THE CAMBRIDGE HISTORY OF AMERICAN FOREIGN RELATIONS
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Volume II
The American Search for Opportunity, 1865–1913

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President William Howard Taft and Secretary of State Philander C. Knox were responsible for conducting U.S. foreign policy when, between 1909 and 1913, two generations of American diplomatic history climaxed in Canada, Central America, Mexico, and Asia. Viewed by many scholars, not incorrectly, as sometimes lethargic and often unimaginative, Taft and Knox shared a love for the law, and the respect for property, precedent, compromise, peaceful settlements, and the power of money that are common to many lawyers. Taft was happiest not as president but later when he served as chief justice of the Supreme Court. "The truth is," he said then, "that in my present life I don't remember that I ever was President."

Taft had a superb legal mind. Knox, like his predecessor, Elihu Root, ranked at the top of the best corporate lawyers in a nation dominated by corporations. Taft, moreover, sported a résumé that included being governor-general of the Philippines, secretary of war, Theodore Roosevelt's diplomatic troubleshooter, and the successor handpicked by TR himself. The Rough Rider quickly regretted his selection, although he probably would have been disappointed regardless of whom he had chosen to succeed him. Roosevelt, moreover, along with his several predecessors in the White House, had bequeathed to Taft and Knox foreign policies that finally triggered a series of disorders, indeed revolutions in several instances, that neither Taft nor anyone else could understand and resolve. The uprisings over the tariff and in Central America, Mexico, and China fitting conclusions to the previous half century. Taft and Knox had the misfortune to be in the White House and the State Department when many of those deeply rooted policies bore bitter fruit for the United States.

1 James Beres, Presidential Character (Englewood Cliffs, N.J., 1972), 175.

opinion," but some states lacked such enlightened elites and had to be handled more forcefully. He especially worried about "revolutionary upheavals" in the pivotal nation of Mexico. Canada had to be separated from Great Britain so it could find its natural home in a North American system, perhaps through a trade treaty. Croly thus envisioned a political and economic empire stretching from the northern borders of Canada into Latin America, with the United States as its cockpit. In Asia, he recognized the Philippines as a weakness in the U.S. diplomatic armor, but he believed the islands had to be defended with a great Pacific fleet so the Open Door principles could be upheld. China could then be protected by "a great deal of diplomacy and more or less [sic] fighting." Americans would also become better educated about their high stakes in "the future development of China and Japan." Colonialism, as in the Philippines, was good because it served "not as a cause of war, but as a safety-valve against war. It affords an arena in which the restless and adventurous...can have their fling."

As one of his biographers has noted, Croly combined "an internationalized imperialism with democratic nationalism." It was this combination that so many Progressives, as well as some conservatives, found irresistible. The formulation justified what they were doing at home and hoped to do abroad. Taft and Knox bought much of this argument, but they were selective. Taft's view of nationalism was more skeptical than Croly's, as was his confidence in democracy, either at home or, especially, abroad. The 320-pound president was not one for undertaking too many missions. He admitted both an "indisposition to labor as hard as I might" and an inability to keep up with his work (which, as his chief aide nored, meant Taft "might be about three years behind when the fourth of March, 1913, rolls around"). He was also full of self-doubt, especially in knowing he was American. On inauguration day morning, a snow storm hit Washington. Roosevelt said it was a fitting way to end his presidency. Taft replied, "You're wrong. It is my storm. I always


5 Forsey, Crossroads of Liberalism, 170.
knew it would be a cold day when I became President of the United States."

The new president, nevertheless, roused himself to diverge from Crolly's recommendation and far surpass Roosevelt in enforcing antitrust acts. He broke up Standard Oil, U.S. Steel, International Harvester, and the tobacco trust, among others. He did establish a Department of Labor and a Federal Children's Bureau, but he was considerably more doubtful about the virtues of big government's controlling big business than was Crolly or the later Roosevelt. He preferred as a good lawyer to enforce antitrust legislation, and, as a good administrator, to make the State Department more efficient in helping the corporations. Based in part on the British Foreign Office's organization chart, the reorganized State Department now had specialists heading some geographic bureaus (such as that for the Far East), and a more streamlined decision-making system that, in Taft's view, would "make it a thoroughly efficient instrument in the furtherance of foreign trade and of American interest abroad."

