strategic interest and of diplomacy, Santo Domingo has for over a century been the scene of perennial revolutions and intermittent dictatorial tyranny. The Haitians were expelled in 1844. Then they searched for a suitable government willing to assume a protectorate over them. They doubted the sincerity of the United States' offer of assistance, assuming that the Americans were after land to extend slavery. Spain finally agreed to assume a protectorate. This was during the Civil War while the United States was in no position to question if the Monroe Doctrine was being violated. But Spain became tyrannical and so was ousted from the island. From 1865 to 1904, the Dominicans tried to manage their own affairs. During this time unscrupulous, extravagant, and ruthless executives changed with

⁴Long, op. cit.

a bewildering rapidity. As in the other backward regions, huge debts were incurred for the exploitation of the natural resources of the country, the building of railroads, the conduct of government, the waging of war, and the gratification of those who were temporarily in control of affairs. Loans had been secured on exorbitant terms, at excessive rates of interest, and at the price of valuable concessions and grants. Injury to the citizens and property of European powers brought the President of Santo Domingo to seek the aid of the United States.⁵ In 1907, a treaty with the United States was ratified, providing for an American agent as collector of customs.⁶ Intermittent armed intervention lasted until 1924. During this time a new constitution was adopted and bonds were issued. A program of sanitation and education marched rapidly ahead. More than five hundred new schools were opened and the University was reorganized. Of equal importance to the future of the Republic was the opening of roads which facilitated the work of the Government and the transport of products from the agricultural districts.⁷

The terms of the evacuation, in 1924, provided that the

⁵H. C. Hill, Roosevelt and the Caribbean, p. 156, cites Foreign Relations, 1905, pp. 298-300.

⁶S. F. Bemis, A Diplomatic History of the United States, pp. 528-529.

⁷C. L. Jones, H. K. Norton, and P. T. Moon, The United States and the Caribbean, p. 121.

provisions of the treaty of 1907 should continue during the lifetime of the bonds, possibly until 1958. The significant thing about this financial protectorate is that it looks very positively toward a termination. Recently an arrangement was made to cut the annual payments to an illusory sum, thereby prolonging the American customs control for forty years. At present Santo Domingo is being oppressed by Trujillo, a ruthless dictator. He has recreated the sort of militarism that the American occupation had attempted to abolish. The recent Dajobon massacre, in which some 5,000 peaceful Haitians were murdered by the Dominican army and police, is important in its implication. Undoubtedly Trujillo has sowed the seeds of future wars on the island, possibly the demise of the Dominican Republic.⁸

The chief products of Santo Domingo are coffee, sugar, and tobacco. The country has developed some manufacture of goods for home consumption. The war in Europe has produced a condition of anxiety in business circles with respect to the possibility of obtaining markets for their chief products, vital to the economy of the country. The announcement of the suspension as of December 15, 1939, of a Franco-Dominican Commercial Convention signed in September, 1936, had a disturbing effect on trade. Exporters are focusing their

⁸ Carleton Beals, "Caesar of the Caribbean," Current History, 48: 31-34, January, 1938.

attention on available markets in the Western hemisphere, particularly the United States.⁹ Our total investments in Santo Domingo exceed \$23,000,000.¹⁰ Her trade with the United States was as follows:¹¹

	IMPORTS	EXPORTS
1916	\$ 9,254,000	\$15,947,000
1929	14,190,000	8,465,000
1939	6,780,000	5,824,000

HAITI

The United States' interest in Haiti began with the opening of the nineteenth century when Napoleon threatened to make Haiti the capital of his American empire. Haiti is unique in being the only independent negro Republic in the Western hemisphere, and one of the earliest of any existing negro countries to be founded on a constitutional basis. During the prolonged wars for freedom, the country was demoralized and devastated, creating almost insuperable obstacles to progress by orderly government.

⁹ Commerce Reports, No. 2, p. 19, January 13, 1940; No. 6, p. 126, February 10, 1940; and No. 9, p. 202, March 2, 1940.

¹⁰ J. F. Rippey, Latin-America in World Politics, p. 268, cites Robert W. Dunn, American Foreign Investments (New York, 1925).

¹¹ Department of Commerce, Bureau of Foreign and Domestic Commerce, Reports of 1921, 1930, and February 13, 1940, respectively.

A crisis in the internal affairs, in 1915, led to the landing of United States marines, to protect the lives and property of foreigners. In a conflict a few days after their landing, two Americans and an unknown number of Haitians were killed.¹² The treaty with Haiti, ratified in 1916, was similar in most respects to that established over the Dominican Republic. By controlling the internal financial administration of the Government, the United States hoped to remove all the incentives to revolution, and as a result, avoid all possibility of foreign intervention. This financial supervision was accompanied by economic and educational supervision which resulted in remarkable benefits to the people.

Formerly, Haiti was the greatest of the New World sugar producers. During the turbulent years of independence, all the improvements established by the French were allowed to deteriorate. The Haitians even became dependent for their food supplies on more orderly communities. The great problem of Haiti is poverty. The agricultural service is trying to solve this by increasing production. This involves the study of the soil and crops suitable to it, as well as the education of the peasants in the fundamentals of agriculture. Irrigation systems are also helping to increase the productivity of the country. Haiti has only one important money crop -- coffee.

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J. H. Latane, A History of American Foreign Policy, p. 555, cites Secretary of Navy, Annual Report, 1915, pp. 15-17.

That there were abuses during the time the marines controlled the country is beyond question. One example is found in the forced labor on roads, legal under an old law, but producing hardships under present conditions. However, these abuses were overwhelmingly counter-balanced by advantages to the natives. Hospitals and rural dispensaries were established and sanitary regulations were made and enforced. Attention was given to the water supply and sewage disposal. New wharves were built to facilitate shipping, with light houses to render the coasts of Haiti safe for navigation. Telegraphs and telephones have united the country. Under the terms of a treaty made in 1934, Haitian sovereignty was fully restored and all financial and military control was withdrawn before the end of the year.¹³

In 1915, our total investments in Haiti amounted to \$4,000,000; while in 1927, it had reached \$30,000,000.¹⁴ Haiti's trade with the United States was as follows:¹⁵

	IMPORTS	EXPORTS
1916	\$7,413,000	\$3,744,000
1929	8,790,000	1,455,000
1939	5,140,000	3,031,000

¹³Ernest Gruening, "Haiti for the Haitians," Current History, 40: 418-424, July, 1934.

¹⁴Rippy, op. cit., p. 279, cites Paul H. Douglas, "The American Occupation of Haiti," Political Science Quarterly, March and June, 1927.

¹⁵Department of Commerce, Bureau of Foreign and Domestic Commerce, Reports of 1921, 1930, and February 13, 1940, respectively.

Since the declaration of war in Europe, some concern is felt over export prospects of Haiti's leading commodities, which in the past were taken by England and France. Prices on cotton have been quoted but none accepted. Early in 1940, France placed a large order for coffee, with a promise of additional orders in the near future.¹⁶

VIRGIN ISLANDS

In 1917, the United States bought the Virgin Islands from Denmark for \$25,000,000. Only a few of these islands are inhabited and only three have any importance: St. Thomas, St. John, and St. Croix. Congress passed the Organic Act June 22, 1936, to supersede the temporary government of the islands set up under the Act of March 3, 1917.¹⁷ At present, the United States Marine Corps maintains an aviation base at St. Thomas.

The poverty-stricken Virgin Islands, as they are now called, have proved to be a most costly insurance against the violation of the non-transfer principle of the Monroe Doctrine. When we took charge, the economy of the Islands had been ruined by neglect, drought, and a hurricane. Then came prohibition

¹⁶Commerce Reports, No. 2, p. 20, January 13, 1940 and No. 6, p. 127, February 10, 1940.

¹⁷Chamber of Commerce of the United States, Commerce and Economic Resources of our Outlying Territories and Possessions, p. 10

destroying the native rum industry. But it was not until 1913, following President Hoover's visit, that the United States began to do something definite about it. Action may be attributed to President Hoover's statement: "Nevertheless, having assumed the responsibility, we must do our best to help the Islands."¹⁸

If the present plans are carried to their logical conclusion, the United States will have set into operation a remarkable, possibly a prophetic, economic system. The government has parcelled out small tracts of land to reliable natives. Sufficient proof of the success of the plan is found in the self-confidence and monetary gain which the more thrifty homesteaders have already won. On the success of the State-owned plants¹⁹ depends, to a great extent, the rehabilitation of the islands. The profits from these are devoted to educational and social purposes. The Government also has an option on the choicest bay-tree areas on the Islands, where the finest bay oil in the world is grown and distilled. Another scheme for helping the Islands is that of promoting the tourist trade. Truck gardening for local consumption and for winter export to the United States is being encouraged. Agriculture is further encouraged by experimental stations, testing soil for

¹⁸C. S. Baker, "America's Responsibility in the Virgin Islands," Current History, 34: 561-565, July, 1931.

¹⁹Sugar and rum factories were bought with W. P. A. funds.

cotton and other money-crop possibilities. Best of all, perhaps, in its immediate promise, is a government-sponsored co-operative to sell all the products that the native men and women are able to make.²⁰

The principal industries of the Islands are the manufacture of sugar, rum, and bayrum. These are exported and also cattle, hides, skins, turtle shells, and furniture. Imports, chiefly from the United States, include coal, grains, flour, cotton cloth, lumber, gas and fuel oil, gasoline, and manufactures of iron, steel, boots, and shoes.

