

The Progressive Presidents



Teddy Roosevelt

Roosevelt's Square Deal

At the dawn of the twentieth century, America was at a crossroads. Presented with abundant opportunity, but also hindered by significant internal and external problems, the country was seeking leaders who could provide a new direction. The political climate was ripe for reform, and the stage was set for the era of the Progressive Presidents, beginning with Republican Theodore Roosevelt.

Teddy Roosevelt was widely popular due to his status as a hero of the Spanish-American War and his belief in “speaking softly and carrying a big stick.” Taking over the presidency in 1901 after the assassination of William McKinley, he quickly assured America that he would not take any drastic measures. He then demanded a “Square Deal” that would address his primary concerns for the era—the three C’s: control of corporations, consumer protection, and conservation.

The ownership of corporations and the relationship between owners and laborers, as well as government’s role in the relationship, were the contentious topics of the period. Workers were demanding greater rights and protection, while corporations expected labor to remain cheap and plentiful. This conflict came to a head in 1902, with the anthracite coal strike in Pennsylvania. Coal mining was dirty and dangerous work, and 140,000 miners went on strike and demanded a 20 percent pay increase and a reduction in the workday from ten to nine hours. The mine owners were unsympathetic and refused to negotiate with labor representatives. With the approach of winter, the dwindling coal supply began to cause concern throughout the nation.

Roosevelt, going against established precedent, decided to step in. He summoned the mine owners and union representatives to meet with him in Washington. Roosevelt was partly moved by strong public support and took the side of the miners. Still, the mine owners were reluctant to negotiate until Roosevelt, threatening to use his “big stick,” declared that he would seize the mines and operate them with federal troops. Owners reluctantly agreed to arbitration, where the striking workers received a 10 percent pay increase and a nine-hour working day. This was the first time a president sided with unions in a labor dispute, and it helped cement Roosevelt’s reputation as a friend of the common people and gave his administration the nickname “The Square Deal.”

Emboldened by this success and in pursuit of the first element of his Square Deal, Roosevelt began to attack large, monopolistic corporations. Some trusts were effective and legitimate, but many of these companies engaged in corrupt and preferential business practices. In 1902, the Northern Securities Company, owned by J.P. Morgan and James J. Hill, controlled most of the railroads in the northwestern United States and intended to create a total monopoly. Roosevelt initiated legal proceedings against Northern Securities and eventually the Supreme Court ordered that the company be dissolved. Roosevelt's radical actions angered big business and earned him the reputation of a "trust buster," despite the fact that his successors Taft and Wilson actually dissolved more trusts.

In 1903, with urging from Roosevelt, Congress created the Department of Commerce and Labor (DOCL). This cabinet-level department was designed to monitor corporations and ensure that they engaged in fair business practices. The Bureau of Corporations was created under the DOCL to benefit consumers by monitoring interstate commerce, helping dissolve monopolies, and promoting fair competition between companies. In 1913, the DOCL was split into two separate entities, the Department of Commerce and the Department of Labor, both of which continue to play an important role in regulating business today.

The railroad business continued to be one of the most powerful and influential industries. Like many companies of the time, railroad companies engaged in corrupt business practices such as rebating and price fixing. Roosevelt encouraged Congress to take action to address these abuses, and in 1903, they passed the Elkins Act, which levied heavy fines on companies that engaged in illegal rebating. In 1906, they passed the Hepburn Act, which greatly strengthened the Interstate Commerce Commission. This law allowed the Commission to set maximum rates, inspect a company's books, and investigate railroads, sleeping car companies, oil pipelines, and other transportation firms. This was a bold action by Roosevelt and Congress given the transportation industry was a powerful lobbyist and a significant political contributor.

The second element of Roosevelt's Square Deal was consumer protection. In the early 1900s, there was little regulation of the food or drugs that were available to the public. In 1906, Upton Sinclair published a book called *The Jungle* that described in graphic detail the Chicago slaughterhouse industry. Sinclair intended for his book to expose the plight of immigrant workers and possibly bring readers to the Socialist movement, but people were instead shocked and sickened by the practices of the meat industry.

Roosevelt had the power to do something about the horrors described in *The Jungle*. He immediately appointed a special investigating committee to look into food handling practices in Chicago. Their report confirmed much of what Sinclair had written. Roosevelt was shocked by the report and predicted that it could have a devastating effect on American meat exports. He agreed to keep it quiet on the condition that Congress would take action to address the issues.

After much pressure from Roosevelt, Congress reluctantly agreed to pass the Meat Inspection Act and the Pure Food and Drug Act of 1906. Many members of Congress were reluctant to pass these laws, as the meat industry was a powerful lobbying force. However, the passage of this legislation helped prevent the adulteration and mislabeling of food, alcohol, and drugs. It was an important first step toward ensuring that Americans were buying safe and healthy products. Eventually, the meatpacking

industry welcomed these reforms, as they found that a government seal of approval would help increase their export revenues.

The final element of Roosevelt's Square Deal was conservation. Roosevelt was widely known as a sportsman, hunter, and outdoorsman, and he had a genuine love and respect for nature. However, many Americans of the time viewed the country's natural resources as limitless. For example, many farmers, ranchers, and timber companies in the west were consuming a huge portion of the available resources at an alarming rate. Their primary obsession was profit, and they had little concern for the damage they were causing. However, there was a small but vocal population who had a great deal of concern for the environment. Fortunately for them and for future Americans, the environmentalists had a friend in Teddy Roosevelt.

Environmentalism and conservation were not new ideas, but most had not been concerned with ecological issues. While a number of laws had been passed to prevent or limit the destruction of natural resources, the majority of this legislation was not enforced or lacked the teeth necessary to make a significant difference.