Taft followed Crolly's analysis in regard to tariff revision and Canadian reciprocity, and paid dearly. The Payne tariff bill passed the House in 1909 with a free list and lower rates that pleased exporters and importers. In the Senate, however, protectionist interests retaliated; the resulting Payne-Aldrich bill hardly met Crolly's standards for a moderate tariff. Taft made it worse, however, by failing to restore the free list, then praising the results. His remarks alienated industrial exporters, raw material importers, and Progressive tariff revisionists. Roosevelt had not helped. He refused to fight these battles earlier and now did little to help Taft. But worse lay ahead.

Taft believed that foreign trade was increasingly vital to U.S. prosperity, and that trade, as well as investment, was rapidly moving north. In 1909, Americans sent $207 million worth of goods to Canada, or twice the amount sent to the second best customer, Great Britain. Since 1900, U.S. investment in Canada (especially in mines and forests) had nearly quadrupled to $750 million. Washington officials, moreover, searched for a weapon to destroy Canadian-British economic links, especially after 1907, when Canada's new tariff favored the great British markets and discriminated against the giant southern neighbor. Neither Taft nor Prime Minister Wilfred Laurier wanted to face a possible trade war, but the Americans had another agenda driving their policy. As Charles Pepper of the Bureau of Trade Relations informed Knox in a memorandum entitled "The Open Door to Canada," removing Canada from the British trade orbit could undermine the entire British imperial preferential tariff system and change the course of trade "from west to east and from east to west" to "north to south and south to north." Taft fully endorsed such a rerouting. He privately told Roosevelt that if a Canadian reciprocity pact could be negotiated, it "would make Canada only an adjunct of the United States." Taft pushed through his bill to begin to realize a North American continental market, but in Ottawa, Conservatives, strongly supported by British interests and helped by ill-timed remarks by Washington politicians about the probability of future annexation of Canada, defeated the legislation. Crolly's nationalism had been too blatant, too impolitic, to realize one of its greatest foreign policy objectives.

Taft's way with words, or, more accurately, his apparent lack of concern about them, repeatedly hurt him. Unlike McKinley and Roosevelt, he cared little about managing news releases, saw few reporters, withheld information, and took the position that the public had little right to be informed. Critics thus attacked the administration with ever smaller fears of retaliation. A prime example was the coining of the term "dollar diplomacy" by a hostile reporter to describe Taft's foreign policies. The term had the connotations of exploitation and Wall Street domination. Taft was sensitiv...
biggest ass that I have ever run across." But as he did nothing to counter the term's use, officials, including the powerful assistant secretary of state Francis Huntington Wilson, began to use it to describe Taft's search for peaceful solutions — "the substitution of dollars for bullets." Taft finally used the term himself in his last annual message to Congress. The phrase was indeed accurate except that it overstated the president's reluctance to use force. During the 1894 Pullman strike, federal judge Taft had been willing to give orders to "shoot to kill" the strike's leaders. As Roosevelt's man in Cuba and the Philippines, and as president ordering troops into Nicaragua, he also did not balk at the use of force. One of his key agents in Asia, Willard Straight, rightly defined dollar diplomacy as "the financial expression of John Hay's 'open door' policy." From Seward to Hay, U.S. officials had not hesitated to use bullets when dollars proved inadequate.9

Indeed, dollar diplomacy, as Taft realized, was a misleading term for two reasons. It not only did not preclude the use of force, but the effect of dollars in Central America, the Caribbean, Mexico, and Asia was so destabilizing that it required the use of force to restore conditions for opportunity. Using dollars, moreover, did not preclude turning foreign affairs over to bankers. United States officials were sufficiently attuned to the new mercantilism, during the age of the Second Industrial Revolution and imperialism, to understand that government played at least as fundamental a role in building railroads in China or Central America as the government had played in the United States during the 1860s and 1870s. Imperialism was, at bottom, a clash of governments, that is, of Croly's nationalisms. For example, the long American attempts to turn imperialism into a kind of free-market, open-door competition in Asia had collapsed amid the Chinese nationalism on the bullet-riddled streets of Peking during 1900, if one has been.10

critically required ever greater state participation. To call U.S. policy "dollar diplomacy," Taft himself observed, "is to ignore entirely a most useful office to be performed by a government in its dealings with foreign governments." Hence the president created the Bureau of Foreign and Domestic Commerce in the Commerce Department to help individual firms compete overseas.10 Dollar diplomacy, in all, was a partnership among the government, bankers, military, and the wealthy native comprador elite that had integrated itself into the American system. Dollar diplomacy was Croly's powerful national state wedded to the Second Industrial Revolution, and it was therefore an incestuous, and thus highly dangerous, relationship.

