**"Years of Preparation, 1860-1889" By: Walter Lafeber**

[By] the time William Seward became Lincoln's Secretary of State in 1861, a new empire had started to take form. Two important features distinguished it from the old. First, with the completion of the continental conquest Americans moved with increasing authority into such extra-continental areas as Hawaii, Latin America, Asia, and Africa. Second, the form of expansion changed. Instead of searching for farming, mineral or grazing lands, Americans sought foreign markets for agricultural staples or industrial goods... As [figures] indicate, the United States was not isolated from the rest of the world in the years' 1850-1873. When examined in economic and ideological terms, the familiar story of American isolation becomes a myth. It is true, however, that from the end of the Napoleonic Wars until the 1890's the vast Atlantic sheltered America from many European problems. Many problems, but not all, for even before the 1890's the United States became involved in such episodes as the international slave trade, Latin American revolutions, numerous incidents in Asia with the major powers of the world, and even colonial questions in Africa and Madagascar. External factors, such as England's command of the seas and the balance of power in Europe, might have given the United States the luxury of almost total isolation; but internal developments, as interpreted by American policy makers, led the United States to become increasingly involved in world affairs. The economic revolution, new scientific and ideological concepts, and the policy makers' views of these changes had begun to accelerate this involvement before the Civil War. This development is sometimes overlooked, since economic and ideological expansion are often considered apart from political entanglements. American history, of course, belies such a separation, for the United States annexed a continental empire by undermining economically and ideologically, British, French, Spanish, Mexican, and Indian control and then taking final possession with money, bullets, or both. Similarly, one rule may be suggested which particularly helps in understanding the course of American foreign policy in the nineteenth century: the United States could not obtain either continental or overseas economic benefits without paying a political and often a military price. Economic expansion and political involvement became so interlined that by 1900 a reinvigorated Monroe Doctrine, participation in an increasing number of international conferences, and a magnificent battleship fleet necessarily made explicit America's world-wide political commitments....

**THE ROOTS OF THE NEW EMPIRE**

Long before the 1860's Americans had been involved in the affairs of Canada, Latin America, Hawaii, and Asia. In its first moments of independence, the United States had struck quickly and unsuccessfully in an effort to bring into the new nation the territory north and east of the Great Lakes. The Americans failed no less miserably in their second try during the War of 1812. But two strikes were not out and time and again in the first half of the nineteenth century Americans had more subtle measures for adding Canada to the Union. The carrot of trade replaced the stickof war when in 1854 the United States and Canada entered into a reciprocity treaty which many Americans hoped would tie the northern nation to them with unbreakable economic bonds. When the treaty tended instead to strengthen Canadian autonomy, a disgusted American Senate allowed the agreement to terminate in 1866.

The United States did not attempt to annex Latin America as it did Canada, but there was no lack of interest in the southern continent. Jefferson had declared that North America could be the nest from which the entire Western Hemisphere would be peopled. Henry Clay later admonished the United States to put itself at the head to the entire hemisphere through a "Good Neighborhood" policy. Increasing interest in Latin America markets as replacements for those lost with the closing of the Napoleonic Wars in Europe provided adequate material reasons. In a negative sense, the Monroe Doctrine, as formulated by President James Monroe and Secretary of State John Quincy Adams, had tried to exclude European powers from affairs in this hemisphere. Viewed positively, the Doctrine staked out the hemisphere as an area for future American economic opportunities and de facto political control. In the mid-1890's and American Secretary of State would announce the positive aspects of the Doctrine in blunt terms. The annexation of Texas in 1845, which had

formerly been a part of Mexico, the war with Mexico in 1846-1848, which resulted in the enlargement of United States by one-fifth, and the numerous filibustering expeditions into Central America in the 1850's only partially indicated American interest in lands south of the border.