With Roosevelt's urging, Congress passed the Newlands Act of 1902. This legislation allowed the federal government to sell public lands in the arid, desert western states and devote the proceeds to irrigation projects. Landowners would then repay part of the irrigation costs from the proceeds they received from their newly fertile land, and this money was earmarked for more irrigation projects. Eventually, dozens of dams were created in the desert including the massive Roosevelt Dam on Arizona's Salt River.

Another major concern of environmentalists was the devastation of the nation's timberlands. By 1900, only about 25 percent of the huge timber preserves were still standing. Roosevelt set aside 125 million acres of timberlands as federal reserves, over three times the amount preserved by all of his predecessors combined. He also performed similar actions with coal and water reserves, thus guaranteeing the preservation of some natural resources for future generations. Environmentalists such as John Muir, Gifford Pinchot, and the upstart Sierra Club aided Roosevelt in his efforts. Preserving America's natural resources and calling attention to the desperate need for conservation may well have been Teddy Roosevelt's greatest achievement as President, and his most enduring legacy.

Taft's Administration



Howard Taft

In 1908, President Teddy Roosevelt could have easily carried his burgeoning popularity to a sweeping victory in the presidential election, but in 1904, he made an impulsive promise not to seek a second elected term. However, he did not intend to completely relinquish control, so he handpicked a successor. Howard Taft, the 350-pound Secretary of War, was chosen as the Republican candidate for 1908. Taft was a mild progressive and an easygoing man that Roosevelt and other Republican leaders felt they could control. Taft easily defeated the Democratic candidate, William Jennings Bryan, and the Socialist candidate, Eugene Debs, in what can be construed as continued public endorsement of Roosevelt.

Unfortunately, from the onset of his administration Taft did not live up to Roosevelt's standards or the expectations of other Progressives. He lacked Roosevelt's strength of personality and was more passive in his dealings with Congress. Many politicians were surprised to learn that Taft did not share some of the Progressive ideas and policies that Roosevelt endorsed. In fact, many people felt that Taft lacked the mental and physical stamina necessary to be an effective President.

The first major blow to the Progressives during Taft's administration was the Payne-Aldrich Tariff of 1909. Taft called a special session of Congress to address what many people felt were excessive tariffs. After this session, the House of Representatives passed a bill that moderately restricted tariffs, but their legislation was severely modified when it reached the Senate. Radical Senators, led by Nelson W. Aldrich of Rhode Island, tacked on hundreds of revisions that effectively raised tariffs on almost all products. Taft eventually signed the bill and declared it "the best bill that the Republican Party ever passed." This action dumbfounded Progressives and marked the beginning of an internal struggle for control of the Republican Party.

Another issue that caused dissension among Republicans was Taft's handling of conservation issues. Taft was a dedicated conservationist and he devoted extensive resources to the protection of the environment. However, most of his progress was undone by his handling of the Ballinger-Pinchot dispute. Pinchot, the leader of the Department of Forestry and a well-liked ally of Roosevelt, attacked Secretary of the Interior Richard Ballinger for how he handled public lands.

Ballinger opened up thousands of acres of public lands in Wyoming, Montana, and Alaska for private use, and this angered many Progressives. Pinchot was openly critical of Ballinger, and in 1910 Taft responded by firing Pinchot for insubordination. This infuriated much of the public as well as the legions of political players who were still fiercely loyal to Roosevelt.

A major rift occurred in the Republican Party because of Taft's straying from Progressive policy. The party was split down the middle between the "Old Guard" Republicans who supported Taft and the Progressive Republicans who backed Roosevelt. This division in the Republican Party allowed Democrats to regain control of the House of Representatives in a landslide victory in the congressional elections of 1910.

In early 1912, Roosevelt triumphantly returned and announced himself as a challenger for the Republican presidential nomination. Roosevelt and his followers, embracing "New Nationalism," began to furiously campaign for the nomination. However, because of their late start and Taft's ability as incumbent to control the convention, they were unable to secure the delegates necessary to win the Republican candidacy. Not one to admit defeat, Roosevelt formed the "Bull Moose" Party and vowed to enter the race as a third-party candidate.

The split in the Republican Party made the Democrats optimistic about regaining the White House for the first time since 1897. They sought a reformist candidate to challenge the Republicans, and decided on Woodrow Wilson, a career academic and the current progressive governor of New Jersey. Wilson's "New Freedom" platform sought reduced tariffs, banking reform, and stronger antitrust legislation. The Socialists again nominated Eugene V. Debs whose platform sought public ownership of resources and industries. As expected, Roosevelt and Taft split the Republican vote, and Wilson easily won a majority of the electoral votes. Having received only 41 percent of the popular vote, Wilson was a minority president.



Woodrow Wilson

Wilson's New Freedom

Upon taking office, Woodrow Wilson became only the second Democratic president since 1861. Wilson was a trim figure with clean-cut features and pince-nez glasses clipped to the bridge of his nose, giving him an academic look. Partly due to his academic background and limited political experience, Wilson was very much an idealist. He was intelligent and calculating, but the public perception was that he was emotionally cold and distant. Wilson arrived in the White House with a clear agenda and the drive to achieve all of his goals. In addition, the Democratic majority in both houses of Congress was eager to show the public that their support was not misdirected.

Wilson's platform called for an assault on "the triple wall of privilege," which consisted of tariffs, banks, and trusts, and rarely has a president set to work so quickly. His first objective was to reduce the prohibitive tariffs that hurt American businesses and consumers. In an unprecedented move, Wilson personally appeared before Congress to call a special session to discuss tariffs in early 1913. Moved and stunned by Wilson's eloquence and force of character, Congress immediately designed the Underwood Tariff Bill, which significantly reduced import fees.

