

THE LATIN AMERICAN POLICY OF THE UNITED STATES

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Shortly after the turn of the present century President Theodore Roosevelt made a statement that:

Chronic wrongdoing . . . may in America, as elsewhere ultimately require intervention by some civilized nation, and in the Western Hemisphere the adherence of the United States to the Monroe Doctrine may force the United States, however reluctantly, in flagrant cases of such wrongdoing or impotence, to the exercise of an international police power.

Latin Americans objected strenuously to two features of this pronouncement. One concerned their state of civilization; the other was his reference to intervention. The Latin Americans look upon themselves as the inheritors of the real culture of Western Europe in contrast to the crass materialism of the United States. On the contrary, the United States, having risen almost Phoenix-like to the position of a world power following the Civil and the Spanish-American wars, viewed its neighbors to the south as peoples with a propensity for revolution and a singular disregard for financial obligations.

These conflicting philosophies naturally led to misunderstandings and ill feelings. The United States intervened with armed force at various times in the Caribbean area, in Central America, and in Mexico. This foreign policy was non-partisan. Woodrow Wilson applied it along with Republican administrations. Probably the most provoking aspect of this American policy to our neighbors was intervention by armed force for the collection of a pecuniary obligation.

During the administration of Herbert Hoover there were definite signs that this policy was being abandoned. The Marines were withdrawn from Nicaragua, and Mr. Hoover made a good will tour of Latin America.

However, it remained for Franklin D. Roosevelt to make a definite break with the past and coin a phrase to distinguish the new policy. In his inaugural address on March 4, 1933, Mr. Roosevelt dedicated this nation to the policy of the good neighbor. The United States, deep in the throes of economic chaos in 1933, gave little heed to those few words about foreign policy in that first inaugural address. However, that they were not the result of a random thought was proved later in 1933 when the United States failed to intervene in the Cuban revolution. This action of the United States was even more remarkable when it is remembered that the Platt Amendment gave us the treaty right to intervene. By failing to do so this nation won the admiration of every country from the Rio Grande to Buenos Aires.

Latin Americans were not at all convinced by this seeming alteration in American policy. At the Seventh Inter-American Conference which met in Montevideo in December, 1933, a convention was adopted which forbade the intervention of any state in the affairs of another for the collection of a pecuniary debt. The United States signed this agreement. But Latin Americans, still not too sanguine as to the future, contrived to have a similar agreement drafted at the Buenos Aires con-

ference of 1936. The United States also affixed its signature to this.

Not until 1938 was there any opportunity to test the efficacy of these instruments. In March of that year President Cardenas of Mexico announced that the property of seventeen American, British, and Dutch petroleum companies had been expropriated by executive decree. The United States government did not question the right of Mexico to expropriate property. Any governmental entity has the right of eminent domain. However, as was pointed out by Secretary Hull to the Mexican ambassador, this government expected the compensation to be adequate and prompt. When it was known that the companies valued their properties at between one quarter and one half billion dollars and the Mexican government considered them worth about twenty million, it became apparent that the compensation would be neither prompt nor adequate. If there were no other reason, the Mexican government could not pay the former amount because it did not possess that much.

Before the State Department would intervene the American companies were advised to exhaust all their legal remedies in Mexico. By the end of 1939 the companies had taken their case to the Supreme Court in Mexico which had ruled against them as anticipated. Following this the State Department sent many vitriolic notes to Mexico, but no troops. Mr. Hull told the Mexicans that the good neighbor policy was supposed to be bilateral, not unilateral. If they expected us to be good neighbors to them they must reciprocate. The oil companies engaged Donald Richberg, former N.R.A. chief, as their counsel, to intercede with Mexico, but to no avail.

The incident was finally settled in the spring of 1942 on Mexico's terms. The basis of the settlement was the value of the pipes and other surface installations and not the oil or subsoil wealth as claimed by the companies. The Mexican contention was based on the Constitution of 1917 which vested subsoil wealth in the nation. However, in some cases the companies had had title in fee simple prior to that date, and the Mexican Government had at various times given assurance that the Constitution would not be retroactive. Quite naturally the companies involved did not favor the decision of the State Department. However, the results in the political field were remarkable. Not only the Mexican Government, but all of the other Latin American nations were agreeably surprised at the attitude of the United States. In previous times Marines had descended on their shores for lesser reasons. It seemed to them that at last a new era in Pan American relations was dawning.

While the settlement of the Mexican oil controversy was one of the most important events in Inter-American relations in the 1930's, the United States has taken certain positive steps worth noting. In the field of commerce and economics there have been three notable developments within the last ten years. These are the Reciprocal Trade Agreements, the Export-Import Bank, and the Lease-Lend Agreements.