Also to the south lay Cuba, an island which Jefferson had considered annexing as early as 1808 and which John Quincy Adams delayed taking only because he believed that the "laws of political gravitation" demanded that Cuba, like "an ape, severed by the tempest from its native tree," would "gravitate only towards the North American Union." By the 1850's Cuba and refused to fall in spite of increased American interest, so three distinguished United States envoys to Europe decided to shake the tree. Failing to persuade Spain to sell the island, they issued the Ostend Manifesto, which proclaimed the right of the United States to take the island if Spain would not sell it. Washington, however, quickly disavowed the Manifesto. Such expansionist projects failed in the 1850's, not because they were unpopular, but because too many of them were advocated by men who spoke with the drawl of southern slave holders. Even such northern expansionists as Seward refused to cooperate in attempts to extend the slavocracy.

American attention had also turned to the Pacific. Trading and whaling vessels from Massachusetts had early stamped the Hawaiian Islands as outposts of United States trade. New England missionaries established colonies during the 1820's. Soon American interest grew from within as well as from without. In the 1840's the United States began sending notices to England and France (the mailing list would later include Germany and Japan) that it would not tolerate European control of the islands. By the decade before the Civil War, the American Secretary of State, William L. Marcy, tried to negotiate a treaty of annexation with Hawaii, was outsmarted by the anti-annexationist block in Honolulu, and retreated with the warning that future annexation by the United States was "inevitable." More than forty years later William McKinley would say, while successfully annexing the islands, that his action was "the inevitable consequence" of "three quarters of a century" of American expansion into the Pacific.

By the time of the Civil War, the Monroe Doctrine had been implicitly extended as far as Hawaii, but important American interest were developing still farther west. (Textbooks call the Orient the Far East, but his hinds the understand of American expansion, for the United States has more often considered his area as the Far West.) The "Empress of China" and sailed out of New York City in 1784 to make the first important contact. The United States signed its first commercial treaty with China in 1844. Ten years later Commodore Matthew C. Perry opened Japan. By the

time Seward assumed his duties as Secretary of States, the United States had been caught in the web of Asian power politics. The State Department had to maintain trade privileges and safeguard traders and missionaries either by cooperating with the European powers or by developing a go-it-alone policy. Americans deviated only the means, not the fact of involvement...

These two facts-that by 1860 the industrial economy was already moving ahead rapidly and that the Civil War marked the transference of power from planters to industrialists and financiers-do much to explain the dynamics of the new empire. The roots of this empire date back at least to the 1843-1860 period, which climaxed in the taking off of the economy, for during this era eastern industrial interest, working through such men as Daniel Webster and William Marcy, began to

show interest in the vast China market and in such areas as California and Hawaii to serve as stepping stones to that market. William Seward, rising to a lofty position in American politics during the 1850's, developed an expansive philosophy within the context of this industrialism which he attempted to realize during the next decade. Policy makers in the post 1870's completed what these men had begun, but the later empire builders succeeded because the Civil War had given them the political power to carry out their plans. The control of policy making by the

industrialist and financiers was a prerequisite to the creation of a new commercial empire in such noncontiguous areas as China and South America....

When coupled with the maturing of the economy, especially in the industrial segment, America's western history provides valuable insights into the formulation of foreign policy after Seward. This is so for several reasons. Fist, the American West supposedly held the great open frontier of opportunities for both individual farmers seeking land and for eastern and Midwestern industrialist searching for markets and raw materials. When in the 1880's many Americans feared that this frontier was closing, they reacted in the classic manner of searching farther west for new

frontiers, though primarily of a commercial, not landed, nature. This swept them into the Pacific and Asiatic area and hence into on of the maelstroms of world power politics. Second, when the belief spread that the internal frontier had quit expanding and had begun to stagnate, the newly restore Union aced an intensified internal threat. This came from bankrupt farmers, unemployed laborers and miners, and bitter social critics including some of the foremost novelists of the day.

Foreign policy formulators and many businessmen viewed expanding diplomatic interest as one way to ameliorate the cause of this discontent....