The primary difficulty of the Islands has been and is the lack of money. Investment in the sugar cane industry is risky, due to the fluctuating rainfall. New resources for living or for government are not readily procurable. Virgin Islands products are admitted duty free into the United States, if not containing foreign materials in excess of 20% of their value. Their trade with the United States has been as follows:²¹

	IMPORTS	EXPORTS
1916	\$ 851,000	\$1,083,000
1929	298,000	603,000
1939	2,339,000	1,233,000

²⁰R. W. Desmond, "Caribbean Laboratory, U. S. A.," Current History, 46: 66-67, August, 1937.

²¹Department of Commerce, Bureau of Foreign and Domestic Commerce, Reports of 1921, 1930, and February 13, 1940, respectively.

The islands of the Caribbean are all important because they guard the eastern entrance to the Panama Canal. Social and economic rehabilitation is a necessity in all of them. If the United States succeeds in making the disease ridden tropics as healthy as northern climates and teaches the islanders our language along with their own Spanish, then she will have forged a strong connecting link with all of Latin-America.

CHAPTER VII

VENEZUELA AND COLOMBIA

Because they are located on the Caribbean, Venezuela and Colombia are of considerable strategic interest to the United States. While the control of the United States did not extend to these countries, the economic influence of its citizens was very powerful in both. Venezuela was the first state on the mainland to declare her independence. Colombia contributed the territory for Panama, the most recent of the Republics.

VENEZUELA

Revolution for independence started in Venezuela. She has had her dictators and revolutions without interference ever since. Under the terms of the Monroe Doctrine, the United States served as a sort of protector of Venezuela in 1895 and again in 1902-3. Venezuela also has the distinction of being the only country to use the Monroe Doctrine as a shield for the infamous activities of a dictator.¹ American economic interests have been relatively insignificant until very recently. Oil and mineral developments provided the motive. As a result Venezuela has advanced from a state of almost universal economic poverty to one of comparative wealth. One explanation is found in the name of Gomez; the

¹Castro in 1908.

other explanation is oil, which has been found in such quantities that Venezuela ranks second only to the United States as a producer.

Gomez (1908-29) used his dictatorial powers to insure economic development and political stability. He gave Venezuela its first modern roads. Improved communication resulted in social and economic unity. He forced food prices down, in keeping with the lowered prices abroad. By prohibiting certain imports and taxing others, he reduced an unfavorable trade balance. He gave his country excellent exterior communications. Army planes carry the mail, and a desolate bay has been transformed into a modern port, capable of receiving the world's greatest ships. He assured economic development and political stability by cultivating hobbies, particularly stock raising and road building. With this went encouragement of agriculture, drainage, and irrigation projects, and aid to local industries. As a result, the taxes are low, wages stable, and unemployment is virtually unknown.² Gomez considered oil a gift of Providence; accordingly he promulgated what American oil men consider the fairest oil laws in existence. These laws brought \$750,000,000 foreign money into the country, giving it a prosperity never dreamed of

²Lathrop Stoddard, "When Gomez was Venezuela," Current History, 43: 479-483, February, 1936.

before.³

Within the present Government there exists a progressive wing which is orienting itself further toward political and economic democracy. They aim to modify the existing legislation on petroleum concessions and to adjust them to the interests of national sovereignty. They are rectifying the injustices committed by Gomez when repression and persecution were rampant. A spirit of harmony and tolerance has won the Government the full support of the people. The present Government is further characterized by its adherence to the good-neighbor policy of President Roosevelt. During the Lima Conference, the Venezulean delegates declared it was their country's desire to build a great and united continental bloc in defense of American security and democratic ideology.⁴

In the field of culture, Venezuela is backward. Neither in her colonial days nor in the days of the Republic has she produced a true popular culture. But gradually and slowly a culture is developing because the Venezuelans are seriously striving for creative values.

³Robert Neville: "Gomez; Dictator of Venezuela," Current History, 38: 436-441, July, 1933.

⁴Juan Saturne Canelon, "New Deal in Venezuela," The Living Age, Vol. 357, No. 4480, pp. 423-425, January, 1940.

Venezuela buys most of her goods from the United States, while the United States is the second best buyer of Venezuela's products. She imports well and refining machinery, motor trucks, passenger cars, tubular products, and wheat flour; she exports crude petroleum, coffee, cocoa beans, goat and kid skins, and fertilizers to the United States.⁵ Venezuela's trade with us was as follows:⁶

	IMPORTS	EXPORTS
1916	\$11,335,000	\$13,710,000
1929	45,325,000	51,224,000
1939	61,952,000	23,612,000

COLOMBIA

Developments in Colombia are of considerable importance to the United States. It lies near both ends of the Panama Canal and another potential canal route lies within its borders. Colombia's gradual change of attitude toward the United States since 1903 is remarkable. It may be attributed to political solicitude, dollars, and trade. With no other Latin-American country has our trade increased as rapidly during recent years nor our investments grown so speedily.

⁵Foreign Commerce Department, South America's Trade, p. 37.

⁶Department of Commerce, Bureau of Foreign and Domestic Commerce, Reports of 1921, 1930, and February 13, 1940, respectively.

Since 1900, Colombia has made marked advances both in its political organization and in its economic growth. The banking system, currency, and public finance have all been put on a sound basis. She is also making an effort to overcome obstacles which have held back economic development, that is, lack of facilities for rapid and cheap communications. The chief problem of Colombia is its petroleum laws. She is attempting to satisfy the oil companies, but without surrendering the rights and economic interests of the nation. American companies have acquired vast petroleum acreage. The United Fruit Company has contracted for nearly all the banana exports. American steamship companies have built up profitable freight and passenger service. Railroads have passed into American hands, and concessions of iron, coal, lumber, limestone, and platinum have been secured. In 1902, only \$2,000,000 were invested in Colombia; by 1913, the United States had \$272,000,000 invested. By 1938, the United States was taking 53.7% of Colombia's exports and providing 50.2% of her imports.⁷

For a while, Colombia seemed to be under the influence of the Nazis. This was evidenced by a program of economic nationalism. By constitutional revision in 1936, social needs were placed above private interests. By presidential declaration, Colombia took steps to acquire control over all eco-

⁷Carleton Beals, "Colombia Again the Good Neighbor," Current History, 49: 20-23, March, 1939.

conomic resources, thereby gaining economic self-sufficiency. But continued efforts on the part of the United States resulted in a new trade-treaty in which the exchange restrictions were at least partially broken down. This was a triumph for American diplomacy and business. "In Colombia there has been laid another stone in the State Department's new structure of continental defenses under American leadership."⁸

Colombia sells coffee, bananas, platinum, crude petroleum, and goat and kid skins to the United States, and imports automobiles, cotton cloth, construction machinery, raw cotton, and well and refining machinery from us.⁹ Colombia's trade with the United States, in recent years has been as follows:¹⁰

	IMPORTS	EXPORTS
1916	\$14,275,000	\$ 25,644,000
1929	48,983,000	103,525,000
1939	51,295,000	48,983,000

Owing to the war, the European market is now practically closed to Colombia's exports. Apprehension regarding the future has increased and is reflected in reduced buying and spending.¹¹

⁸Loc. cit.

⁹Foreign Commerce Department, South America's Trade, p. 23.

¹⁰Department of Commerce, Bureau of Foreign and Domestic Commerce, Reports of 1921, 1930, and February 13, 1940, respectively.

¹¹Commerce Reports, No. 3, p. 54, January 20, 1940.

The harbors of Venezuela and Colombia are all potential naval bases from which the Panama Canal could be attacked. It has been a continuous concern of the United States to win the friendship and good-will of these nations. In addition to their strategic value, they are also sources of key materials, vital to our defense.

CHAPTER VIII
CENTRAL AMERICA -- POLITICAL AND
ECONOMIC PENETRATION

Since the break-up of its Confederation, Central America has been divided into small independent states, characterized by revolutions which have brought local and international wars in their wake. Central America was located in a peculiarly isolated position until the opening of traffic across the isthmus. Communications from west to east still are inadequate. Being out of direct contact with the current of modern life, social, economic, and political development has lagged. The great bulk of the population is Indian and mestizo, who have no connection outside their own communities. Only unfavorable local economic conditions cause them to join in a revolution.

Communications have been somewhat improved in recent years with the development of the Panama Canal traffic, and the growth of the tropical fruit trade. Internal communications are very poor. The area is lacking in navigable rivers. Railroad development has hardly made more than a creditable beginning. The Atlantic and Pacific coasts are not even connected by wagon roads. As a result the people are unable to develop their land; or if they do, they market their crops at great expense. Lack of roads has also been a contributing

factor to political instability.

But in spite of these handicaps, encouraging progress has been made, and there is promise of even more rapid progress in the future, now that the isolation, formerly characteristic of the region, is coming to an end. Pressure has been exercised by the United States in favor of orderly government and against local international war. In 1906 the United States promoted treaties, which would do away with the scourge of revolution and internecine warfare, thus removing the danger to foreign nationals and property. During the same year the United States and Mexico effected a treaty between Guatemala and El Salvador. Soon after that a war broke out between Honduras and Nicaragua, which threatened to involve El Salvador. All the Central American States were persuaded to participate in a conference at Washington in 1907, for the purpose of setting up a new international framework. But the treaties proved more than the states could live up to, and the United States was called upon to aid in their enforcement. Another Conference was held in 1923. Treaties were signed which repeated and strengthened the provisions and conventions of 1907.¹

The Guatemala-Honduras boundary had been left to chance

¹
T. B. Jones, An Introduction to Hispanic American History, p. 508.

and tradition, until the low country became valuable to banana growers. As the lowlands on the frontier became valuable, each country was eager to draw the boundary to its own advantage. As a result their claims were submitted to the Secretary of State of the United States for settlement. Then there was an old boundary dispute between Colombia and Costa Rica. After Panama gained her independence by secession from Colombia, the old boundary dispute became an issue between herself and Costa Rica. This dispute related to that part of the boundary between the central water-shed and the Atlantic coast. The President of France was asked to arbitrate, but made the awards in vague terms. Then the question was submitted to Chief Justice White of the United States Supreme Court for arbitration in 1913. This decision also fell short of approval. The controversy is further complicated by the responsibility of the United States to maintain order in the Panama Canal Zone, and to guarantee the independence of Panama. The United States is confronted with the possibility of direct interference, not only with Panama, but also with Costa Rica should she attempt aggressive acts against Panama. To resist such acts is to invite the criticism of the Latin-American countries. This illustrates the delicate position of the United States, as a consequence of its advance into the Caribbean and the grave problems that are linked with the ownership and protec-

tion of the Panama Canal.