The Underwood Tariff Bill brought the first significant reduction of duties since before the Civil War. In order to make up for the loss in revenues caused by the lower tariffs, the Underwood Bill introduced a graduated income tax. This new tax was introduced under the authority of the recently ratified Sixteenth Amendment. Initially, the tax was levied on incomes over \$3,000, which was significantly higher than the national average. However, by 1917 the revenue from income taxes greatly exceeded receipts from the tariff. This margin has continued to grow exponentially over the years.

After tackling the tariff, Wilson turned his attention to the nation's banks. The country's financial structure was woefully outdated, and its inefficiencies had been exposed by the Republican's economic expansion and the Panic of 1907. The currency system was very inelastic, with most reserves concentrated in New York and a few other large cities. These resources could not be mobilized quickly in the event of a financial crisis in a different area. Wilson considered two proposals: one calling for a third Bank of the United States, the other seeking a decentralized bank under government control.

Siding with public opinion, Wilson called another special session of Congress in June of 1913. He overwhelmingly endorsed the idea of a decentralized bank, and asked Congress to radically change the banking system. Congress passed the Federal Reserve Act, which was arguably the greatest piece of legislation between the Civil War and Franklin Roosevelt's New Deal. The Act created a Federal Reserve Board, which oversaw a system of 12 regional reserve districts, each with its own central bank.

This new system also issued Federal Reserve Notes, paper currency that quickly allowed the government to adjust the flow of money, which are still in use today. The Federal Reserve Act was instrumental in allowing America to meet the financial challenges of World War I and emerge from the war as one of the world's financial powers.

Emboldened by his successes, President Wilson turned his attention to the trusts. Although legislation designed to address the issue of trusts had existed for many years, they were still very much a problem. Again, Wilson appeared before Congress and delivered an emotional and dramatic address. He asked Congress to create legislation that would finally address trusts and tame the rampant monopolies. After several months of discussion, Congress presented Wilson with the Federal Trade Commission Act of 1914. This act allowed the government to closely inspect companies engaged in interstate commerce, such as meatpackers and railroads. The Commission investigated unfair trading practices such as false advertising, monopolistic practices, bribery, and misrepresentation.

Following closely behind the Federal Trade Commission Act of 1914, was the Clayton Act of 1914. It served to strengthen the Sherman Anti-Trust Act of 1890 (the first measure passed by the U.S. Congress to prohibit trusts) and redefine the practices that were considered monopolistic and illegal. The Clayton Act provided support for labor unions by exempting labor from antitrust prosecution and legalizing strikes and peaceful picketing, which were not part of the Sherman Act. Renowned American Federation of Labor union leader, Samuel Gompers, declared the Clayton Act the "Magna Carta" of labor. Unfortunately, labor's triumph was short-lived, as conservative judges continued to curtail union power in controversial decisions.

The era of the Progressive presidents produced a number of notable achievements. Trust-busting forced industrialists and monopolistic corporations to consider public opinion when making business decisions. This benefited the consumer and helped grow the economy. The Progressive presidents also increased consumers' rights by limiting corporate abuses and trying to ensure the safe labeling of food and drugs. The creation of a federal income tax system lowered tariffs and increased America's presence as a global trading partner. It also raised additional revenues, some of which were used for beneficial programs such as conservation. The Progressive presidents served to strengthen the office of the president and the public began to expect more from the executive branch. Progressivism as a concept helped challenge traditional thinking about government's relationship to the people and sparked new ideas that stimulated thought for decades to come.

Along with these significant accomplishments, the Progressive movement also had a number of notable shortcomings. Due to several contrary schools of thought within the movement, goals were often confusing and contradictory. Although most Progressives had good intentions, their conflicting goals helped detract from the overall objectives of the movement. Despite the numerous successes and lofty goals and ideals of the Progressive movement, the federal government was still too greatly influenced by industry and big business.

The Progressive movement was not a complete success, but it did serve to spark new ideas and new ways of thinking about business and government. It created a new school of thought that challenged traditional ideas and allowed several new politicians to break the mold and lead the country in a new direction. This new way of thinking proved vital for the United States as the First World War loomed on the horizon.

Foreign Policy



McKinley and Roosevelt

China

When Theodore Roosevelt took over the presidency in September 1901, after the assassination of William McKinley, he inherited many of McKinley's policies and programs. During McKinley's second run for office, he promised to continue programs of prosperity intended to lift the U.S. out of the depression of 1893. The gold standard assigned value to bank notes based on the corresponding price of gold, while imperialism promoted greater U.S. involvement in foreign nations. Roosevelt, despite much public skepticism, vowed to preserve and expand McKinley's programs.

An important issue during McKinley's presidency was U.S. involvement in China. In a war that started in 1894 and ended in 1895, Japan defeated China, and for the next several years, China was in disarray. In the aftermath of the war, Japan and major European powers moved in to take control of China's substantial resources. Many U.S. leaders feared that if America did not join in, we would miss out on a huge economic opportunity. McKinley's Secretary of State, John Hay, sent a note to the countries with an economic stake in China requesting an "Open-Door Policy" that respected Chinese rights and promoted fair competition among those interested in Chinese resources. Britain, Germany, France, and Japan agreed to the policy, assuming that all of the other key countries would commit. Russia declined to commit to the plan, which caused dissension among the other countries and made the "Open-Door Policy" weak and relatively ineffective. Still, the "Open Door" continued to be the primary approach that the U.S. took toward China.