**POSTSCRIPT:THE UNITED STATES AS A WORLD POWER: WAS 1898 THE DECISIVE YEAR?**

This issue pinpoints the conflict between the process of continual historical development on one hand, and the power of a cataclysmic event on the other, in attempting to understand historical change. The myriad incidents of 1898 capture attention; less dramatic episodes like missionary activity, the purchase of Alaska, or the occupation of the Midway Islands recede into the background. That is, until students question the acquisition of the Philippines and the Hawaiian

Islands in the same year-American interest in the Orient and Pacific did not pop up overnight; in the case of Cuba there had been a century of anticipation.

American expansion did not follow the pattern set by the European powers. There seemed to be temporal limits to America's control of some of its dependencies-the Philippines, Hawaii, Cuba, Alaska. Alaska and Hawaii were promoted to statehood after ninety-two and sixty-one years respectively. Cuba and the Philippines were dealt with more quickly. Cuba gained independence in 1934 and the Philippines were relinquished in 1945. The westward movement across the Mississippi to the Pacific also differentiates the nature of American expansion from that of the

European powers. There is a great sense of continuity between continental growth and trans-oceanic development which was impossible for the Europeans.

Perhaps this issue may be best understood if the events of 1898 are regarded as the undeniable signs of America as a world power, and not as its earliest manifestation. If different stages of world power are recognized with their characteristics of political, military, cultural, economic, and ideological control, some new insights will emerge.

The comparative approach to this issue can be found in Ernest R. May's American

Imperialism (Athenaeum, 1968), and Robin W. Wink's "Imperialism" in C. Vann Woodwards (ed.), The Comparative Approach to American History (Basic Books, 1968). Julius W. Pratt's Expansionists of 1898 (John Hopkins University Press, 1936) remains a standard work on the subject of the Spanish-American War and the acquisition of the Philippines and Hawaii as does Walter Millis The Martial Spirit: A Study of Our War with Spain (Little, Brown, 1931).

**American Imperialism: The Myth**

**Stanley Lebergott**

Imperialism has gotten a bad name in the last 100 years. This is in large due to the writings of neo-Marxists New Left intellectuals. Their criticism of American business relations overseas is excessive and erroneous. Imperialism is a moderately ingenious system in which residents of capitalist nations are forced to transfer income among themselves. It increases workers’ incomes in colonial nations; it benefits their landowners; and it strikes down their business monopolies. Indeed, economic expansion to other nations creates an aura of generous patronage in the imperializing power. Although it does stimulates a sense of outrage in the colonial nation, it speeds the advancement of military leaders in both. Such lively consequences have obscured the primary economic struggle under imperialism—which is not between capitalists from the oppressed peasants, as New Left authors would have us believe, but between different groups of capitalists.

Between the Civil War and 1897 American foreign investment rose from a mere $75 million to $685 million; it then rose by nearly $20 billion from 1897 to 1929. This increase in U.S. foreign investment were indeed impressive. But from 1900 to 1929, the heyday of US military intervention in Latin America, it accounted for only 6 percent of US GNP. Put another way: From 1900 to 1929 the entire increase of U.S. foreign investment all over the globe did not equal the increased investment in California alone.

Critics from the New Left say that US imperialism abroad between 1890 and 1929 drove our military and economic expansion in Asia and Latin America. Actually, most U.S. industries didn't bother to invest abroad. In fact, the aggregate impact on the profitability of the U.S. investment overseas was small. For example, only in agriculture, manufacturing, and metal was the ratio of foreign-to-U.S. investment more than a tenth of 1 percent. For five industry product groups, a significant ratio of foreign-to-U.S. Thus, it seems clear that overseas investments by Americans in the period 1900 to 1929 did not seem particularly explicable by any general surplus of funds seeking overseas outlets. What characterized U.S. foreign investment over these decades was, instead, the seizing of the local opportunities here and there as avid entrepreneurs saw profit potential. These were pursued with no less zest than opportunities that appeared in North Dakota or New Mexico.

**CUBA**

Of course, critics complain that the Spanish American War was driven by a desire to expand US capital interests. This is also not true. Indeed, American exports to Cuba actually had fallen after the Spanish-American War "as compared with those of Great Britain, France, and Germany. . .. Our occupation had not promoted Cuba as a market for goods. . ..