Taft and Knox tried to remove one large obstacle from the foreign affairs process in 1910 when the president shocked a New York audience by urging that "matters of national honor" should be referred to an arbitration court, just as were questions of property. After internationalist and peace organizations quickly supported this initiative, Knox signed two trial treaties with Great Britain and France, which declared that all justiciable disputes were to be arbitrated, while all other issues could be referred to a joint high commission, which would decide whether arbitration or some other means of settlement would be exercised. A major, indeed historic, breakthrough in the long quest for imposing order and fair process without resort to arms seemed ready to bless the globe. Taft, however, had not reckoned with Roosevelt or the Senate. Roosevelt blasted the treaties for "sloppy thinking," and was joined by Alfred Thayer Mahan in claiming that vital U.S. interests (such as the Monroe Doctrine) could not be entrusted to joint commissions until international law was further developed. Taft neglected consulting the Senate. Lodge consequently pushed the treaties through the Senate 76–3, but only after Progressives joined him in stripping the pact of any teeth or the power to rule on important issues. Order through due process of law was a good objective in theory, but it had little relationship to U.S. foreign policy's search for opportunity abroad.11

From Opportunities to Revolution to Marines in Central America

That search reached one climax in Central America between 1906 and 1912. Since the second Hay-Pauncefoot Treaty and the Roosevelt Corollary, Central America had become Washington’s reserve, in large part. French, British, and especially German economic inroads did not change the extent of U.S. domination of the region’s affairs but only made it more important to Washington officials to enlarge their power in the area. The soon-to-be-opened Panama Canal had the same effect. Yet throughout 1906–12, North American policies toward the region revolved not around a quest for stability and the status quo but around the encouragement of a series of revolutions. Thus the United States set out to create disorder in Central America, especially in El Salvador, Honduras, and, above all, Nicaragua.

Since 1893 José Santos Zelaya had sought to use dictatorial rule to develop Nicaragua. He dreamed of spreading his power over a united Central America, a dream that had not been realized since the first, heady days of independence in the 1830s. Washington’s decision to build the canal in Panama smashed Zelaya’s hope of using U.S. dollars to enrich his nation and make it a pivot of global trade. He approached Europeans and Japanese about financing a Nicaraguan canal, gave concessions increasingly to non-U.S. groups, and waged a series of wars to recoup his fortunes by bringing other nations, especially El Salvador, under his control. After 1906, U.S. officials covertly helped a revolutionary group in El Salvador, which duly promised to be friendly to Washington. The North Americans also urged Costa Rica to attack Nicaragua. Zelaya’s major competitor, however, was Guatemala’s leader, Estrada Cabrera, who tried to structure built by Andrew Carnegie’s millions), which was to stop future wars through processes of law. The court lasted until 1916 when its decisions ruled against U.S. claims in the Nicaraguan region, and the United States then effectively destroyed it.

Meanwhile, Washington also destroyed Zelaya. In late 1909, a revolt erupted in eastern Nicaragua that was supported by Northern American interests. When Zelaya tried to regain control, Knox (who personally had considerable investments in Central American fruit plantations) sent in four hundred U.S. Marines — in effect, to protect the revolt. Zelaya made the fatal error of executing two U.S. mercenaries he caught trying to blow up some of his troops. An enraged secretary of state instituted a “hard-Knox” policy: He dispatched warships to show his and Taft’s resolve, demanded Zelaya’s immediate exit, and the dictator sailed off to Spain. The U.S. involvement, however, had only begun. Washington’s chosen government for Nicaragua did not meet the approval of many Nicaraguans, especially after the puppet regime turned over majority interest in the nation’s railroads and the national bank to New York financiers in return for large loans. The surprised U.S. minister, Elliott Northcott, expecting on his arrival in 1911 to be greeted as a savior, wired home that not only Guatemala and El Salvador opposed the new Managua regime, but “the natural sentiment of an overwhelming majority of Nicaraguans is antagonistic to the United States” — an antagonism expressed when citizens tried to blow up the government’s palace and arsenal the day of Northcott’s arrival. In 1912, when a revolt led by a respected general erupted against Washington’s handpicked president, Adolfo Díaz, Taft landed 2,600 troops to put down the uprising and keep Díaz in power. Marines remained in Nicaragua until 1925 when their withdrawal set off another revolt. As their overthrow of Zelaya and activities elsewhere in the region demonstrate, the United States fought against the principle of revolution. In certain circumstances, Taft and Knox, resembling Roosevelt, even preferred revolution over order. They only sought to discriminate among those who were, and were not, to be favored by Washington-sponsored upheavals. 13