By 1900, a group of Chinese patriots known as Boxers, rebelled against what they viewed as European exploitation. They killed 200 foreigners with the battle cry "kill foreign devils." A multinational task force of 18,000 troops, including American soldiers, was quickly assembled to quell the rebellion. The Boxer group was disorganized and easily suppressed by the superior allied forces. The leaders of this multinational force assessed cash-poor China an indemnity of \$300 million payable immediately. America realized that this reparation was excessive and would only punish and further repress the Chinese. As an act of friendship, the U.S. remitted \$18 million to the Chinese, who as a sign of appreciation, sent students to the U.S. to study. These students later returned to China and were key players in the move to "westernize" China and help improve Chinese/American relations.

Spanish-American War



Roosevelt and his Rough Riders

The beginning of the twentieth century was a period of unprecedented American prosperity and power. The economic and social environment was perfect for the rise of the International Darwinism movement. Followers of this movement applied some of the fundamental views of Darwin's *Origin of Species* (1859) to international politics. They believed that the earth belonged to the strong, and with America quickly growing in strength, there was a strong surge of support for increased U.S. imperialism.

The International Darwinism movement was enthusiastically promoted by Josiah Strong's book, *Our Country: It's Possible Future and Its Present Crisis* (1885). The book asserted that natural law dictates that strong countries will dominate weaker countries and that the Anglo-Saxon race is superior to other races. Inspired by Strong's book, many American imperialists began calling for the spread of American religion, culture, and values to what they considered "backwards" third-world countries.

Another concern for many American businesspeople, politicians, and religious leaders was that the U.S. would not be able to keep pace with European powers. During the 1880s and 1890s, many European nations had flexed their imperial muscles throughout much of Africa, the Pacific, and China. Imperialists feared that the U.S. would be frozen out of these regions and would not be able to spread its influence or reap the financial benefits. Many people began to strongly encourage the federal government to spread American influence, and the government was more than happy to comply.

In 1895, Cuban citizens revolted against their Spanish occupiers because of widespread poverty and oppression and what they perceived as Spanish tyranny. Some of the poverty was due to high U.S. duties that were placed on Cuban sugar. In a reactionary move to the revolt, Spanish General "Butcher" Weyler herded thousands of Cuban civilians into "reconcentration" camps. These camps were filthy and many of the residents died of diseases that flourished in these overcrowded and unsanitary camps. The sentiment of the American people was strongly against Spanish barbarism and there was a call of support for the Cuban people.

Newspaper tycoons William Randolph Hearst and Joseph Pulitzer played a major role in shaping the attitudes and opinions of Americans during this era. These two men owned many major newspapers across the country, and they were engaged in a fierce rivalry. In an attempt to outdo one another, they routinely created sensational headlines designed to “scoop” the competition. Unfortunately, these “yellow journalism” headlines were often enhanced or sometimes entirely made up in order to maximize their sensationalism. On February 9, 1898, Hearst greatly stoked the fire of anti-Spanish sentiment when he published a private letter written by Spanish diplomat Dupuy de Lome that was very critical of President McKinley. De Lome was forced to resign, but the public was angered and outraged by the sensational stories and began to call for armed intervention in Cuba.



President McKinley ordered the battleship *USS Maine* stationed in Havana Harbor ostensibly to monitor the situation and keep the peace. Then, on February 15, 1898, the *Maine* suddenly exploded in the harbor killing all 260 officers and crewmembers aboard. Immediately, both Spanish and American officials began investigating the cause of the explosion. The Spanish investigation concluded that the explosion was the result of an internal malfunction, and they ruled it an accident. However, after a hurried investigation, the American investigators reported that a Spanish mine caused the explosion. Spain attempted to pacify the U.S. and avoid armed confrontation with an offer of arbitration. However, fueled by the ever-present “yellow press,” the U.S. was enraged and ready to go to war, with the American public proclaiming, “Remember the *Maine*, to Hell with Spain.” Years later in 1976, a thorough investigation was conducted and it showed that the Spanish theory was correct and the explosion was accidental.

On April 11, 1898, Congress declared war on Spain. They also ratified the Teller Amendment, which pledged to give Cubans their freedom after the Spanish were defeated. Many Europeans and Americans were skeptical of this anti-imperialistic pledge. Assistant Secretary of the Navy Theodore Roosevelt, acting in the absence of the Secretary, ordered Commodore George Dewey to attack the Spanish-controlled Philippines at Manila Harbor. The U.S. also annexed Hawaii to use as a naval base in the Pacific on July 7, 1898. Although American confidence was very high, on paper the Spanish possessed a superior army and a navy of equal status. However, their navy was run-down and far from its home base.

The U.S. Navy easily destroyed the aging Spanish fleet in Manila. In the battle, over 400 Spanish sailors were killed or wounded, while the U.S. suffered no casualties. Having crushed the Spanish Navy, Dewey had no choice but to wait for ground support as his sailors were incapable of ground combat. Finally, soldiers arrived to lead the attack on the capital. The soldiers recruited rebel leader Emilio Aguinaldo, and on August 13, 1898, soldiers collaborating with Filipino rebels quickly captured Manila.

The U.S. Navy had similar success in Cuba. They engaged the Spanish Navy and easily defeated it. The U.S. suffered only one casualty compared to over 500 Spanish casualties. Meanwhile, the U.S. Army, including Roosevelt's famed "Rough Riders", routed the Spanish but suffered significant fatalities. There were many other battles and skirmishes, but the U.S. Army's most significant enemy was their lack of logistical preparedness, not the Spanish. For example, they were wearing wool uniforms in the intense heat, and were very susceptible to tropical illnesses. In addition, the lack of medical knowledge concerning the causes and treatments of tropical diseases such as malaria cost many American lives. During the course of the war, 400 U.S. soldiers were killed by Spanish hostilities, while over 5,000 were killed by disease. Despite these American shortcomings, the Spanish military was greatly overmatched, and they surrendered on August 12, 1898.