Central America is one of the world's expanding markets and a major source of food supply. Between 1911 and 1927, its imports more than doubled in value. The exports showed an equally satisfactory record. For the United States, this is of special significance, for its exports and imports have taken on importance at an even more rapid rate than the total. Central America has no important money crops except coffee and bananas. This is a severe handicap to these countries. Changes in consumption habits, modifications of tariffs in the chief buying markets, and hard times, all influence the economy and thereby the stability of Central America.

Intermittent attempts at union of these Republics have been made through the century since its dissolution. Though unsuccessful, the tendency reappears steadily. The treaty of the United States with Nicaragua, July, 1913, aroused strong opposition in the other Central American states on the ground that it would convert Nicaragua into a protectorate, and thus defeat a long cherished plan for union.² The relatively great area, wealth, and population of Guatemala make it difficult for her to tolerate a union which does not give her leadership and almost absolute control, a condition against which the others rebel. There is little chance for a successful union as long as the Federal capital is at the same time a

²J. H. Latane, A History of American Foreign Policy, p. 553, cites Treaties and Conventions, p. 470.

local capital and subject to local control. A Federal district, with a capital outside of state interests and influences would go far to make union possible; but the difficulty of setting aside such a district and developing within it a capital city, is now probably insurmountable. Salvador, Honduras, and Nicaragua are rather open to the idea. During 1934, the Liberal candidate for the Presidency of Nicaragua said:

"There will come a time when our people will realize that union is for the best interests of all countries of Central America . . . they place efficient health and educational services beyond their reach, by maintaining separate governmental machinery and the cost it entails." ³

PANAMA

Panama, the youngest of the Latin-American States, might be called the creation of the United States. Certainly without her help, the inhabitants would not have been able to gain their independence from Colombia in 1903.

The Panama Canal Zone is a strip of land extending five miles on either side of the Canal and certain islands in Panama Bay. The cities of Panama and Colon are under the authority of Panama, but certain jurisdiction ⁴ was granted to

³ A. W. Roberts, "Can Central America Unite?", Current History 40: 669-675, September, 1934.

⁴ All that relates to sanitation and public health.

the United States in both the cities and in their harbors. The Zone is administered by the organization known as The Panama Canal. This is an independent organization in the government service whose head is the Governor, directly under the President of the United States. By executive arrangement, the Secretary of War represents the President in the administration of Canal affairs.

The Republic of Panama has more reason to be interested in maintaining the canal in peace or in war than has the United States. The canal is her only asset. Most of Panama's foreign trade has an immediate relation to that passing through the Canal. Under the terms of the treaty with the United States in 1903, Panama was lifted from an unhealthy jungle to a higher cultural and material level than any other Central American country.

At the time of the Canal Zone purchase agreement, Panama assented to restrictions which she later regretted. Repeated attempts have been made to secure freedom from full American control. During 1938, a new treaty with the United States was proposed, providing that Panama should co-operate with the United States against any threat of aggression or war, which would endanger the security of the Republic or the neutrality or security of the canal. This treaty failed ratification by the Senate at Washington.⁵

⁵ Wilbur Burton, "Panama: Defense Problem No. 1, "Current History, 48: 34-36, December, 1938.

Merchandise sent to government officials and employees in the Canal Zone for their personal use, goods for use on United States Government contracts, and merchandise imported by the United States Commissaries are admitted free of duty. All goods for other residents in the Canal Zone are subject to the regular import duty of the Republic of Panama. Panama's trade with the United States has been as follows:⁶

	IMPORTS	EXPORTS
1916	\$23,118,000	\$6,482,000
1929	41,133,000	5,351,000
1939	32,614,000	4,061,000

The Panama Railroad Company, incorporated in 1849, under the laws of the State of New York, has been completely owned and controlled by the United States Government since 1904. This company operates a railroad line between Colon and Panama.⁷ The 76th Congress, First Session, authorized the appropriation of \$277,000,000 for construction of additional locks and increasing the capacity of the Panama Canal for the purpose of providing more adequately for its defense, as well as for future needs of commerce.⁸

⁶Department of Commerce, Bureau of Foreign and Domestic Commerce, Reports of 1921, 1930, and February 13, 1940, respectively.

⁷Chamber of Commerce of the United States, Commerce and Economic Resources of Our Outlying Territories and Possessions, p. 48.

⁸Ibid., p. 10.

COSTA RICA

With the exception of small groups of Indians and negroes, nearly all of Costa Rica's inhabitants live on one small plateau, from three to four thousand feet above sea level. The four principal cities are connected with one another by a single cart road, less than thirty miles in length, and few of the smaller towns and villages are more than a day's walk from the capital. The Atlantic seaboard is given over to banana plantations, owned and worked by foreigners. The Pacific slope is sparsely inhabited by an unprogressive race, largely of Indian descent. The Atlantic seaboard provinces are important economically, but the social and political life of the country has its center in the cool and fertile central plateau. Here has grown up a nation which is entirely different from any of the other Central American Republics. The Spanish pioneers found only a few scattered primitive tribes. Unaccustomed to steady labor, they were not promising material for a serf class. Cruel treatment diminished their numbers and the settlers were forced to do their own work.

The absence of a large Indian population had an economic and social effect which can hardly be exaggerated. The community was spared the problems arising from the presence of a large class of laborers of another race. Also, the Spaniards acquired industrious habits which still distinguish them from

their neighbors. There were a few wealthy, influential families, but they never occupied a dominant position, and the land which they held never amounted to more than a small portion of the cultivated area. In colonial times, a large part of the land belonged to the municipalities. This has since then been sold or given away as premiums to encourage the planting of coffee and cocoa. Many persons acquired large estates in this manner, and a class of large landholders has thus gradually developed. But the greater part of the "Meseta Central" is still divided into small farms; there is, in fact, practically no landless class.

The political development of this compact community of white peasants has necessarily been different from that of the neighboring countries. Its development has been along democratic lines. The small landholders have always exerted a strong influence on the side of peace and stable government. Costa Rica has seen none of the protracted bloody struggles, typical of the other republics. Geographical isolation made it possible to hold aloof from the quarrels between the other states. In 1902, began an era of constitutional government, which was unprecedented in the history of Central America. The Republic has enjoyed almost complete freedom from internal disorder, with perfect liberty of the press, and genuine, though somewhat corrupt, elections. Each of the recent rulers

of Costa Rica has devoted himself to promoting the welfare of the country. Great progress has been made in reorganizing the finances, in safe-guarding the public health, and in providing for the education of the masses of the people. Government by the people, however, has not really advanced so far as the number of votes cast at the elections would seem to indicate. They are guided in voting more by the inducements held out by rival candidates than by their judgments. Personalities rather than questions of national policy are the issue. The choice of candidates for public office and the conduct of the government are left to a small number of landed proprietors, lawyers, physicians, and professional politicians. They regard civil war as a greater evil than submission to an illegal government. The Costa Ricans boast that their government employs more school teachers than soldiers.

Costa Rica's freedom from internal disorders has enabled her to attain a prosperity which has transformed the backward and poverty-stricken community of colonial days. Commerce with the outside world began soon after the Declaration of Independence. Coffee was exported for the first time in 1835.⁹ The exporters at first encountered great difficulty in shipping their products. Train service to the East Coast

⁹D. G. Munro, The Five Republics of Central America, p. 160, cites Bancroft, History of Central America, Vol. III, p. 653.

was established in 1890, and the Republic found itself in direct communication with the United States and Europe. Costa Rica leads in the production of bananas. Almost the entire East Coast has been brought under cultivation, and English speaking communities of American and Jamaica negroes have grown up everywhere. The United Fruit Company is, of course, very powerful in this region, but in the interior it has less influence.

Banking, commerce, and mining are almost entirely in the hands of foreigners although, the majority of the coffee plantations are still owned by the Costa Ricans. Throughout the "Meseta Central" there are countless small farms which not only supply their owners with corn, beans, and sugar cane for food, but also a small amount of coffee which is sold to the proprietors of the large cleaning mills to be prepared for export. The farmers also work for several days in each week on the larger plantations. Thus they have a money income which enables them to live far better than those in the neighboring countries. It is these small landholders who have made Costa Rica what she is today and who offer the strongest guarantee for her future.

American investments in Costa Rica were valued at \$7,000,000 in 1913; they had increased to \$35,000,000 by 1929.¹⁰ Costa Rica's trade with the United States was as

¹⁰ J. F. Rippey, Latin America in World Politics, p. 134.

follows:¹¹

	IMPORTS	EXPORTS
1916	\$4,015,000	\$5,222,000
1929	8,313,000	5,203,000
1939	9,786,000	3,230,000

As yet, there was no indication that the war in Europe had made any noticeable difference in the economic situation of Costa Rica. Germany, as a supplier of essential goods, has been replaced, and other outlets are being found for products purchased by Germany. Great Britain has increased her purchases of coffee. During 1939, measures discouraging the imports of other than strictly necessary products were taken to correct unbalanced trade. The output of the gold mines continued at a good rate, serving as a stabilizing influence in the economy of Costa Rica.¹²

NICARAGUA

Nicaragua has played a conspicuous role in international affairs during the nineteenth century, being the seat of the

¹¹ Department of Commerce, Bureau of Foreign and Domestic Commerce, Reports of 1921, 1930, and February 13, 1940, respectively.