13 José Madrid to Taft, June 13, 1910, Foreign Relations of the United States, 1911 (Washington, D.C., 1915), 655–6; Coletta, Taft, 188.
A historic turn in Honduras also demonstrated how North Americans favored opportunity over order. A poor country, Honduras nevertheless had enough land, fairly distributed, to support most campesinos until the late 1880s. A banana plantation boom then occurred in reaction to the new markets opening for the fruit in the Americas and Europe. By 1910, 80 percent of the banana plantations were controlled by U.S. companies. These firms not only held the nation’s best lands and transportation networks but instigated wars in order to control the government. When Huntington Wilson complained that “Honduras has politically, financially, and economically about as bad a record for stability as can be found on the face of the earth,” it was as much a judgment on North Americans as on Hondurans. Headed by Sam “the Banana Man” Zemurray, U.S. investors and adventurers headed out of New Orleans in early 1911 to seize power. When President Miguel Dávila asked for help, Knox offered it in return for the U.S. right to intervene and control Honduran customs houses. The Honduran Congress, surrounded by angry mobs who threatened the representatives with death if they accepted the Knox-Dávila deal, unsurprisingly rejected it. Zemurray then effectively took power, combined with the United Fruit Company of Boston (or “the Octopus,” as Latin Americans soon termed it), and turned Honduras into the prototype of a banana republic. When revolts produced power for U.S. citizens and interests, such uprisings were much to be preferred over stability—especially stability imposed by native governments that Washington believed were weak, as well as suspect in their appreciation for the Monroe Doctrine and its recent corollary.

The Mexican Revolution
Since the 1870s, Mexico’s dictator Porfirio Díaz had seemed like his nation would not be a banana republic, but his welcoming of U.S. investment nevertheless made Mexico into a dependent of the northern republic. The dollar flow increased as the ruler’s colleagues grew older, more satisfied, and less flexible. A 1902 report revealed that North Americans had invested a half-billion dollars, with over one-half entering in just the previous six years. The money went into oil concessions, silver and other mining operations, and huge plantations, including those developed for rubber growing and export agriculture. But this was only a prelude. Between 1903 and 1910 investments skyrocketed to three times those of 1876 to 1900. By 1910, the nearly $2 billion of U.S. investment owned 43 percent of Mexico’s property; 15 million Mexicans owned 33 percent, and other foreign investors 24 percent. In some sectors, the Americans’ presence was overwhelming. For example, they controlled two-thirds of the rubber business, which, with the automobile, was beginning to undergo a global boom in demand. In other fields, such as oil, Americans were in heated competition with other foreign, especially British, investors. American citizens nevertheless seemed to dominate the industry by 1905. A key U.S. banker, James Speyer, told the German ambassador in 1904 that “in the United States there is a pervasive feeling that Mexico is no longer anything but a dependency of the American economy, in the same way that the entire area from the Mexican border to the Panama Canal [all of Central America] is seen as part of North America.” After a visit to Mexico, Andrew Carnegie said with delight, “in every corner of the Republic reigned prosperity and an enviable peace.”

Carnegie had not looked deeply enough. The massive foreign investments transformed Mexico. As haciendas evolved to export sugar and hemp, landless peasants proliferated and the production of staple food dropped. Mexico grew more corn and beans for domestic consumption in 1867 than in 1910. Prices rose because of imported agri-


cultural exports increased in the early 1900s. U.S. and Mexican capitalists intensified their drive to seize peasant lands. American-built railroads carried the goods to ports, but also penetrated and threatened communal life, especially in northern Mexico. Discontented peasants had long been known in the country, but by 1910 there were many more than had existed twenty years before, and they were joined by rural laborers who were more rootless and more radical. In the cities, the influx of capital created a new, literate, and politically aware middle class. The group was not radical, but by 1910 it had developed several demands: more Mexican control over Mexican affairs, and more young blood (like its own) to replace the gerontocracy that surrounded Díaz, who had now ruled nearly four decades.16

The U.S. panic of 1907 demonstrated the price of dependence on the giant northern neighbor. As New York capital dried up, Mexican exports dropped, investment disappeared, thousands of Mexican immigrants to the United States suddenly began to return home, and unrest spread. Having begun to understand the dangers of dependence after the stunning U.S. victory in the 1898 war and the quick imperialism that had struck Cuba, Puerto Rico, and Panama, Díaz had already moved to loosen the U.S. economic grip. He grew especially concerned that the U.S. firms moving in were no longer medium-sized and manageable but the outsized products of the post-1897 merger movement, such as Standard Oil and the railroads, which could not be easily managed. He nationalized many of the U.S.-controlled railroad lines (but not the British), imposed duties that raised the price of raw materials headed for the northern border, during 1907–8 worked to attract European capital to fill the vacuum left by the New York panic, and launched a special attack on Standard Oil by excluding it from rich oil fields while cutting its share of Mexico’s illuminating and machine oil market from 59 percent to 21 percent between 1904 and 1910. Díaz meanwhile gave increased preference to British oil, especially to Lord Cowdray, whose powerful interests checked Standard Oil and by 1910 controlled 58 percent of Mexico’s petroleum production.17