Later in 1898, the Pact of Paris was signed, which freed Cuba from Spanish rule and gave the U.S. control over Guam and Puerto Rico. Cuban freedom was conditional, as they were pressured to sign the Platt Amendment, which prohibited Cuba from contracting debts and allowed the U.S. to intervene militarily at its discretion. The U.S. agreed to pay \$20 million for the Philippines; since it was captured the day after the armistice was signed and therefore was not considered a spoil of war. The U.S. acquisition of the Philippines, the first American venture into true imperialism, sparked a great deal of domestic debate.

In America, the Spanish-American War prompted a fast growing anti-imperialist movement, with members such as prominent authors, philosophers, and academics, including Mark Twain, Jane Addams, and Andrew Carnegie. The Filipino people longed for freedom after years of Spanish rule. In the *Downes v. Bidwell* case of 1901, the U.S. Supreme Court ruled that products imported from U.S. territories are subject to duties and the "Constitution does not follow the flag." These and other rulings were referred to as "insular cases" and denied residents of occupied territories the rights and protections afforded by the Constitution. These rulings set an important precedent, since previously acquired land had been eligible for these rights as well as future statehood. The U.S. did not grant the Philippines independence, but instead, annexed it. On February 4, 1899, a bloody three-year revolution began that left over 600,000 Filipinos dead and was responsible for more American casualties than the Spanish-American War. In the aftermath of World War II, the America granted the Philippines independence on July 4, 1946.

Panama Canal



An important discovery that resulted from the Spanish-American War was America's need to connect the Atlantic and Pacific Oceans. During the war, ships in the Pacific had to travel around South America in order to join the fleet in Cuba. The U.S. now had to protect and supply its far ranging territories in Guam, Puerto Rico, Hawaii, and the Philippines. The U.S. was also beginning to emerge as a world economic power and needed quicker shipping routes to meet its international business needs. Another significant reason for a quick route between the Atlantic and the Pacific was that the U.S. Navy was fast becoming an important, global military player. President Roosevelt began to swing his "big stick" in order to achieve his dream of building a canal in Central America.

Initially, proponents of the canal considered two sites: Nicaragua and Panama. However, experts quickly concluded that Panama would be a more advantageous and realistic site. Despite Roosevelt's intentions, there were still several legal challenges to overcome before he could build the canal. The Clayton-Bulwer Treaty of 1850 between the U.S and Britain asserted that the U.S. could not have sole control over an isthmian canal in the Americas. However, the British were engaged in the South African Boer War and were feeling increasingly threatened by their European neighbors, so they were willing to repeal the treaty. In 1901, the British and the Americans signed the Hay-Pauncefote Treaty that allowed the U.S. to build and fortify a canal. England had little to lose by signing the treaty, and in exchange hoped to secure the U.S. as an ally in a conflict with Germany that was beginning to look inevitable.

In addition to legal challenges, there were other significant obstacles to building a canal. Panama was eager to secure the canal project in the hope that it would revive their lagging economy. However, Panama was controlled by Colombia, and the Colombian Senate rejected a treaty that would have allowed the U.S. to lease a six-mile zone in Panama. The offer called for an initial payment of \$10 million and an annual disbursement of \$250,000, which the Colombians viewed as inadequate. Roosevelt was enraged by Colombia's refusal to cooperate and he was determined to secure the canal area one way or another. A Panamanian uprising against Colombian rule began on November 3, 1903. This coup was backed by Panamanians who sought the prosperity the canal offered as well as representatives of the company that hoped to sell the land to the U.S. for \$40 million. The U.S. did not actively encourage this rebellion, although they viewed it as a fortunate development.

Colombian soldiers were poised to crush the rebellion, but U.S. naval vessels would not allow them to cross the isthmus and engage the revolutionaries. Using questionable legal precedent, President Roosevelt quickly recognized Panama's independence three days later. This was a bitter victory for the

U.S., as it secured the necessary land for the canal, but hurt foreign perception of America as well as American relations in Latin America. Latin Americans were already concerned about American control in Puerto Rico and Cuba, and now they began to fear their neighbor to the north.

After years of dubious politics and relationships, construction began on the Panama Canal in 1904. Many obstacles were encountered, including landslides, pestilence, and labor problems. However, a team of engineers persisted, and finally in 1914 the Panama Canal was opened and heralded as the greatest technological achievement of its time. The total costs to complete the job were staggering. In addition to \$400 million in financial costs, the loss of good will toward America was incalculable. The English author James Bryce referred to the project as “the greatest liberty Man has ever taken with Nature.”

Roosevelt Corollary



Speak softly and carry a big stick

Around the turn of the twentieth century, Latin American nations began defaulting on massive loans from European powers such as Germany and England. Many of these “Banana Republics,” including Venezuela and the Dominican Republic, had borrowed heavily and had no way or intention of repaying their debts. This issue came to the forefront in 1903, when German warships sank two Venezuelan vessels and bombarded a Venezuelan town. Their intention was to intimidate Venezuela into paying its debts, but they inadvertently threatened Roosevelt and America’s sense of security as well.