¹² Commerce Reports, No. 1, p. 5, January 6, 1940 and No. 3, p. 43, January 20, 1940.

Anglo-American rivalry before the Clayton-Bulwer Treaty.

The Republic's prominence is due to the partial gap in the chain of mountains and the river and lake connections leading to the coasts, which led engineers to consider it as a site for an interoceanic canal. Diplomatic controversies for the control of the proposed canal, and the machinations of corporations desiring to secure concessions for its construction, have played a large part in the international relations of the Republic, and at times affected her internal political condition.

The people of Nicaragua are city dwellers. This concentration of the population in a few centers has intensified all of the conditions which have worked against peace in Central America, and have made Nicaragua the most turbulent of the Republics. The mestizos, who are relatively more numerous and more influential in Nicaragua than anywhere else on the Isthmus, are always ready to drop their work and take up arms in the interest of their faction or party. The common people are but little interested in the principles involved in the contest between the two great traditional political parties, but they follow their leaders partly from personal devotion and partly because they are united to them by the old local hatreds, which have kept these parties alive in Nicaragua after they have become little more than names in

other parts of Central America. Neither of the two cities established by the Spaniards has been able to attain supremacy, and the history of the country has been one long struggle for the control of the government. The Conservatives, families of great wealth, have their center at Granada; the Liberals, at Leon. The Conservative and Liberal leaders of Granada and Leon still dominate the party councils although their authority is at times questioned by their allies in the newer centers, particularly towns that owe their growth to the coffee industry. At one time, Walker, a notorious filibusterer, was invited to lend aid. Instead, he established himself at the head of the government. At the conclusion of the war, ousting Walker, there were six armies in Nicaragua. When Costa Rica refused to withdraw, the rival leaders assumed a joint dictatorship and prepared for war to oust him. After that, the Conservative leaders were in control for thirty years.

There were, however, dissatisfied elements which only waited the opportunity to overthrow the conservative regime. During the Liberal administration of Zelaya, the railway system and the steamer service on the lakes were extended, the development of coffee districts was stimulated by generous subsidies, and schools were opened in all parts of the country. Zelaya raised Nicaragua to a position of influence in Central

America which she had never before enjoyed. He formed revolutions in all the other republics, and even in Colombia and Ecuador. His warlike activities and his systematic opposition to American influence on the Isthmus finally brought about an open rupture with the United States.¹³ This intervention continued intermittently until January, 1933, when despite persistent guerilla warfare under Sandino, the marines were withdrawn. During the American occupation, a treaty with Nicaragua was negotiated by which the United States obtained the right of way for an interoceanic canal, and naval bases on the Corn Islands and the Gulf of Fonseca.¹⁴ Recent political progress is noteworthy because it was accomplished in spite of formidable financial and economic difficulties resulting from the depression, the losses caused by the civil war of 1926-27, and the earthquakes which destroyed her capital in 1931.

Nicaragua has a fairly homogeneous half-breed population. The upper class is for the most part of European ancestry, while the laboring class is distinctly Indian; but only in a few places is there a sharp line between either of these classes and the half-breeds. The greater part of the people are laborers on the plantations of the aristocracy, which owns all of the best agricultural properties. They are free

¹³ Latane, op. cit., p. 550, cites Foreign Relations, 1909. p. 455.

¹⁴ N. W. Stephenson, A History of the American People, p.481.

laborers who receive wages, and are not compelled to work unless they wish to. There is, however, a somewhat wider distribution of land than in Guatemala, and the rights of the small farmer are better protected.

The government, although in no sense democratic, is dependent to some extent on public opinion. The lower classes are too prone to revolt and overthrow a president with whom they are dissatisfied. Political parties are led by a wealthy and educated minority. The rivalry between towns and villages, the spirit of localism, is the most important cause which leads artisans and laborers, who otherwise have no interest in politics, to take part in civil wars. The groups thus formed represent petty prejudices and loyalty to individuals rather than political principles. The President must retain the good will of his followers as well as refrain from arousing hostility in the community at large, due to the ever present danger of revolutions. This presents a hopeful prospect that democratic institutions will become a reality. The spread of popular education is also a contributing factor.

The fertile lake plains, laid waste time after time by revolutionary armies, once grew indigo and cacao in quantities for export. The only important products of the lake basin today are plantains, corn, beans, sugar, and cacao,

which are planted for local consumption. Cattle is still raised in large numbers. Since 1900, a number of coffee plantations have been established northwest and southeast of the lakes.¹⁵ These are not so large nor so well equipped as those in other republics, but their development has, nevertheless, increased the commerce of the country. The majority of the coffee plantations are owned by foreigners. The natives have participated less in the prosperity, due to this condition, than in any of the other countries where coffee has become the principal product. The labor situation in the northern coffee belt presents considerable difficulties. The Indians see little advantage in exchanging their free life in their own villages for one of toil on the plantations. Under Zelaya peonage laws were enacted, similar to those of Guatemala.¹⁶ These laws were repealed in 1910, but have been illegally enforced since then, to alleviate the labor situation. This uncertainty of the labor situation has greatly discouraged the extension of the plantations.

The East Coast has only since 1900, become an integral part of Nicaragua, for until 1894, it enjoyed a sort of independent existence under British protection as the "Mosquito Kingdom."¹⁷ It is inhabited chiefly by English-speaking

¹⁵Around Managua and Granada.

¹⁶Munro, op. cit., p. 94.

¹⁷Ibid., p. 95.

negroes and half-breed Indians. Its principal product is the banana. Even today, it has more commercial and financial relations with the United States than with the interior. Transportation between the various sections of Nicaragua continues primitive. Investments of United States' citizens' in Nicaragua were estimated at \$3,000,000 in 1913, and \$24,000,000 in 1929.¹⁸ Nicaragua's trade with the United States has been as follows:¹⁹

	IMPORTS	EXPORTS
1916	\$3,804,000	\$2,638,000
1929	7,031,000	5,748,000
1939	4,297,000	2,902,000

During 1939, scarcity of rain resulted in a small late coffee crop and marketing uncertainties. Food crops were also seriously affected by the drought, and prices rose sharply at the outbreak of hostilities in Europe. The Government took steps to control profiteering by restricting the exportation of essential food products, for the declared purpose of preventing scarcity and further increases in prices.²⁰

¹⁸Rippy, op. cit., p. 279, cites Henry M. Stimson, American Policy in Nicaragua, (New York, 1927).

¹⁹Department of Commerce, Bureau of Foreign and Domestic Commerce, Reports of 1921, 1930, and February 13, 1940, respectively.

²⁰Commerce Reports, No. 1, p. 5, January 6, 1940 and No. 5, p. 103, February 3, 1940.

EL SALVADOR

El Salvador shares with Costa Rica the claim of being the most progressive among Central American States. Her early history was as turbulent as that of her neighbors. Her people played a prominent part in the struggles which accompanied the first attempt to establish a Central American Federation. She was the last to admit the dissolution of the union, and at the present time she is the chief center of the party which favors its restoration. In the confused political history of Salvador, the revolutions, which occurred so frequently, were due more to the interference of the other countries than to the strife of the factions at home. In recent times there has been remarkable progress toward establishment of a more stable government. Since 1908, the character of her international relations has changed so that external influences no longer make establishment of internal peace impossible. Salvador has become one of the most orderly and best governed of the Central American group. Her political affairs are almost entirely in the hands of a small educated class.

The lower classes have no more inborn respect for authority and love of peace than those of Honduras and Nicaragua. If they are less apt to revolt, it is due to the fact that they are fairly contented under the present conditions, or are held under control by a stronger military power. Opposition

to the government is suppressed with a firm hand, and murders for political purposes are by no means unknown. Political institutions are no more democratic than those of the neighboring countries. The presidency is passed on to a successor of his own choosing. Of late years the presidents have made no attempt to exercise absolute authority. With but one exception since 1898, changes of administration have taken place without the intervention of force. The chief support of the government is the army, which is the best trained and equipped in Central America. The civil police is also efficient, compared with that of the neighboring countries.

Salvador is smaller in size than her neighbors, but almost all of her total area is suitable for cultivation, hence densely populated. The soil is extremely fertile. As a result, Salvador is one of the most prosperous countries on the Isthmus. Her principal product is coffee, grown on the slopes of all the higher volcanoes and hills. In the lower parts of the country, there are many large cattle ranches and sugar cane plantations, which produce meat and sugar for home consumption. Corn is raised everywhere for home consumption. One small section of the Pacific coast is notable for its exports of balsam of Peru, a forest product found in its wild state only in this one spot. This has proved a source of considerable wealth to the native capitalists.²¹

²¹ Munro, op. cit., p. 113.

The people of Salvador are much the same racial character as those of Nicaragua and Honduras, although there seems to be more Spanish and less negro blood in their veins. Among the upper classes, the greater number are of pure or nearly pure European descent, but Indian blood is no bar to social or political prominence. The land owning class is perhaps the wealthiest and the most interprising on the isthmus, while the standard of living among the laboring classes is considerably higher than in Guatemala and Nicaragua. The upper classes are closely in touch with the outside world, and have shown a greater tendency to adopt foreign customs than those of the majority of other countries. After the cultivation of coffee and the development of commerce had opened up greater opportunities for the acquisition of wealth and power, the ruling class as a whole turned its attention from politics to agriculture. Consequently they became a unit in their desire for peace and a stable government. They have maintained their dominant position in the economic life of the country, while the resources of the other countries have fallen into the hands of foreigners. This fact is of great importance because the preservation of the class which furnishes the natural leaders cannot but have a beneficial social and political effect. The lower classes offer a striking contrast to their wealthy superiors. Nevertheless they are better off than in any of

the neighboring countries except Costa Rica. The majority of them have regular work on the plantation where they are supplied with homes and food, and receive wages which compare favorably with those paid in Honduras and Nicaragua.