Now what did the war do for such companies like the Sugar Trust? Did the War increase the demand for sugar, thereby benefiting the trust? In 1899 U.S. consumers poured $190 million worth of sugar into their coffee, tea, and lemonade and bought a further $27 million to sweeten confectionary and soft drinks. The war, therefore, had not created the consumer's sweet tooth. Could it have shifted the demand curve for sugar in any significant fashion? There is no reason to think that it intensified the demand for Moxie. Nor did it increase the demand for other sugar products.

Did the war strengthen trust control of the U.S. market? As a tough enterprise the trust was already getting as much out of the consumer as it could, war or no war. Its powers as a trust did not depend on either the Cubans or the war.

So, American intervention in Cuba benefited neither the American consumer nor the Sugar Trust. It did, however, raise the gross receipts of Cuban sugar producers. Hence the true beneficiaries were the owners of Cuban resources. As one Cuban planter told Congress, since the average developed field yielded 2.5 tons of sugar, ”if you took off the duty" (of about $34 a ton) you would give a bounty of about $75 to "every acre of available sugar land in Cuba." The continuing gift from the American taxpayer, therefore, increased the value of Cuban land. That capital gain was unquestionably skimmed off by landowners in subsequent years whenever they sold or rented their land. Who owned the land in 1899, just before the war, and thereby became prime beneficiaries of the Treaty of Paris? Not American businesses. Indeed all Americans taken together controlled only 16 percent of the Cuban sugar crop as late as 1902. The prime economic beneficiaries of the Spanish-American War, in sum, were the Spaniards and the Cubans who owned Cuban sugar land at the start of the war. The generous donor of benefits to these gentlemen turned out to be the American taxpayer.

**THE PANAMA CANAL**

Theodore Roosevelt’s boasted that he “took the canal.” Actually, the US acquired the Panama Canal more from two climactic events that marked the outbreak of American intervention. First was the resumption in 1902 by Panamanians of the revolution that had been going on since 1899. Second was a sequence of volcanic explosions in Nicaragua, Martinique, and St. Vincent in 1902. That sequence had effectively removed the Nicaraguan route as an alternative for the canal across the isthmus. Colombia immediately recognized, and decided to monetize, its monopoly of available routes. With considerable moderation it demanded only $5 million above the $10 million provided for in the treaty to which it had already tentatively agreed. Hay responded with asperity, informing the Colombians that "no additional payment. . . can hope for approval by the United States Senate." Roosevelt restated the U.S. position: "We would give the terms that we had offered and no other; . . . if such terms were not agreed to, we would enter into an agreement with Panama direct." This threatening attitude assisted those Panamanians who wished to resume their revolution.

The subsequent 1902 revolution guaranteed the United States a harvest of ill will. Nor did it save us any money, since in 1921 the United States paid the $25 million anyway. Such brilliance in achieving the worst of both worlds is more explicable by military than by commercial motivation. As a British engineer then working for Colombia wrote: The Canal is beneficial to the US not for economic reasons, but because of its need to move a navy quickly from Atlantic to Pacific. After the Panamanian revolution, the navy’s chief strategist, the president, could be confident that in the next war the U.S.S. Oregon need not be sent around Cape Horn before it could bring its weight to bear on the enemy.

Granting the military interests, what of the economic ones? U.S. taxpayers had made handsome expenditures for the canal by the end of 1929. What private economic interests benefited from this sequence of gifts

PANAMA CANAL COSTS AND REVENUE T0 U.S. TAXPAYERS, 1909-1929

Costs

1. Construction outlays, 1902-1923 388

2. Construction interest, 1902-1929 190

3. Payment to Colombia, 1921 25

4. "National defense" to 1924 113

Revenues from canal operation (net) 110

Costs minus Revenue to 1929 706 by the American taxpayer? The U.S. payment of $10 million to the New Panama Canal Company benefited few Americans. Most stockholders were French. Hence the revolution in Panama hurt American taxpayers, but benefitted Columbia and French investors.