Roosevelt was intent on keeping European nations out of the Americas. He feared that if he allowed Germany and England into the Hemisphere to collect debts, they might decide to set up permanent bases, which would have been a violation of the Monroe Doctrine of 1823. In addition, the U.S. did not want the European powers to “extort” Latin American countries, thereby bankrupting them. In order to prevent their presence, Roosevelt devised the Roosevelt Corollary to the Monroe Doctrine, which instituted a policy of “preventive intervention.”

In this clever maneuver, Roosevelt stated that the U.S. would now function as “the policeman of the Caribbean.” Under this arrangement, the U.S. took over the management of tariff collections in 1905. This meant that whenever a Latin American nation was overdue on a debt to a European power, the U.S. would intervene. America would pay off the foreign debt, and then take responsibility for collection, thereby guaranteeing the European loan. The Europeans quickly agreed to this arrangement, as it

ensured the prompt payment of the debt, but they were skeptical of America's motivation. Many people in America, Europe, and Latin America viewed this as yet another imperial move by the United States. Anti-imperialists believed that America was removing the traditional imperialists who were taking advantage of the Banana Republics, for no other reason than to take their place.

The U.S. experienced a number of advantages by assuming control of these customhouses. Corruption and embezzlement were rampant in many of these Latin American countries. The U.S. ran the customhouses fairly and equitably and helped ensure that corruption was minimized. In the short run, several of these Latin American countries began managing their money more efficiently and achieving financial security for the first time. Countries such as the Dominican Republic and Venezuela were able to manage their resources more effectively and were beginning to emerge as viable trading partners. However, over time as the U.S. began to return control to local governments, many returned to their corrupt and inefficient ways, which ended this short era of relative prosperity.

Despite the success of the Roosevelt Corollary, there were also several drawbacks. Essentially this was a perversion of the Monroe Doctrine, which was considered a sacred document in American politics. It also set another negative precedent for U.S. involvement in Latin America. This new policy was used for years as justification for military and political intervention throughout the region. For many decades, the U.S. performed military landings in Central America and stationed Marines in Nicaragua and other countries in semi-permanent bases. In addition, Roosevelt's "cowboy diplomacy" strained relations not only with Latin American nations, but with the rest of the world as well. The Roosevelt Corollary helped give notice that the U.S. was emerging as a significant world power that could not be ignored.

Taft and Wilson

Dollar Diplomacy



Priming the old pump.

William Howard Taft was easily elected in 1908; because a majority of Americans believed that he would continue the popular Republican policies laid out by President Roosevelt. Taft was susceptible to outside pressure, and he often submitted to the desires of Congress and special interest groups. Roosevelt and many Americans were angry and dismayed when Taft began to stray from the Republican platform. However, one area in which Taft consistently pursued Roosevelt's aims was in expanding America's influence abroad.

Taft used America's growing economic power as a diplomatic tool. He urged Wall Street investors to invest money in foreign markets in order to increase American influence abroad. Investors were especially encouraged to invest their money in foreign markets in which the U.S. had strategic interests, such as the Far East and the Panama Canal region. Many people were critical of Taft's plan and his critics denounced this strategy as "dollar diplomacy." In fact, the senate refused to sign several treaties, but the president encouraged private banks and Wall Street investors to act independently.

One goal of dollar diplomacy was to preempt foreign powers from gaining or enlarging an investment foothold in key markets. Many European countries had been imperial powers for decades and held a significant advantage over the U.S. in several global markets. The administration believed that if American investors were firmly situated in these markets economic rivals such as Germany would be unable to continue their dominance. Taft believed that the increased investment would not only benefit the U.S. but its trade partners as well, creating better foreign relations. Taft also assumed that the expenditure of money in foreign markets would increase American influence abroad and would help further its foreign policies. Of course, the overriding belief was that foreign investments would enhance American businesses, which in turn would grow the economy and enrich the government.

A primary focus of dollar diplomacy was the Manchurian region of China. Japan and Russia controlled a large portion of Manchurian resources including the railroads. Taft, like many people of the era, believed that whoever controlled the railroads also controlled the economy. He believed that without an

interest in the Manchurian railroad system, the U.S. would be frozen out of the emerging Chinese markets and the United States' "open door" policy in China would be undermined. Taft personally sent a telegram to the Chinese Government on behalf of American investors interested in railroads in the Yangtze Valley. In 1909, Secretary of State Philander C. Knox offered the Japanese and Russians a deal. He proposed that American bankers and industrialists would purchase the Manchurian railroads from Japan and Russia and return them to Chinese control. Japan and Russia flatly refused the offer, which publicly embarrassed the Taft administration. Taft persevered in his efforts to gain influence in China, and in 1912 the U.S. and five other nations offered the new Chinese Republic a huge loan.

In an extension of the Roosevelt Corollary, Taft encouraged investors to spend money in Latin American countries such as Honduras and Haiti. Adhering to the Monroe Doctrine of 1823, Taft would not allow foreign investors into Latin American markets, so America felt a responsibility to support these financially struggling republics. Many of these nations were constantly on the verge of financial collapse and required foreign investment to strengthen their shaky foundations. Political turmoil in this region later required U.S. troops to protect the substantial American investment. In 1912, a group of 2,500 marines landed in Nicaragua to suppress a rebellion, and they remained for 13 years due to continued instability. This was another action that increased distrust of America among many Latin American nations.

Central America and the Caribbean



The Spanish-American War, the Panama Canal project, and the Roosevelt Corollary ensured extensive U.S. involvement in Latin America. Many Caribbean and Latin American countries seemed to be in a perpetual state of revolution and political upheaval. Due to its close geographic proximity, the U.S. felt compelled to get involved and exert influence in these conflicts. The significant financial investment that resulted from "dollar diplomacy" also required the U.S. to intervene repeatedly in order to protect its citizens and investments. Taft continued Roosevelt's imperialist policies and increased America's economic and political empire throughout the world.