Because of the heavy cost of the military organization, a comparatively small amount of money is available for other purposes. Sanitary measures and public instruction have not received the attention which might be expected among so progressive a people. Little has been done, except by private initiative, to develop the resources of the country or to stimulate foreign commerce. The system of highways, vital to internal commerce, leaves much to be desired. Its defects are due to almost insurmountable difficulties arising from heavy rainfall and from the physical formation of the country, rather than to lack of interest. Near the capital, there are several roads suitable for automobiles. There are cart roads in other parts of the Republic. The education of the lower classes has been purposely restricted to a few fundamentals because the authorities have desired to discourage the tendency toward the adoption of the learned professions at the expense of agricultural pursuits. The administration of public affairs is considerably less corrupt and somewhat more efficient than in Guatemala, Nicaragua, and Honduras. The integrity of some of the higher officials is above suspicion.

The prospect for the future of Salvador seems bright. Political and social conditions are improving steadily, and the prosperity of the republic seems secure. If the best people can continue to take the part which they play at present, in politics and agriculture, the little country promises to remain one of the most prosperous and most civilized states in tropical America.

In the cities, small scale manufacturing and commerce flourish. Country products are brought into town in oxcarts, and exchanged for manufactured articles. Unfortunately, however, the greater part of the retail trade is in the hands of foreigners. The English, Dutch, and Germans control the import and wholesale trade. Both external and internal commerce have been greatly aided by the fact that the territory of the Republic is so small, and that all parts of it are close to the Pacific coast. There are but few towns that have no railway connections.

The relations between Salvador and the United States have never been so close, as in the case of those republics in which more American capital has been invested, and where regular and direct steamer communications have encouraged commerce and travel. Trade with the United States was valued as follows:²²

²² Department of Commerce, Bureau of Foreign and Domestic Commerce, Reports of 1921, 1930, and February 13, 1940, respectively.

	IMPORTS	EXPORTS
1916	\$3,695,000	\$2,579,000
1929	8,050,000	3,830,000
1939	4,172,000	6,957,000

Toward the close of 1939, some recovery had begun in the war-interrupted commerce with England, France, and Italy and to some extent with the Scandinavian countries. Merchants are continuing to place orders in Europe for certain goods which cannot be obtained in the United States, or can only be obtained at relatively higher prices; but the change to the United States, as the principal source of supply, remains very marked. It is expected to increase to seventy-five or eighty percent of the country's total imports during 1940, as compared with the former average of a little less than fifty percent.²³

HONDURAS

It may be said that Honduras is the least favored of the Central American states. Since no part is of volcanic origin, there are none of the rich plains and gently sloping mountain sides which have encouraged the establishment of great coffee and cane plantations of Guatemala and Salvador. The southern portion of Honduras is occupied by a series of rugged mountain

²³Commerce Reports, No. 1, p. 5, January 6, 1940; No. 5, p. 117, February 3, 1940; No. 6, p. 125, February 10, 1940, and No. 9, p. 202, March 2, 1940.

chains where only small amounts of land in the valleys are suitable for cultivation. The rainfall is scanty and irregular. During colonial times, gold and silver mines were operated here. This made Honduras one of the most important states of the Isthmus. Near the continental divide, there are great stretches of open savannahs and pine-covered hills, a region admirably adapted to cattle raising. The region near the Caribbean is a low plain extending for many miles into the interior. Here are many settlements of North Americans, West Indian negroes, and natives occupied chiefly with the cultivation of bananas.

The people of Honduras are a mixed race. The majority have far more American and African than European blood. The Indians were wiped out after the Spanish Conquest, to a somewhat greater extent than those in the other countries, because of the hard labor in the mines. The central position of Honduras has forced her to take part in nearly every international conflict which has occurred. The continual interventions of her stronger neighbors in her internal affairs, combined with factional hatred and greed for the spoils of office on the part of her own citizens, have kept the Republic in a state of chronic disorder. Dissensions within the country broke out soon after the authority of Spain was thrown off in 1821. Because of the economic backwardness and isola-

tion, Honduras has been affected but little by stabilizing factors. No part of her territory, with the possible exception of the North Coast, has reached a stage of agricultural or industrial development sufficiently high to give rise to a class of plantation owners or capitalists interested in maintaining peace. The government of Honduras has always been, and continues to be, a military despotism, where all branches of the administration are under the absolute control of the President. Graft and favoritism are as much in evidence as in the neighboring countries.

Nevertheless, very real progress has been made. The raising of cattle, made impossible by the civil war, is showing noticeable improvement. Some of the landowners are paying more attention to the welfare of their stock and to improving their properties, so that Honduras might easily become the most important cattle raising country of the Isthmus. At present, silver mining is carried on on a small scale, but the silver shipped, comprises almost the only important export of the southern region. Many new mines would be opened if the difficulty of transporting machinery into the interior could be overcome.

One of the factors which has done most to retard the economic development of the country is the lack of means of communication. The construction of roads between the princi-

pal centers of population has been difficult, because of the greater distances to be traversed and the broken character of the country. A small amount of internal commerce is carried on by means of mule trains, but the great mass of people have little interest in anything outside of the community in which they live. They have advanced little in civilization, beyond their savage ancestors. There is no incentive to improve agricultural properties when there is no market in which the products can be sold or exchanged for other goods. Little is manufactured in the Republic, and imports are beyond the reach of any but the rich. As might be supposed, the people are densely ignorant and unprogressive. The economic backwardness of the country, which is in itself an effect of the civil wars, is at the same time one of their causes. The majority of the people have little to lose by internal disorder and so welcome a revolution, with its opportunity for plunder. Although at least eighty percent of her people live in the central and southern regions, the most important part of Honduras, from the point of view of the outside world, is the long coast line on the Caribbean. In recent years its agricultural possibilities have been developed on a large scale, by immigrants and capital from the United States. The native element of the coast is somewhat larger than in similar sections of Guatemala and Costa Rica, because the government has opposed certain local

obstacles to the free immigration of West Indian negroes. Other sections have profited because the laborers from the interior go to work there, earning wages far greater than they could secure at home. There is little intercourse between the two sections, as the roads which unite them are not suitable for any traffic other than pack and saddle mules. Bananas, which are the principal product of the coast, are raised and exported by numerous small growers, and by a few great fruit companies. The fruit companies have obtained concessions from the government, to build railroads into the interior, to provide means of communication, but the companies are reluctant to carry out their obligations.

The commercial relations of Honduras with the outside world are small. The chief exports are bananas and silver, and also small quantities of lumber, cattle, and rubber. Our investments in 1910 were \$3,000,000; by 1925 they were \$40,000,000.²⁴ Her trade with the United States was valued as follows:²⁵

	IMPORTS	EXPORTS
1916	\$ 5,232,000	\$ 3,877,000
1929	12,811,000	12,833,00
1939	5,812,000	7,031,000

²⁴ Rippey, op. cit., p. 133, cites Dunn, American Foreign Investments, (New York, 1925).

²⁵ Department of Commerce, Bureau of Foreign and Domestic Commerce, Reports of 1921, 1930, and February 13, 1940, respectively.

The year 1939 witnessed no relief from the depressed economic condition of recent years, due to a plant disease affecting the banana trees. This loss has been offset somewhat by increases in exports of gold, and shipments of oranges and grapefruit.²⁶

GUATEMALA

The beginning of Guatemala's political career differs from that of the other countries in that she had a succession of long-lived president dictators. Her wealth and her strongly organized government have always enabled her rulers to play leading parts in the international politics of the Isthmus, and even exert an influence in the internal affairs of her neighbors. The great majority of the administrative officials were of a rather low type. Patriotism and national pride were to a great extent destroyed by the ban on the discussion of important national questions. The dictators crushed all opposition with little regard for constitutional provision or public opinion. Notwithstanding the corruption in the government, humanitarian laws were passed, and praised in the newspapers. The motives of the government were praiseworthy, but the actual good accomplished has not been great, because the enforcement of these laws was left to officials who had no understanding of

²⁶ Commerce Reports, No. 1, p. 5, January 6, 1940 and No. 6, p. 128, February 10, 1940.

their spirit, and who were in many cases deterred by their own interests from carrying out their provisions.

Guatemala is the only one of the Central American countries where the aboriginal population still maintains its identity. They were exploited by the Spaniards, but due to their great number, the exploitation of a whole population by a small group of Spaniards was impossible. The failure of the Indians to assimilate with the white population caused them to remain in the position of a subject race. The majority of white families, who own plantations upon which they employ Indian labor, are more interested in the maintenance of peace than in obtaining offices for themselves: or in a revolution. The half-breed middle class, which is usually a cause of disturbance in the neighboring republics, plays but a small part in politics. It occupies an economic and social position between that of the Indian laboring population and the landed proprietors. The great majority of the inhabitants are docile and ignorant pure-blooded Indians. Political agitators have rarely been able to incite them to resistance to the authorities, for whom they have a deep-rooted respect and fear.

With the growth of the coffee plantations, the agricultural laborers began to sell their services by contract. Some reside permanently on the plantation and work for the employer only a part of each month, while day laborers are held under a

peonage system which depends upon keeping the "meze" in debt. Few are energetic enough to make a serious effort to free themselves of these obligations. The wages paid to the laborers are extremely low. The government has made half-hearted attempts to check the worst features of the system, but its decrees have for the most part been left unexecuted by the local officials.