Roosevelt and Taft did not complain to Díaz. Investors from the United States, however, not only complained; following the lead of James Stillman, president of National City Bank of New York, they began to note the attractiveness of Francisco Madero who, in his mid-thirties, had challenged Díaz. Madero was no revolutionary. Born to great wealth, he wanted to join Díaz, not depose him, but when the old dictator rejected the proposal and then said he might not run again for the presidency, the younger man launched his own campaign. Díaz reversed himself, won in a fixed election, and suddenly confronted a political tornado. Vowing to overthrow Díaz, Madero issued his own moderate platform to appeal to, and empower, the new middle class. He was joined by two quite different, more radical, figures, Emiliano Zapata and Pascual Orozco, who mobilized peasants and rural laborers in the south and north respectively, and particularly in areas where foreign investment pressures were greatest. Conditions were ripe. By 1900, perhaps 82 percent of the campesinos had no land, while 1 percent of the population owned 97 percent of the fertile land. The growing revolutionary movement was marked less by antiforeign violence (few attacks on foreigners — except Chinese — occurred even during the bloodiest outbreaks) than by the Mexicans’ hatred of Díaz for dealing so much of their wealth to North Americans and the British. As Diaz’s power slipped, Taft and Knox signaled that the old president had fallen from favor; one clear signal was their allowing Madero’s supporters to obtain arms in the United States. Diaz realized that he had to depart before the moderate opposition turned into an unpredictable uprising. “Madero has unleashed a tiger!” the old man observed. “Now let us see if he can control it.”18

He could not. Obtaining power in June 1911. Madero unsurprisingly retained many of Diaz’s advisers. He did nothing about major

land reform or foreign capital, which was also not surprising, given his closeness to Stillman, U.S. railroad entrepreneurs, and powerful Texas bankers who had protected him during his struggle against Díaz (the Madero family's males and many of these American businessmen's sons had even been educated in the same classrooms at Culver Military Academy in Indiana). Standard Oil, scholars much later discovered, had probably offered Madero between $500,000 and $1 million to help overthrow Díaz. Furious at the absence of land reform that would return haciendas to the campesinos, Zapata and his officers issued the Plan of Ayala in November 1911. Joined by Orozco in the north, the Zapatistas pushed events to a new, more radical stage. As the revolt of rural and urban working classes spread, accompanied by growing violence, Madero found he had also lost the support of army officers who had remained loyal to Díaz. Strikes, fighting, land seizures erupted. Madero could do little, however, until he placed General Victoriano Huerta in charge of his army. Huerta stopped the Zapatistas, but came to realize that Madero was too weak to rule. The general also learned that Madero's failures had angered U.S. Ambassador Henry Lane Wilson, an experienced, deeply conservative diplomat whom Taft had brought in from the American post in Chile to deal with the spreading problems in Mexico. Wilson quickly disliked and mistrusted Madero for not being able to maintain peace and uphold property rights. American policy, diplomatic observers in Mexico City noted, turned against Madero for many reasons: his unwillingness to make a favorable reciprocity trade treaty with Washington; his willingness to move closer to Europeans and even encourage European immigration; his whipping up of Mexican nationalism, which, for sound historical reasons, was anti-Yankee; his legitimation of trade unions and strikes against U.S. firms; and his reluctance to give Standard Oil and U.S. railroads representation at the table they had paid for when they helped Madero gain power.  

On September 15, 1912, Wilson sent Madero a note that in tough language outlined Washington's grievances. It demanded the capture and punishment of all those involved in murdering U.S. citizens (forty-seven of whom had been killed between 1910 and 1912), ordered that discriminations against U.S. property be stopped, and warned that the "lawlessness and chaos" must be halted immediately. The Mexican foreign minister denied the charges and demands. Given Wilson's intimacy with the Guggenheim mining interests, the Madero regime probably doubted the ambassador's detachment. In 1911, as the fighting had spread, Taft had placed twenty thousand troops on the border to protect property and lives inside the United States. Trying to defuse the crisis, the president dissembled by announcing that the troops were only on spring maneuvers. Given his record for using force in the Philippines, Cuba, and Nicaragua, this explanation could have been doubted, and the president found himself whiplashed between those who wanted the United States to keep its hands off Mexico and those who wanted dollars supplemented with bullets. He further tried to contain the revolt by imposing an arms embargo, but now offered to lift the embargo if Madero responded favorably to Wilson's September 15 demands.  