What about American shippers? Building the canal tended to cut the real cost of ocean transport. Who then benefited? Was it the U.S. shipper? The Hay-Pauncefote Treaty of 1901 had stipulated that the canal "shall be open to all vessels. . . on terms of entire equality. . . [with] no discrimination. . . [on] charges of traffic." British ocean shippers, therefore, plus German, Dutch, and others, gained quite as much as American shippers—without their governments contributing one cent. American ocean shipping firms did benefit when some U.S. coast-to-coast traffic shifted its route, but only in the same proportion as American railroads were injured. So, in the end, Americans had provided some three quarters of a billion dollars to build and run the Canal to 1929. They therefore contributed an international public work that benefited shippers throughout the world, that gave equal advantage to any nation that chose to use the canal. Was that money been well spent? As far as economic advantage is concerned, the gains are hardly obvious.

**LABOR**

What impact did American imperialism have on wages paid to labor, rents paid to

landowners, interest rates paid to lenders, and entrepreneurial incomes? Since it is these returns that do much to determine the well-being of those who work and/or invest for a living, it is somewhat surprising that so little attention has been given explicitly to such a question. New Left critics like Williams and LeFeber say that the US exploited labor in Latin America. In colonies, the monopoly organizations of the suzerain can exploit and enslave the laboring people more ruthlessly." These New Left critics complained that "imperialism is the most degrading exploitation and the most inhuman oppression of the millions of peoples in the colonies." It purpose: ”to squeeze out super-profits.” One of many American writers finds that "the workers and peasants in the colonies. . . countries. . . were the most oppressed owing to the fact that their labor was the source of capitalist super-profit." He refers to “the super-exploitation of labor through the export of capital.”

What about the New Left claims that imperialism exploited labor in Cuba?

Did the U.S. military nonetheless impose such action at the behest of new American investors? On the contrary. Both Congress and the Executive sought to make Cuba the home of ”the independent farmer and citizen," not of "the coolie.” Contract labor was therefore to be forbidden. In May 1902 the military governor dutifully forbade the importation of contract labor. Moreover, the United States required Cuba to enact “immigration laws as rigorous as those of the US.”

Given an expanding U.S. market for Cuban sugar, together with a law forbidding the import of cheap labor, Cuban wage rates tended to rise. In 1900-1901, the average daily farm wage in the major sugar province of Mantanzas was 76¢. By January 1902, island average for common labor was 85 1/2;: a day, a rise of over 10 percent. The "most inhuman oppression" should have led wage rates, and real income, to decline. The sequence of regulations, treaties, and investment by the American conquerors did not, however, yield such a decline.

What impact did "imperialist" investment have on labor conditions in other Latin American countries? In Colombia, for example, most of the mining was done by foreign companies who pay their laborers a better wage than they receive from the native capitalists. . . . American construction companies usually. . . [pay] the standard wage paid by the government on construction enterprises under its direct supervision and approximately the standard minimum given by native employers throughout the country.

In summary, American imperialism after the Spanish-American War worked systematic effects on economic interest groups in Latin America. (1) It increased the income of workers and peasants because it expanded the demand for labor. Moreover, anti-imperialist writers assure us that American companies in that expanding market paid wages that were average, and sometimes above average. (2) The introduction of company stores ended monopolies once exercised by local general stores and taverns. (3) Imperialist investment increased the value of land held by local landholders, whether they held small plots of land or vast acreage. Such increases proved most substantial when the United States offered new and especially advantageous terms for native products made in the U.S. It also occurred whenever American companies bought land for plantations and railroads. American companies generally paid at least the price for land that native buyers did. (4) American imperialism ended native monopolies and brought new competition to isolated farm and village areas. Americans induced the creation of a new enterpreneurial group. Of course, native monopolies resisted American attempts to curtail their activities. Opposition to American imperialism came more from these native monopolists than from native peasants. The heart of the anti-imperialist struggle, then, was a squabble between two capitalist groups, one native and the other foreign, fighting over the spoils of progress.