The contract labor system is defended on the ground that the cultivation of coffee, upon which the prosperity and commerce of the country depend, could not be carried on without it. The Indian, it is said, would not work for more than a few days in the year unless he were compelled to do so. Even so, planters complained of the scarcity of labor in cultivating and harvesting their crops. The development of agriculture and commerce, which have been beneficial chiefly to foreign investors, can hardly be said to be desirable as long as it prevents the masses from progressing or becoming more fit for self-government. As long as the Indians are practically serfs, living under primitive conditions, deprived of the opportunity to better their position, it is impossible to educate them and raise their standard of living. In Salvador and Costa Rica, where the wages are from four to eight hundred percent higher than in Guatemala, the planters are prosperous,²⁷ and the Indians work at wages worth their while.

²⁷ Munro, op. cit., p. 64.

The coffee plantations, which have within the past fifty years become the most important enterprise in the country, are for the most part situated on the southern slopes of the volcanoes along the Pacific coast. The coffee is the best in Central America, with the possible exception of Costa Rica, and is hardly excelled in any part of the world. The production of coffee overshadows all other agricultural enterprises. In the plateau above the coffee plantations, temperate fruits and vegetables and even wheat are cultivated successfully. On the coastal plains there are large cattle ranches and cane plantations. Sheep in the highlands and cotton in the lowlands supply the Indians with raw materials. There is a regular exchange of foodstuffs, carried for the most part on the backs of men, between the settlements of the plateau and the more tropical districts of the coastal plains.

The economic development of the southern part of the country has been accelerated in recent years by the improvement in means of transportation. With the exception of the capital, the important towns still depend upon more primitive forms of transportation, as they are situated in the high plateaus several miles above the railway line which runs along the South coast. The highways which connect these towns are chiefly mule paths, although there are cart roads and some carriage and automobile roads between the largest cities. The railway system is closely allied to the United Fruit Company. The freight rates are high and inequitable.

The low, unhealthful plain in the north is rich in mahogany, Spanish cedar, and other valuable trees. Lack of means of transportation and the deadly climate have so far prevented the increase of population and discouraged development of the natural resources. Guatemala can never attain real prosperity until her rulers make a determined effort to improve the masses of the people. Among the lower classes, the contract labor system and the unrestricted sale of aguardiente are causing a steady degeneration.

In 1925, Americans owned resources and enterprises valued at \$50,000,000.²⁸ Guatemala's trade with the United States was valued as follows:²⁹

	IMPORTS	EXPORTS
1916	\$ 4,664,000	\$ 9,854,000
1929	11,525,000	8,470,000
1939	8,574,000	10,725,000

The declaration of war in Europe has caused uncertainty in Guatemala as to the disposition of the coffee crop, inasmuch as twenty to twenty-five percent of the crop is normally sold to Germany. With the reduction in competition from lower-priced European goods, it is believed that there will be

²⁸ Rippy, op. cit., p. 133, cites Dunn, American Foreign Investments, (New York, 1925).

²⁹ Department of Commerce, Bureau of Foreign and Domestic Commerce, Reports of 1921, 1930, and February 13, 1940, respectively.

an increase in the activities of local manufacturers, especially in such lines as cotton textiles, knit goods, cement, and pharmaceutical products.³⁰

Isolation, because of geographic location, was the lot of the Central American states until recent years. Lack of communication among them continues to be a factor making for disunion and a backwardness. The plantations are largely foreign owned, hence the nations do not benefit therefrom. At present they have almost a one-crop economy, which makes for instability and insecurity. As a result, they have not reached political maturity, a condition vital to the best interests of the United States.

³⁰

Commerce Reports, No. 1, p. 5, January 6, 1940

CHAPTER IX

PAN-AMERICANISM AND PAN-HISPANISM

There are, and always have been, marked differences of opinion between the people of the United States and those of the Latin-American countries as to the social and political problems of the day. There is lacking the bond of a common language, generally considered the ^{most} strongest in the world. Then there are the differences of race which are even more nearly fundamental. There are great contrasts with respect to the colored populations. The tendency to intermarry with the native races is a marked characteristic of the Latin-Americans. Finally, there is the instinctive and world-wide antagonism springing from the fear and dislike of the weak for the strong. In the case of Latin-America, this fear rests upon a foundation of fact.

The term "Pan-Americanism" is comparatively new¹ but the idea is not. Before the Monroe Doctrine was proclaimed, Simon Bolivar and his Latin-American contemporaries were working for the unification of Spanish America in the struggle for liberty. To Bolivar it meant an association of equals, and most Latin-Americans have held to that idea ever since. Only a few like Bolivar could think of a vast united country; the majority could think only of small self-contained units. In 1826, the first Pan-American Conference was held at Panama with

¹ First introduced into the columns of the New York Post in 1882.

the object of forming a league of states to resist Spain, of protecting the newly-formed republics from European aggression, and of promoting the liberation of Cuba and Puerto Rico.² While Bolivar held a great admiration for the United States, he seemed never to have taken very kindly to its participation in Latin-American affairs. Monroe's Message of December 2, 1823, made but little impression on him. In none of his published writings does he mention specifically the Monroe Doctrine.³ He continued to look to England for aid. But his collaborators in Mexico, Central America, and Colombia were more favorably impressed, and invited the United States to send delegates. John Q. Adams accepted the invitation, but with the understanding that the delegates would not be authorized to act in any way inconsistent with the neutral attitude of their country toward Spain and her rebellious colonies. Due to the attacks on the Administration, by both the Senate and the House for participation in this conference, the delegates were delayed. They arrived at Panama after the Conference had adjourned, a failure.

²D. Y. Thomas, One Hundred Years of the Monroe Doctrine. p. 402.

³J. B. Lockey, Pan-Americanism: Its Beginnings, p. 248.

There are many examples to prove that the ideal of American unity appealed to men of vision in both of the Americas. In 1787, a number of Brazilian students formed a conspiracy for the purpose of effecting the independence of Brazil. This knowledge was communicated by Maia to Jefferson, since it was necessary that the colony should obtain assistance from some power. The United States alone could be looked at with propriety, "because nature in making us inhabitants of the same continent has in some sort united us in the bonds of a common patriotism."⁴ Henry Clay, as early as 1821, said: "It is in our power to create a system of which we shall be the center, and in which all South America will act with us. . . ."Jefferson, feeling that the interests of the United States were closely allied to the Spanish colonies, especially Mexico and Cuba, sent an envoy⁵ to bear them a message of friendliness. No doubt Jefferson was influenced by motives of national expansion; but aside from that, these negotiations reveal the fact that America was being thought of as a whole. They stressed the possibilities of a continental union:

"Our acquaintance with the European world would gradually subside. . . a fine adherence to principle, would perpetuate the freedom and happiness of the people of a United America, to endless time. . . with the United States, organized, and in alliance

⁴Lockey, op. cit., p. 264, quotes Jefferson, Writings, Vol. VI, p. 115.

⁵Wilkinson.

with the United States, might bid defiance to all the warring nations of Europe."⁶

President Adams in his special message, of March, 1826, transmitting to the House of Representatives certain documents relating to the Congress of Panama, declared that "the design is great, is benevolent, humane."⁷

From the date of its issuance, the efforts of Brazil were directed toward securing a definition of the Monroe Doctrine on the basis of mutual benefits, that is, its transformation from a unilateral to a bilateral policy. It was felt that the acceptance of the protection offered by the United States, without giving anything in return, placed Brazil in a position of inferiority.⁸ Clay, then Secretary of State, disposed of the proposed treaty of alliance between Brazil and the United States by declaring it would be "inconsistent with the policy which the United States have heretofore prescribed for themselves."⁹ Nowhere was the Monroe Doctrine welcomed with more than moderate enthusiasm, nor was it referred to without a corresponding reference to the policy of Canning. In some quarters it was desired that England should intervene to prevent the preponderance of the United States among the Latin-American countries. Haiti complained of not being included in

⁶Lockey, op. cit., p. 270, quotes Cox, The Pan-Am Policy of Jefferson and Wilkinson, pl 217.

⁷Ibid., p. 316, quotes Richardson, Messages and Papers of the President, Vol. II, p. 340.

⁸Thomas, op. cit., p. 405.

⁹Lockey, op. cit., p. 253, quotes Adams, Memoirs, Vol. VI, p. 848.

its benefits.¹⁰ It may be that Bolivar instantly comprehended the danger to which the ambiguous protection of the Monroe Doctrine subjected the Latin-American countries. But doubtless his chief purpose in calling the conference was a confederation of the Latin-American countries of which Colombia should be the dominant power, with the help of England. Great Britain was the only non-American power distinguished by an invitation to the Panama Congress. At this Congress, England exerted herself to leave the impression that the United States was the only obstacle in the way of an expedition against the remaining Spanish strongholds in the Western Hemisphere, an undertaking favored by Bolivar.¹¹

The Congress of Panama did not meet the high expectations of its ardent supporters. Nevertheless, the central idea, that of continental solidarity, continued to be a force in American affairs. About the middle of the century, a strong movement manifested itself throughout Latin-America toward a revival of Bolivar's scheme of federation. With the end of the Mexican War, there began real anxiety and resentment on the part of all the Latin-American countries, concerning the future advances of the United States. It was for this reason, and

¹⁰Lockey, op. cit., p. 238, refers to Leger, Haiti, Her History and Her Detractors, p. 171.

¹¹Lockey, op. cit., p. 366, cites Temperly, The Latin-American Policy of George Canning, American Historical Review, Vol. XI, p. 792, citing Public Record Office, F. O., Colombia.

because of a desire for peace, that they developed an interest in the Pan-American movement. The territorial acquisition of the United States resulting from the Mexican War, the raids of the filibusterers against Mexico, Central America, and Cuba, and the knowledge that Great Britain had decided no longer to oppose the southward expansion of the United States, all combined to arouse general alarm in Latin-America.