Madero had lost control of his "riger" and the support of his giant neighbor. Taft was apparently moving toward Wilson's violent anti-Madero feelings. Knox disagreed; he mistrusted Wilson and did not want any U.S. military intervention, especially after the Taft administration was defeated in the 1912 presidential race and was a political lame duck. In February 1913 General Huerta made a deal with the ultraconservative nephew of Díaz, Felix Diaz, and turned against Madero. Felix Diaz and Wilson were so close that the German ambassador in Mexico City wired Berlin in February: "American ambassador working openly for Diaz, told Madero in my presence he was doing so because Diaz is pro-American." Huerta captured Madero, then asked Wilson what to do with the captive. Wilson was deeply involved; in his office, Huerta and Diaz had made the "Pact of the Embassy" to seal their new partnership. The ambassador told Huerta he must "do whatever you think best for the country. When

19 Hart, Revolutionary Mexico, esp. 245–8; Bruchey, Enterprise, 389; Katz, Secret War in Mexico, 46–8.

Madero’s wife pleaded for her husband’s safety, Wilson replied he could not interfere in a “sovereign nation’s” problems. On February 21, 1913, Huerta’s men killed Madero and an associate. Immediately a pro-Madero revolt erupted in the north, led by Venustiano Carranza. Taft told Wilson that given the fluid situation, Huerta’s inability to settle U.S. property claims quickly, the British refusal to recognize Madero’s murderer, and his own lame-duck status, no recognition of the new president was to be granted. President-elect Woodrow Wilson would have to make that decision. Huerta lasted little more than a year; Woodrow Wilson’s pressure, climaxing with the landing of U.S. forces at Vera Cruz in 1914, helped drive him from power. Ironically, Carranza then moved to take over the country and directly challenged U.S. oil holdings.1

As historian John Mason Hart has observed, the “basic antagonism” in 1911–12 “was between village communalists and agricultural workers on the one side and hacendados and foreign landowners in defense of their commercial holdings on the other.” With their billion dollars of investments, U.S. citizens constituted most of those foreign landowners. They had first worked with Porfirio Díaz to transform Mexico from a largely self-sustaining nation based on a liberal 1857 constitution into a country with deepening class divisions that was dependent on exports and New York capital. (By 1912, the U.S. chargé d’affaires could bitterly complain of the “unintelligent demands of the proletariat.”) When Díaz finally tried to offset the American commercial invasion, U.S. investors, led by some of the most powerful progenitors of the new Industrial Revolution, supported Madero’s overthrow of the old dictator. But Díaz was doubly damned; his earlier long cooperation with Americans had aroused deep nationalistic feelings that, especially after the 1907 panic, Madero could exploit. The 1910 outbreak, one observer noted, “had a decidedly bolder character—diminished aid against the . . . interests of the United States.”2

China: The Door Closes, the Revolution Begins

Much the same process that produced revolution in Mexico produced upheavals in China, although in this more complex case the United States was but one of a half-dozen powers that had tried to exploit China economically and culturally. Again, U.S. officials found that the central government could not both meet foreign demands and protect national interests; that foreign economic encroachments and threats mobilized strong indigenous opposition; and that, finally, the opposition triggered a revolution, much more antiforeign in China than in Mexico, that turned into one of the historic shifts of the twentieth century.

American interests were minute when compared with, for example, those of Japan and Russia. The United States did have 3,100 Protestant missionaries in China (and only 3,770 in all, worldwide), but exports that had risen to $53 million in 1905 were dropping toward $24 million in 1912, and they amounted to only 1 percent of total U.S. export trade. Investments were in the $40 million to $50 million range, but again accounted for less than 2 percent of all U.S. overseas investments. Americans even suffered an unfavorable trade balance with China because they imported $30 million of goods in 1912. With Japan, on the other hand, Americans shipped