In 1930 the very destructive Smoot-Hawley Tariff was passed placing the highest barrier on foreign goods in the history of this nation. It accentuated the downward spiral of international trade and effectively barred the way to any recovery in world commerce. In 1934 the Trade Agreements Act was passed allowing the President the right to conclude trade pacts with various nations without Senate approval. Twelve such agreements had been concluded with Latin American nations before Pearl Harbor. In some cases, notably that of Cuba, trade increased markedly as a result of this policy. In all cases trade was stimulated, and the pacts have been mutually beneficial. In most instances the tropical goods exported by the Latin Americans have not competed with our products, so any lowering of the tariff or granting of a larger quota did not affect any existing business in this country. On the other hand, this nation did gain certain trade concessions in Latin America. At the present time the State Department is negotiating agreements with various other Latin American nations hoping to conclude them before the Trade Agreement Act expires this coming summer. Because of the existing political structure of the House of Representatives there is some doubt as to whether this administration measure will pass. It is entirely probable that a sufficient number of dissident Democrats might vote with Republicans to defeat this bill when it comes up for reenactment. The administration hopes to have as many of the pacts as possible passed before the act is again voted upon, because when once signed they have the force of a treaty in international law and do not depend upon domestic legislation for validity or date of termination. They extend indefinitely into the future.

The second basic economic policy of the present administration, that of the Export-Import Bank, is also vitally important. This institution created and financed by the United States was designed to facilitate international trade as well as make direct loans to various governments—especially to those in Latin America. Brazil has received well over \$100,000,000 from this bank, and other nations have obtained lesser amounts. In some cases the loans aid in strengthening their industrial structure. In others the currency is stabilized. Recently \$28,000,000 has been loaned to Chile to allow her to build an industrial structure adequate enough to weather the anticipated post-war difficulties. That country, in the past, and to a marked degree at present, has depended upon two major products for its prosperity—nitrates and copper. Any nation with such a narrow economic base must inevitably face disaster when its produce is not in demand. There is evidence that the world will not depend on Chilean nitrates and copper after this war in which case the American loan to strengthen her industry is highly desirable.

The third basic economic policy of the United States toward the Latin American nations is Lease-Lend aid. This is purely a war time measure. The original act was passed in March, 1941, to aid Britain especially. The act has been amended and more funds have been appropriated. At present aid is being extended to over forty nations which in the opinion of the President of the United States are resisting the aggressor nations. They do not necessarily have to be at war to fall in this category. Some of these nations are situated in Latin America. Congress has recently exhibited an increased interest

in where the aid is going and how much is being sent. The executive branch of government insists that its periodic statements are all that can be revealed now because of the war emergency. Any further revelation would be of aid to the enemy is the contention. Be that as it may, it is certain that the billions appropriated under the Lease-Lend Act are being widely distributed. There is little doubt that the political power of this nation is increasing internationally as a result of this policy. The question concerning the consideration for this aid has only been cursorily discussed. The wording of the agreements indicates that the nations receiving this aid may meet the obligations in various ways, either tangible or intangible. The question still remains unsettled. As the pacts denounce any method of payment which would burden commerce, we can be fairly certain that the repayment will not be in gold or kind, similar to post World War I arrangements.

Even a summary comparison of American policy in Latin America during the last decade with that of previous eras reveals that this country has made numerous economic and certain political concessions to gain political advantages. Hemispheric solidarity has been a cardinal point in the foreign policy of this government since 1933. Secretary Hull and Mr. Sumner Welles have made numerous concessions to gain unanimous votes in the six Pan-American conferences during the three Roosevelt administrations. Our adherence to the non-intervention pacts in the case of the Mexican oil expropriations, American loans to various nations, the Reciprocal Trade Agreements, and the Lease-Lend pacts have added greatly to the prestige of the United States in the eyes of the peoples south of the Rio Grande. In return for this the United States has secured certain diplomatic triumphs. The Lima Conference of 1938 adopted a unanimous declaration against the aggressor nations, which action was greatly desired by this government. Unanimity was again achieved in September, 1939, concerning the three hundred mile safety zones around the Western Hemisphere. In the summer of 1940 the United States won a political victory in receiving the approbation of all the Latin American countries to a pact allowing any one nation to take over the territory of any European colony in this hemisphere which was threatened by an aggressor. At the time the United States feared that Germany might acquire the French and Dutch colonies in the Caribbean area. In January, 1942, the twenty-one American countries again lined up solidly in a recommendation that diplomatic and commercial relations with the Axis should be severed. At the time of the writing of this article only Argentina retains her normal relations with Germany, Italy, and Japan.

Whether the economic concessions granted the Latin Americans are justified by the various political achievements of the United States cannot be definitely decided now. There are still groups in Latin America who fear the "colossus of the north" and say that this is merely a pleasant interlude. There are those in this country who say that the generosity of the United States at various times has not brought commensurate results. Only the unfolding of the future will bring the answer to these questions. It can be stated, however, that never before in history has there existed such amity between the Anglo-Saxon and Latin peoples residing in the Western World. That it is beneficial to our present war effort should be obvious.