In 1847, the five western states and Colombia held a Congress at Lima and drew up several treaties, but none was ratified. In 1856, Chile, Peru, and Ecuador signed but did not ratify, a continental treaty for a union. In 1862, Costa Rica broached to Colombia, the idea of a continental agreement in which the states,

"should bind themselves solemnly to respect, and cause others to respect, the independence, sovereignty, and territorial integrity of the sister republics of this continent."

In 1864, Peru made an effort to form the Spanish-speaking nations of America into "one single family". The main purpose was "irrevocably to abolish war, superceding it by arbitration" for the settlement of difficulties.¹²

For decades, the United States took very little interest in these meetings of Latin-American countries; but toward the close of the nineteenth century, she began to realize the potential value of organized co-operation among the independent nations of America. The spirit of Pan-Americanism, as revived by Blaine could be expressed in two words: peace and com-

¹²

Thomas, op. cit., pp. 406-407.

merce. President Garfield sanctioned issuing invitations to all the independent countries of the two Americas to send delegates to a Congress to meet in Washington in 1882. Garfield's death resulted in Blaine's removal as Secretary of State. His successor, Frelinghuysen, withdrew the invitations, giving as an excuse, "that the Peace Congress by not including Europe defeated its own purposes."¹³ To this the irate Blaine retorted, "that our voluntary humiliation could but be more complete, unless we should petition the European government for the privilege of holding the Congress."¹⁴ A similar invitation was issued by President Cleveland for an assembly in 1889; and it was Blaine's privilege, as Secretary of State, to welcome them. At the conclusion of the Conference, Blaine declared:

"If, in this closing hour, the Conference had but one deed to celebrate, we should dare to call the world's attention to the deliberate, confident, solemn dedication of two great continents to peace and to the prosperity which has peace for its foundation."¹⁵

At this meeting various devices of international convenience were discussed, such as a uniform system of weights and measures, a uniform silver coin, and a Pan-American Court of Arbitration; but none of the projects got beyond the phase of

¹³ L. M. Sears, A History of American Foreign Relations, p. 377.

¹⁴ Thomas, op. cit., pp. 407-408.

¹⁵ Sears, op. cit., pp. 401-02, quotes Edward Stanwood, James Gillespie Blaine, (Boston, 1908), pp. 316-17.

mere discussion. Many of the Latin-Americans came with distrust, fearing that the United States would use the Conference to secure political and commercial advantages. But some of the difficulties were ironed out, and the Conference agreed on treaties and conventions including one on "arbitration as a principle of American international law" for the settlement of all differences. Unfortunately these treaties were not ratified by the nations. The one permanent result was the creation of the International Bureau of the American Republics which the fourth Pan-American Conference renamed the Pan-American Union.

This new Pan-American Union differed from Bolivar's ideal in that it embraced all the American Republics, and in that the idea of political guarantees was definitely subordinated to the social, economic, and intellectual interests. This subordination of political interests has contributed materially to the ever-increasing Latin-American discontent and anxiety. Growth of interest in the Pan-American movement was not due entirely to the influence of the United States. It may be considered a natural result of increased stability and prosperity of the Latin countries, together with a growing interest in multilateral diplomacy.

The United States has not been kindly disposed toward the discussion of political topics. As suggested by the nature of the programs, the motives prompting the political leaders of the United States to participate in the Pan-American

movement were economic -- trade and investment opportunities. The Latin-American countries were interested in outlawing wars of conquest by one American nation against another, as an "unjustifiable act of violence and spoliation." The Second Conference met at Mexico City in 1901, and the Third at Rio de Janeiro in 1906. Political topics were uppermost in the minds of the Latin-Americans. Compulsory arbitration was brought up at each meeting, and finally disposed of by a recommendation to the nations that they instruct their delegates to the next Hague Conference to promote the adoption of a general Arbitration Convention, meriting the support of the civilized world. A particularly hostile feeling prevailed at the Conference at Rio de Janeiro. President Roosevelt had only recently seized the Panama Canal Zone. Colombia was aggrieved, and ill-feeling and anxiety existed throughout Latin-America against the high-handed action of the United States. A great difference of opinion arose over the Drage doctrine, to ban the forcible collection of debts. President Roosevelt had announced his intention of exercising a self-appointed "international police power" in the Caribbean. He had taken charge of the customs of Santo Domingo, to prevent France from seizing them. These actions naturally aroused the fears of the smaller Latin-American states, and gave reality to the charge that the United States had converted the Monroe Doctrine from a policy of benevolent protection to one of imperialistic aggression.

The Fourth Pan-American Conference convened at Buenos Aires in 1910. The discussions related mostly to economic and cultural matters. According to the chairman of the United States' delegation, "not a single unkind or unfriendly word was uttered from beginning to end."¹⁶ At this meeting the name of the International Bureau of American Republics became the Pan-American Union, which has since then become a formidable term. The fifth Conference was called to meet in 1914; but due to the World War, it was postponed until 1923. In the meantime, President Wilson, who realized the cause for friction over the unilateral interpretation of the Monroe Doctrine, had paved the way for better Pan-American relations. No words could have pleased the Latin-Americans more than Wilson's Mobile Address, October, 1913, when he said:

"I want to take this occasion to say that the United States will never again seek an additional foot of territory by conquest. She will devote herself to showing that she knows how to make honorable and fruitful use of the duties of friendship to see that from no quarter are material interests made superior to human liberty and national opportunity."

He also promised to deal with them on terms of equality, and said it was "a spiritual union we desire." Wilson put this new attitude of equality toward Latin-American diplomats as equals of the European diplomats. Ex-President Roosevelt once said: "Every such nation should itself become the sponsor

¹⁶ Thomas, op. cit., p. 413, quotes Reinsch, Annals of the Academy, 37: 586.

and guarantor of the Monroe Doctrine, and its relations with those of the other guarantors should be those of equality." Certainly he did not apply this principle while President! In accepting the proffered mediation of the A. B. C. Powers in the Mexican crisis, the State Department expressed the hope that it might "prove feasible and prophetic of a new day of mutual co-operation and confidence in America." As early as 1914, Wilson proposed a Pan-American pact, providing for "the investigation and arbitration of American disputes and a mutual reciprocal guaranty of territorial integrity and political independence."¹⁷

At the Pan-American Conference in 1923, the Latin-American delegates wanted to Pan-Americanize the Monroe Doctrine in accordance with the proposals set forth by President Wilson and the reservation in the Covenant of the League of Nations, which safeguarded the Monroe Doctrine as a "regional understanding." This was denied by the Honorable Henry P. Fletcher, leading representative of the United States. The Monroe Doctrine, he said, was not a "regional understanding, but a unilateral national policy of the United States," and that the discussion as to when it should be applied rested wholly with the United States.¹⁸ As a result, the majority of the Latin-Americans

¹⁷ J. F. Rippey, Latin-America in World Politics, p. 251, quotes C. Seymour, The Intimate Papers of Colonel House, Vol. I, (New York, 1926), pp. 207-234.

¹⁸ Thomas, op. cit., p. 427, cites New York Times, May 2, 1923, 9:1.

displayed an antagonistic attitude. Another cause for ill-feeling may be found in the fact that the United States Senate did not regard Article XXI, of the League Covenant, as ample safeguard for the Monroe Doctrine. Its final refusal to ratify the Covenant was interpreted as evidence that the United States wished to retain the Monroe Doctrine as a cloak for imperialism. This attitude of antagonism was even more pronounced at the Sixth Pan-American Conference at Havana in 1928, because of the American interventions then in progress in the Caribbean area. Thirteen out of twenty countries made declarations opposing the United States' policy of intervention, but unanimity of condemnation was impossible, because some of the delegates lacked the disposition or the courage to condemn or oppose the policies of the United States. They represented governments which depended upon the United States for their stability, or governments which could not afford to offend the United States because of financial considerations. Perhaps the outstanding result of the Sixth Conference is that it completely destroyed the legend of a Latin-America united in opposition to the United States. Many of the Republics had reached a degree of national maturity where they had positive aims and purposes and could hardly be expected to content themselves with a mere negative collective opposition. Further evidence of this political maturity is shown in a corresponding increase in the amount of coöperation between all the American Republics.

The "good neighbor" policy bore rich fruit at the Seventh Pan-American Conference at Montevideo in 1933. Mr. Hull's statement, that "no government need fear an intervention on the part of the United States during the Roosevelt Administration", was the announcement of a new chapter in the history of relations between the United States and Latin-America. The old feeling of suspicion and resentment began to vanish before the proven sincerity of the good neighbor of the north. This Conference adopted more than a hundred resolves and recommendations for the furtherance of worthy projects of inter-American life. Since 1935, the principal aim of the United States Government has been to avoid all possibility of becoming involved in the political troubles of Europe. This has been accompanied by an equally marked desire to draw nearer to the other American countries. President Roosevelt and Secretary of State Hull went, in person, to the Inter-American Conference for the maintenance of peace at Buenos Aires in December, 1936, and were greeted by lavish manifestations of hospitality. President Roosevelt delivered a speech on co-operation for neutrality and peace among the democratic nations.

"Nothing tangible came out of the Conference, except the discovery that there was a difference in policy between the bloc in Latin-America oriented toward the League of Nations and the bloc of countries outside that sisterhood."¹⁹

¹⁹C. A. Beard, America in Midpassage, p. 495.