Disorder and rebellion in Cuba, Honduras, and the Dominican Republic were causes for alarm in the United States. Most Caribbean countries at the time were politically unstable and desperately impoverished. The U.S. adopted a policy of "non-colonial imperial expansion" in an attempt to bring stability and order to the region. Essentially, this unilateral policy enabled the U.S. to intervene in the

region without actually taking control of any of these countries. The decision to intervene was at the discretion of President, although some countries requested U.S. assistance. People on both sides of the imperialism issue were critical of non-colonial imperial expansion. Imperialists believed that this policy was limiting and contrary to American interests. Anti-imperialists believed the strategy was too vague and would allow America to intervene in any situation it wanted.

A key element of this new imperialistic movement was the promotion of financial security for the U.S. and other countries in the western hemisphere. The U.S. stepped in and advised Caribbean countries on ways to more efficiently manage their economic affairs. However, many of these countries were rife with corruption and their resources were badly mismanaged, so the U.S. took a more active role to ensure that their revenues were properly handled. In many cases, the U.S. took control of a country's customhouses and made certain that revenues were appropriately controlled and distributed. In the short run, this strategy was successful. For example, U.S. control of the Dominican Republic's customhouses helped bring short-term financial security to the nation. However, when the U.S. returned control to the Dominicans, the mismanagement resumed and the Dominican Republic was no better off than before. Another unfortunate result of U.S. involvement was that feelings of resentment and distrust toward America continued to grow throughout Latin America.

In 1912, within one week of taking office, Woodrow Wilson removed governmental support for American businesses operating in the Caribbean and China. Wilson was an intense critic of imperialism and his goal was to reverse Roosevelt's "big stick" policies and Taft's "dollar diplomacy." His vision for U.S. foreign policy was based on morality. He strongly believed that his immediate predecessors had pursued a policy that would breed dislike of the U.S. and often sacrifice goodwill for short-term gain. For this reason, Wilson's foreign policy has sometimes been called "missionary diplomacy" or "moral diplomacy."

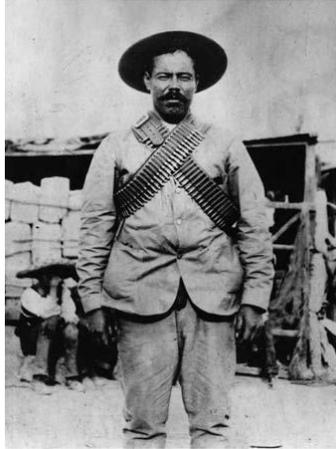
After Wilson's policies were instated, American bankers withdrew their support for Taft's six-nation loan to China, which caused the loan to collapse. Wilson also immediately repealed the Panama Canal Tolls Act that exempted U.S. vessels from paying tolls at the Canal. The repeal of this act pleased England who was angry at paying tolls that U.S. ships were exempt from. Another of Wilson's anti-imperialist actions was the signing of the Jones Act of 1916. The Jones Act promised the Philippines independence as soon as they were able to demonstrate that they had a stable government. However, this act proved to be less than successful, as the Philippines were not granted independence until 30 years later on July 4, 1946.

Haiti had been a key target of Taft's "dollar diplomacy." It was an exceptionally poor nation even by Caribbean standards and Taft tried to improve the Haitian economy through the influx of American investment. Wilson began withdrawing some of America's involvement and influence when he took office, although many Americans continued to live and own property in Haiti. In 1914 and 1915, the Haitian people were outraged by the oppressive nature of their President, so they rebelled, literally tearing him to pieces during a bloody revolution. In response, Wilson reluctantly sent troops to Haiti to protect American citizens and investments. He agreed to a treaty with Haiti in which the U.S. would help police the nation and supervise its finances. Due to continued Haitian instability, U.S. troops remained in Haiti for 19 years. Despite Wilson's intentions, the U.S. continued to exert influence throughout the Caribbean.

For the United States, another key area of concern in Central America was Nicaragua. Its close proximity to the Panama Canal made Nicaragua's stability crucial to American interests in the region. Nicaragua asked the U.S. for help and in 1911 American bankers and investors reorganized the Nicaraguan financial structure and began to manage its customs service. They were successful in bringing some stability to the country, but in 1912 a violent political revolution began. This revolution greatly concerned the U.S., since an armed insurrection in the region threatened the security and the prosperity of the burgeoning Panama Canal. The U.S. responded by sending 2,500 troops to the nation. Although the troops were rarely involved in combat, they remained in Nicaragua for 13 years.

Wilson's "moral diplomacy" achieved mixed results. One of his primary goals was to stabilize the Caribbean and Latin America during the onset of World War I, with a minimal amount of American involvement. In addition, he wanted to completely reverse Roosevelt's "big stick" policies and remove all elements of Taft's "dollar diplomacy." However, Wilson faced a great deal of pressure from imperialists as well as American industrialists. Despite Wilson's intentions to limit U.S. involvement in the region, he sent troops to Nicaragua, Haiti, and the Dominican Republic, which ensured a U.S. military presence in the Caribbean and Central America for decades. Ironically, regardless of his sincere intentions to halt the spread of imperialism, Wilson intervened in Latin American affairs more than any other president.

The Mexican Revolution



Pancho Villa

The Latin American country most important to the well-being of the U.S. was its neighbor to the south, Mexico. Mexico is a nation rich in resources, but its ineffective and corrupt governments had exploited the Mexican people for years. A series of brutal dictators had controlled the country for decades, and many of them mismanaged Mexico's resources, making themselves rich while the majority of Mexicans were desperately poor. Tension had been high for years, and there had been several attempts at revolt, but the dictators were successful at suppressing any significant revolution.