21 Coletta, Taft, pp. 178–81; Alan Knight, U.S.-Mexican Relations, 1910–1940 (San Diego, 1987), 57–78, is an important alternative view; Katz, Secret War in Mexico, 94–6, 103.
22 Quoted in Ruiz, Triumphs and Tragedy, pp. 301–2.
23 Quoted in Katz, Secret War in Mexico, 113.
$53 million in exports and took in $81 million in imports in 1912. Obviously the Japan market was less mythical, but more profitable, than the fabled China market. American officials, however, were good cosmopolitans who were planning for the long term, not shorter-sighted business types who cared about the ledger-book figures only at the end of each day, and for the long term they were determined to find outlets that would prevent another era of horrors comparable to the 1873–97 era. Knox and Taft also devoutly believed they were upholding a near-sacred principle in China. "This administration," Knox announced, "inherited from its predecessors the policy of the open door and maintenance of Chinese territorial integrity." The key to upholding that principle, he believed, was to ensure "the participation of American capital" in the "great Chinese railway and other enterprises." Washington would then have the necessary "voice that will go far toward guaranteeing the preservation of the administrative entity of China." But there was even more at stake than the whole of the China market: "So long as the U.S. holds the Philippines," Knox believed, "the domination of China by other nations to our exclusion would be fraught with danger, and it is unthinkable that this country should be squeezed out of any combination [of powers] exercising an influence at Peking."24

American trade had thus not fulfilled its potential in China because, the secretary of state argued, the U.S. government had done too little to shield it against the onslaughts of foreign powers who carefully coordinated their private enterprise and governmental pressures. Such a view was, of course, a direct criticism of Roosevelt's decision in 1907–8 not to confront the new Japanese-Russian division of the Manchurian railway system and Tokyo's takeover of Korea. It also signaled strong support for Willard Straight's faith that with enough Kiplingesque courage and Sino-American cooperation, the United States could help China and alists and open the whole of Chinese markets to the more natural


working of American efficiency. Since his firsthand observation of Japan's conquest of Korea in 1905, and the Japanese defeat of his Chinese plans of 1908 to check Tokyo's control of the South Manchurian Railroad, Straight had, as he said as early as 1904, found "myself hating the Japanese more than anything in the world." Racism again played a major role: "The Russians are white and that means much." Straight thus believed that, with rail magnate E. H. Harriman's riches and contacts in Russia, a deal could be developed to buy the Chinese Eastern Railroad in Manchuria that St. Peters burg controlled, use that as leverage to force Japan to sell the South Manchurian, and hence at once restore Chinese control and U.S. opportunity. Putting the plans together as the first chief of the new Division of Far Eastern Affairs in the State Department during 1908–9, Straight worked with Knox and New York bankers to prepare the offensive. Nor did he change course after Harriman suddenly died in 1909.25

Knox and Straight decided to play it all, and they thought they had strong Chinese support. In reality, Straight's most important supporters, Yuan Shih-k'ai and T'ang Shao-yi, had lost power in 1909, although Chinese officials continued to hope they could use the Americans to counterbalance the Europeans and Japanese. Straight, believing he also had the support of British capital, returned to Asia in 1909 to plan how a U.S. banking group could build a trans-Manchurian railroad (the Chinchow-Aigun). China agreed with his proposal. In Washington, however, Knox decided to try to expand this foothold into a play for all Manchuria. His plan called for the neutralization or internationalization of all Manchurian railroads. The stunning proposal hinged on British cooperation, Russian willingness to sell the Chinese Eastern. Japan's consent to give up the South Manchurian, and the Chinese government's ability to hold the nations together against rising nationalism and intensified foreign pressures. All four of these assumptions promptly collapsed. The major British interest was India, not northern China, and London was willing to allow Japan to do much as it pleased in the latter area as long as Tokyo cooperated with British policies in

the former region. The Russians, for their part, had no intention of selling the essential eastern end of the Trans-Siberian Railway system, especially if they could—as they did in 1910—combine with Japan to confirm their joint division of Manchuria and shut out the irritating Americans. Knox’s dream of checking Japan, in historian Warren Cohen’s words, “like so many dreams... failed to survive the rising sun.” On the same day (November 13, 1909), Knox proposed his plan, Japan approached Russia with the possibility of more formally dividing Manchuria. Their agreement was signed, ironically, on July 4, 1910. Determined “to forestall any arrangement between Russia and Japan,” Knox instead had driven these former enemies closer together.26