For Latin-America's attitude toward the United States, we are not entirely to blame. It must be admitted that the course of the United States has not always been faultless; it has been aggressive, haughty, impatient, and intolerant. It frequently valued money more than liberty, and dollars more than democracy. In addition, the "superiority complex" of the North American has made him conspicuously tactless and intolerant in dealing with Latin-America.²⁰

The achievements of the numerous Pan-American conferences have been a disappointment to the leaders of Latin-America, because they have not obtained from the United States the pledge of security they have desired for more than a century. They are still at the mercy of the wealth and power of the United States, virtually unprotected except by public opinion. "In brief, the Latin-Americans have employed the new diplomacy largely for political purposes and the United States has used it mainly for economic ends."²¹

Pan-Americanism, as conceived by Blaine in 1882, was expressed in two words, peace and commerce, to be attained by means of friendly council and cooperation of all the American countries, and redounding equally to the benefit of all. Some

²⁰The Editors, "Pan-American Trade Conflicts," Current History, 46: 18-22, August, 1937.

²¹Rippy, op. cit., p. 259.

Latin-American writers and publicists are staunch supporters and defenders of Pan-Americanism. Notable among these is Alvarez, a Chilean publicist. He is of the opinion that, from the historical standpoint, the notion of international solidarity is essentially American and that it manifested itself in most brilliant fashion in the struggle of the Spanish colonies for independence:

"This sense of unity which existed between the belligerent Spanish colonies and the United States²² -- unity and solidarity -- that was Pan-Americanism."

Typical adverse criticism may be found in an article by Jacinto Lopez, appearing in Cuba Contemporanea for April, 1916:

"Monroeism means empire, and Pan-Americanism is the mask of imperialism; the significance of Monroeism is clear, but Pan-Americanism is ambiguous, incomprehensible, susceptible of all sorts of interpretations."²³

One of the forces opposing a closer union of the independent countries of the Americas is the Pan-Hispanic movement. This has for its object the racial, cultural, economic, and political solidarity of the Latin-American Republics. It was organized in opposition to, and has kept pace with, the advance of the United States into the Caribbean.

Pan-Hispanism appeals to the racial consciousness of the Latin-American people and against Anglo-Saxon domination. In every crisis between the United States and the countries of the Caribbean, the Pan-Hispanists have been very outspoken in

²² Lockey, op. cit., p. 17.

²³ Ibid., p. 16.

their criticism, particularly through the press. They were extremely critical of the announced policy of President Wilson; they refused to believe his sincerity, and denounced him because his actions did not fit his words.²⁴ A similar criticism was leveled at Coolidge, at the Havana Conference. Whenever the political malcontents of Latin-America are in difficulties and wish to raise a bugaboo by attacking the Colossus of the North, the Monroe Doctrine has been a convenient target. Continued friction and bitterness were the result of the United States' firm stand for the Doctrine as a unilateral policy.

The chief apostle of Pan-Hispanism in South America is Manuel Ugarte, a native of Argentina. He is profuse in his admiration for the national characteristics which have made the United States great. He blames his own race for not developing similar characteristics. Ugarte regards Pan-Americanism as a "skillful move in the expansionist policy of the north, and a suicidal tendency of the simple-minded south."²⁵

The attitude of Latin-America toward us cannot be understood, without considering the detrimental influences of Great Britain, France, and Spain. Spain was slower to recognize the independence of her colonies than England, but she

²⁴J. H. Latane, A History of American Foreign Policy, p. 668

²⁵Ibid., p. 667, refers to a book written by Ugarte and translated into English by Catherine A. Phillips under the title, The Destiny of a Continent, (New York, 1925).

was not far behind in efforts at rapprochement. The movement for Pan-Hispanism is grounded on appeals to racial and cultural, and, eventually, to economic solidarity. After the Spanish-American War, she began to stress anti-Yankeeism with good effect. The French influence was exerted in a two-fold propaganda campaign. They did their utmost to prevent friendship between the United States, Great Britain, and the Latin-American countries. They played upon the Anglo-Saxon dominance, and, at the same time, emphasized their cultural leadership of the Latin nations, with Paris as the cultural and intellectual center of the world. Great Britain united with the Latin-Americans in condemning "Yankee imperialism." They even went so far as to claim that it was they who saved the Latin-American colonies, by barring continental reactionaries, and that in seeking the co-operation of the United States, their correspondence was the immediate inspiration for the Monroe Doctrine. Without a doubt, antipathy in Latin-America for the United States was and still is encouraged and possibly financially supported by various European countries.

As far as the Latin-Americans are concerned, they seem to find that the cultures of Europe more nearly meet their taste in manners and accord better with their point of view, their philosophy, and their ideals. Then there are the keener needs of the European merchants for raw materials in which the Latin-American countries abound.

The United States has gone a long way toward modifying the conditions that fostered the antagonism of the Latin-American countries. Together they are trying to work out a program that will make the Americas stand united on all issues. This need of the United States to draw nearer Latin-America is a very genuine one, growing out of her dangerous world position. After the World War, the United States found herself to be the creditor of rival nations; and she is the first former colonial country that has robbed Europe of its supremacy.²⁶

Relations between North and South America have been improving steadily, year after year, under the good neighbor policy. But the outbreak of the war in Europe has suddenly accelerated that improvement. Several of the Latin-American countries have revised their long-standing ideas of peace, and have become actively concerned over the safety of their democracies. Political co-operation was evidenced at the recent Pan-American Conference in Panama. Generally speaking, the Conference established a foundation for subsequent consultive work that will make effective in the New World the unanimous aspirations of all the Republics, to keep themselves free of the disorders, which through the ages have embroiled Europe in one war after another.²⁷ The problem of economic co-operation remains to be

²⁶Diomedes de Pereyra, "The Pan-American Illusion," Current History, 33: 239-244, November, 1930.

²⁷P. Gonzalez Alberdi, "Pan-America Faces World War Problem," The Living Age, Vol. 357, No. 4480, pp. 467-469, January, 1940.

solved. Trade with Germany is impossible, and with Great Britain and France it is suffering under extraordinary limitations. This means economic paralysis and misery for the countries whose entire economy and foreign trade have been oriented in the direction of Europe. Evidence that the United States really wants continental co-operation to succeed is found in the establishment of the Export-Import Bank to facilitate credit: short term credits for commercial transactions and long term credits for industrial development. For controversies between business men engaged in inter-American commerce, there is the Inter-American Commercial Arbitration Commission, an administrative agency for bringing about adjustments in business disputes between North and South American business men. During the last war, when American business men faced similar opportunities, the differences in language, customs, and trade practices between North and South America created serious controversies which clogged the courts and created a general feeling of ill-will. Behind this new policy lies the generally accepted proposition that no large-scale commercial program can succeed without the establishment and maintenance of good-will among business men engaged in inter-American trade.

The present European war has also made the American Republics aware of the fact that the Western Hemisphere has problems of its own to solve. In the field of international

relations, there is the problem of liquidation of European sovereignty on the American continent. Guatemala is making an effort to regain possession of Belize (British Honduras). Her claim is considered reasonable by many of the Latin-American Republics.²⁸ Argentina would like to recover the Falkland Islands, which were awarded to Great Britain. The Guianas are anachronisms, which may one day form part of the neighboring Republics. Bermuda, Trinidad, and the Bahama Islands are points of military interest to the United States, even the Danish and Dutch possessions must be borne in mind in this respect. Undoubtedly the United States would use force if necessary to prevent their occupation by Germany; nor would we be likely to allow Great Britain to take them over as a protective measure. It has been suggested that, in view of the precarious world situation, we should in our present and future interest, make a genuine effort to overcome these difficulties and adjust our military position in this hemisphere.

The idea of unity between the Americas has been the goal of leading statesmen both north and south of the Rio Grande. Perhaps it was the aggressiveness of the United States, coupled with an unwillingness to define her position in relation to the Latin Republics, that made for dis-union. Racial and cultural differences also played their part as did lack of accom-

²⁸ Manual Ugarte, "Guatemala's Claims to British Honduras." The Living Age, Vol. 357, No. 4480, pp. 438-439, January, 1940.

mon language. However, the influences of England, France, Spain, and of recent years, Japan must also be credited with arousing antagonisms inimical to the United States. Only in recent years has there been a genuine effort on the part of the United States to achieve a close correlation between its actions and its declared purpose.

CHAPTER X

SUMMARY

The writer has attempted to lay the foundation for further study in the relation of the United States to its nearest neighbors, leading to friendship and improved trade relations, based on a better understanding. All of the Latin-American countries have watched development of the policies of the United States emerging out of the Monroe Doctrine as they affected the smaller countries most intimately concerned, and their attitude has accordingly been determined to a great extent by these relationships.

The current chaotic political, social and economic conditions in Europe have created apprehension in the capitals of Latin-American countries relative to their own safety. In fact, a united policy for all the American Republics is now imperative for self-preservation. This, coupled with a changed attitude on the part of the United States, makes Inter-American co-operation easier and more desirable than ever before. The very phrase "good neighbor" implies a good neighborhood where all nations are equally important and where all share responsibilities.

In trying to perpetuate freedom and democracy in the New World, the United States has at last come to realize that she must do more than merely sell her manufactured

products to Latin-America. Since Latin-American economies are in the main one-crop economies oriented in the direction of Europe, the present upheaval has caused much distress. These conditions make it imperative for the United States to take the leadership in doing something concrete, for instance the Export-Import Bank, to alleviate these depressing conditions.

Conditions in Europe have also stressed the fact that the Americas are faced with another equally important problem of liquidating the remaining European possessions in the New World. These possessions are strategically located and therefore concern the safety and defense of the entire hemisphere.

A continued improvement of good relations with the Latin Republics is necessary to our national welfare and safety. Such relations must be based on better understanding which can come only as the result of further study of which this is only a beginning.

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