Mexican leaders sold the country's resources to foreign investors, often at the expense of Mexican citizens. Americans owned 43 percent of the land in Mexico, while foreigners from other countries owned 25 percent. By 1913, American investment in Mexico was well over a billion dollars, including significant ownership in railroads, oil resources, and mines. Porfirio Diaz, the leader at that time, was particularly ruthless and oppressive. Eventually, the number of foreigners profiting from Mexican resources and Diaz's cruelty helped promote a strong surge of nationalism in Mexico.

The first Mexican Revolution began in 1910. The people were led by the radical Francisco Madero. Madero and his followers staged a successful campaign, and in 1911, they gained control of Mexico and appointed Madero president. He was very popular and viewed as a president of the people, but in 1913, another revolutionary group assassinated Madero. The leader of the coup, General Victoriano Huerta, then assumed the presidency.

Because of the instability and revolution in Mexico, a huge influx of immigrants fled to the United States. Many Mexicans feared Huerta, and fled the country in order to escape his tyranny. The majority of these immigrants settled in the southwestern U.S., where they lived in segregated communities and were used as cheap labor for building railroads. All told, over one million Mexicans migrated to the United States in the early twentieth century.

During this revolutionary era in Mexico, over 50,000 Americans owned property and lived in Mexico. They began to feel legitimately threatened by this newfound Mexican nationalism, and called for protection from the U.S. government. Other Americans not living in Mexico also asked for intervention, including "yellow journalist" William Randolph Hearst. Although Hearst may have truly desired aid for

Americans living in Mexico, he was surely influenced by his ownership of a Mexican Ranch larger than the state of Rhode Island. Despite growing pressure, President Wilson was reluctant to intervene in Mexican politics. He had been working to reduce American involvement in Latin America, and was very hesitant to interfere and risk a direct conflict with Mexico.

Although Wilson was unwilling to play an active role in Mexico, he by no means condoned the tyrannical Huerta regime. In fact, Wilson was one of the few foreign leaders who did not accept the legitimacy of Huerta's leadership and refused to recognize his government. As Huerta's violence towards his people continued to escalate, Wilson was forced to act more directly. He stated that he would "...teach the South American republics to elect good men," and in 1914, the U.S. began supplying weapons to Huerta's rivals. Venustiano Carranza and Francisco "Pancho" Villa were the leaders of a rebel army created to unseat Huerta.

In April 1914, a group of American sailors on shore leave was arrested in Tampico, Mexico. The U.S. was outraged, and the sailors were quickly released with the apologies of the Mexican government. However, Mexico was unwilling to provide the 21-gun salute demanded by the Americans. Seizing the opportunity to finally remove Huerta and end his tyranny, Wilson asked Congress for permission to use force against Mexico. In the mean time, while still awaiting Congressional approval, Wilson ordered the navy to seize the port of Vera Cruz. This action not only angered Huerta, it also upset the rebel leader Carranza, who viewed this act as exceeding the boundaries of the informal agreement between his group and the United States.

As tensions continued to mount, war with Mexico seemed inevitable until Argentina, Brazil, and Chile intervened. The so-called "ABC Powers" interceded and attempted to reach an agreement between the United States and Mexico. These powerful South American nations helped the U.S. undermine Huerta, and in 1914, after intense internal and external pressure, President Huerta stepped down as ruler of Mexico. The open presidential seat was filled by Venustiano Carranza who still harbored resentment toward America because of the U.S. meddling at Vera Cruz.

Despite his distrust of Carranza, President Wilson reluctantly recognized the legitimacy of Carranza's presidency. Meanwhile, Carranza's former general, Pancho Villa, had now emerged as his chief rival. Villa not only defied Carranza's régime by leading an armed revolution, he directly challenged the extensive U.S. involvement in Mexico. In an effort to rebuild a relationship with Mexico, Wilson supported Carranza against Villa and sent arms to sustain Carranza's armies. Villa was angered by Wilson's actions, and retaliated by killing 18 Americans in Mexico and then embarked on a bold raid into Columbus, New Mexico killing 19 Americans.

Americans were stunned and outraged by Pancho Villa's brash actions. President Wilson ordered General John J. Pershing to lead several thousand troops into Mexico to capture Villa. General Pershing's army moved quickly into Mexico and engaged Villa's supporters, who were known as Villistas. The disorganized Mexican rebels were no match for the better-trained and equipped U.S. forces, and Pershing won several convincing victories. However, he was unable to find Pancho Villa, which was the ultimate goal of the mission, and this failure did little to enhance the international reputation of the U.S. military. Finally, as it no longer seemed possible for the U.S. to remain out of WWI, Wilson recalled Pershing and his men in January 1917.

Both Taft's "dollar diplomacy" and Wilson's "moral diplomacy" achieved mixed results. Taft's foreign spending and interventionism gained the U.S. short-term allies, but also created long-term animosity throughout Latin America. It strengthened the U.S. economy through increased American investment abroad and allowed America to gain a position in several emerging global markets. Upon taking office, Woodrow Wilson attempted to reverse most of Taft's foreign policy. Wilson's staunch anti-imperialism was a completely new approach for America. He withdrew government support of American investors in foreign markets and attempted to bring America back within its borders. However, his reluctance to intervene militarily in foreign affairs was often seen as hesitant and weak and caused many of his policies to be largely ineffective. Eventually, Wilson's approach to foreign policy proved too unrealistic for success in the Western Hemisphere, but the true test of his foreign policy would come on the other side of the Atlantic in World War I.

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