

US Policy to the Caribbean, 1898-1959

1. From 1898 to 1932: Big Stick & Dollar Diplomacy

1904 Roosevelt Corollary

The United States justified its actions in the Caribbean by the so-called 1904 Roosevelt Corollary (=addition) to the Monroe Doctrine, so named because

- President Theodore Roosevelt maintained that the United States, as a "civilized" nation, had the right to end "chronic wrongdoing"
- The US thus could intervene in the Caribbean to maintain order. The Roosevelt Corollary was a logical out growth of the increasingly aggressive policies successively advanced by Presidents Seward, Grant, Cleveland and Olney.

How this was done: the "Big Stick" and "Dollar Diplomacy"

- Military intervention
 - From 1898 to 1932, the United States intervened militarily in nine Caribbean nations a total of thirty-four times. The Caribbean nations include the West Indies, Cuba, Central America, and Mexico.
- Political control:
 - Its occupation forces ran the governments of the Dominican Republic, Cuba, Nicaragua, Haiti, and Panama for long periods; Honduras, Mexico, Guatemala, and Costa Rica experienced shorter invasions
- Economic control:
 - The US economic stake in the Caribbean was substantial.
 - Concentrated primarily in agricultural commodities, mineral extraction, oil production, and government securities,
 - From 1887 to 1914, US investment in Cuba and the West Indies rose almost sevenfold, from \$50 million to \$336 million. Investment in Central America more than quadrupled, from \$21 million to \$93 million. By 1914, US investment in Mexico had risen to over \$1 billion. In 1914, 43 percent of this investment was in mining, 18.7 percent in agriculture, and 10 percent in oil!. An additional 13 percent was invested in railroads, which were built to transport the export products to market.
 - The (US) owners of these enterprises often had considerable influence on American policy.

Results for Cuba:

= direct eg:

1. The measures to establish occupation control pre 1903
2. US uses Platt to restore influence:
 - 1906-9: USA occupy Cuba following revolt against Palma. US leaves only after imposing new President
 - 1909-21: USA occupies 4 other times
3. Direct economic investment
 - Ownership of industry is concentrated more & more in fewer (US) hands.
 - 1928: 75% sugar mills = US owned

US Policy to the Carribean, 1898-1959

2. 1932-1945: The Good Neighbor Policy of F D Roosevelt

What it was:

- Rejecting “interference in the internal affairs of other nations” and proclaiming the United States to be a “good neighbor” to the rest of the world, Roosevelt built his relations with Latin America on the foundations laid by his predecessor, Hoover.
- = Roosevelt renounced the right to intervene in Latin American affairs.

Why GNP?

- FDR wished to treat LatAm states on a more equal/sovereign basis and promote goodwill
- WW1 had reduced European influence throughout Lat Am, US was able to focus more attention on all of LatAm, not just Caribbean. However this needed a different, more sophisticated approach than had been applied to the less sophisticated Caribbean area.
- Depression required US to seek new markets: LatAm = ideal especially as European influence less
- US isolationism post WW1 did not extend to LatAm. Interwar years see LatAm becoming more integrated into US sphere of influence in a neo colonial way

Clear examples of GNP

- 1933 the United States reached an agreement with Cuba to abrogate the Platt Amendment, thus abandoning its protectorate over the island;
- 1933 it withdrew its occupation troops from Haiti.
- 1937 the United States gave up its right to intervene militarily to protect transit across the Isthmus of Tehuantepec in Mexico.
- Mexico in 1938 A long dispute between the Mexican government and (the mainly US) oil companies culminated in the nationalisation of foreign oil holdings when the oil companies went against an order of the Mexican Supreme Court in a labor dispute. FD Roosevelt tried to settle matters peacefully. In the face of isolationist sentiment in the United States, intervention was unthinkable. Moreover, with war in Europe on the horizon, the United States did not want to endanger an important source of oil. A settlement was eventually reached during the 1940s.

US Policy to the Carribean, 1898-1959

How much had the Big Stick changed though?

Eg Cuba, 1933:

- In 1933 Dr Grau emerged as leader of the government. He quickly fell into disfavor with the United States when he suspended loan repayments to a large New York bank and seized two American-owned sugar mills.
- US response:
 1. US refused to recognize the Grau government.
 2. US warships lingering in Havana harbor, Grau was forced to relinquish his leadership. Supported by the United States, Batista emerged as the strongman of Cuba.

eg FDR's efforts to achieve reciprocal trade agreements as a means of increasing US trade with the area

- From 1934 to 1941, the US Secretary of State Hull, succeeded in signing reciprocal trade treaties with fifteen Latin American nations.
- Had these treaties succeeded in significantly increasing US trade and economic involvement in Latin America, which they did not, they would have kept back Latin America's emerging industrialization which was critically dependent on protective tariffs for its survival. In this area, therefore, United States policy was in direct conflict with the goal of Latin American economic development.

Eg US fear of the spread of German economic and political influence in Latin America

United States pushed for closer cooperation among the nations of the Western Hemisphere by promoting a series of meetings to consider common problems:

- December 1936, Inter-American Conference for the Maintenance of Peace agreed to consult in the event of war among themselves or outside the hemisphere
- 1938 8th Pan-American Conference met in Lima, Peru and decided that the mechanism for consultation would be foreign ministers' meetings
- Sept 1939, (after the German invasion of Poland) the 1st Meeting of Foreign Ministers of the American Republics approved a joint declaration of neutrality and established the inter-American Financial and Advisory Committee to consider common problems brought on by the war. The foreign ministers proclaimed the existence of a safety zone around the hemisphere and warned belligerents not to wage war within it.
- July 1940, (after the fall of France) the 2nd Meeting of Foreign Ministers was held in Havana; the representatives agreed to administer French and Dutch colonies in the Western Hemisphere in the event they were in danger of Nazi takeover. They also proclaimed that an attack on any of the conferring nations would be construed as an attack on all
- 3rd Meeting of Foreign Ministers was held shortly after the Japanese attack on Pearl Harbor in early 1942. The ministers agreed to cooperate against the

US Policy to the Carribbean, 1898-1959

Axis; most Latin American nations severed diplomatic relations with the Axis powers. Every Latin American country but Argentina contributed to the Allied war effort.

- **WW2 strengthened the economic links between the United States and Latin America.**
 - The United States served as the sole market for the region's exports and the only supplier of its requirements of arms, munitions, industrial equipment, and manufactured goods.
 - North American investment diversified geographically, going increasingly into South America whereas it had previously focused on the Caribbean.
 - A growing proportion of U.S. capital went into manufacturing enterprises instead of raw material extraction.
 - By the end of the war, Argentina accounted for 16 percent of U.S. investment in Latin America, Chile 16 percent, Brazil 13 percent, and Peru 4 percent. For the first time, South America accounted for over half the total U.S. investment in Latin America.