But the collapse of Knox’s and Straight’s final assumption proved most important. Blocked from Manchuria, Taft pressured a European Consortium, formed to build railways in China, to admit U.S. capital. The Europeans objected because admitting the Americans would inevitably lead to Japan and Russia demanding entrance. Taft prevailed. So did the Russians and Japanese. The president now found himself as one of six allied foreign imperialists embarked upon building the Wuhán–Canton and Wuhán–Chengdu railways. Since the 1890s, and especially since the Boxers had shown the military importance of railways, a “rights-recovery” movement had grown to demand that only Chinese capital and engineers build the vital lines. The consortium’s move, and the Qing’s cooperation, triggered anti-foreign protests in mid-1911 that quickly spread (especially in the Wuhán area), and received the support of highly nationalist officers of the reformed Chinese Army. Missionaries were again targeted; a mob murdered eight members of a British Baptist group in Hankow. The Qing court asked Yuan Shih-K’ai to leave his forced retirement and restore order. Taft and Straight were pleased. The president hoped the Manchus could survive, but Straight knew they were doomed. Both men greatly preferred the soldierly Yuan to the rebels, for, as Straight told Wall Street friends, “if a Republic is established, there will be chaos, constant disturbance, and but little satisfactory business for the honest bankers unless the foreign powers actively intervene.” Yuan at first replaced the Manchus by agreeing with the rebels to establish a republic. He then turned on the rebels and established his own personal rule.27

In 1912, the key leader of the reform movement, Sun Yat-sen, formed the Kuominthang (KMT). Knowing the United States well, and claiming that the KMT drew inspiration in part from American institutions, Sun directly asked for Washington’s support. Taft and Knox were not interested. They mistrusted the KMT, liked the strong hand that Yuan wielded, and believed he could best protect U.S. and other foreign claims in China. The two U.S. officials, in the spirit of William Seward, also wanted to present a solid front with the other powers to protect foreign claims, as well as to prevent the Chinese from playing their traditional policy of countering foreigner with foreigner. The powers sided with the authoritarian Yuan. President Woodrow Wilson remained with Yuan. After the dictator’s death in 1916, U.S. officials watched as the KMT took China into its post-1919 revolution. To Taft, Knox, and Wilson, Yuan seemed a good choice to serve some of the same functions as the new U.S. presidency served in the Caribbean, Mexico, and Central America: After Western and Japanese capital acted as a catalyst for Chinese nationalism and anti-f oreign outbreaks, Yuan was to restore order and preserve such foreign claims as the Open Door.28

The alternative to the Taft-Knox policy was noted by Roosevelt in a letter to Taft in late 1910. Roosevelt, resembling most westerners, had little sense of how the foreign pressures were accelerating the disintegration of the already undermined Qing, and how the powers’ constant intervention provided a focal point for the antiforeign pressures of the rights-recovery movement and other nationalists. He had, however, learned the hard way about Japan, and he told Taft


27 Jonathan Spence, The Search for Modern China (New York, 1990), 251–66; Daniel M. Crane and Thomas A. Breslin, An Ordinary Relationship: American Opposition to Republican Revolution in China (Miami, Fla., 1986), 38–51, esp. 49.

that Manchuria and Korea were vital interests of the Japanese. "We cannot interfere in those areas unless we have an army as good as Germany's or a navy as good as Britain's. The Open Door policy in China was [sic] an excellent thing," but it "completely disappears as soon as a powerful nation determines to disregard it." Roosevelt was willing to allow the Japanese to have the run of Manchuria in return for controlling their troublesome emigration to California and Canada. Taft and Knox rejected this alternative view. They were concerned about Chinese territorial integrity, but — as their neutralization plan and demands on the consortium vividly demonstrated — they also demanded expanded American opportunities in the vast China market. In China, Straight candidly admitted to his employers at J. P. Morgan that "the Apple Cart received a blow in the solar plexus" when the rebels brought down the Manchus, and he had not seen it coming. He nevertheless assured Morgan that Yuan's victory was welcome because his group favored "the development of China by foreign capital." Old dreams died hard. As U.S. officials had been discovering for a generation, Taft, Knox, and Straight could not have both opportunity and order in China. Along with the other five imperial powers, they helped create the disorder and xenophobia of early revolutionary China. 29

Roosevelt was perhaps more pleased with one footnote to Taft's policies. Although the pogroms had largely stopped by 1906, Russia continued to refuse to recognize the U.S. passports of Jews, Roman Catholic priests, and Protestant ministers. Led by Jacob Schiff of Kuhn, Loeb, demands grew that Taft retaliate by abrogating the 1832 treaty regulating U.S.–Russian trade. The president, as usual, moved slowly, but the House of Representatives, with only one dissenting vote, resolved to end the pact. Taft then informed St. Petersburg that the treaty had to be terminated, although he hoped a new agreement would replace it. The two governments never wrote such an agreement, and American-Russian relations continued their long, post-1867 decline.