Early Reciprocity Trade Agreements with Latin America

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EARLY RECIPROCITY TRADE AGREEMENTS
WITH LATIN AMERICA

A Thesis
Presented to
the Faculty of the Department of History
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of the Requirements for the Degree
Master of Arts

by
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INTRODUCTION

For over a century, while the English, French, and other Western European people had not yet organized their expeditions of discovery, the Spanish and Portuguese were establishing colonies in those lands which lie to the south of what was to become the United States. These colonies became the hub of life in the New World. The language, religion, and customs of the mother countries left a rich cultural imprint, which design can be traced from the time of the conquistadores down to the present proud inheritors of a glorious past. Even after the advent of the English, whose settlements continued to be crude and widely scattered over a sparsely populated territory for many years, the nations to the South were producing a distinctive culture, witnessing the growth of flourishing universities, and enjoying the creative genius of those who found their inspiration in the beauty and opportunity of a new world.

Yet it was the Latin American countries which were to turn northward to the United States for encouragement and stimulation when engaged in their revolutionary struggles to establish governments based upon the ideals of liberty and freedom. They looked with admiration at the republican system already set in motion in the North, and endeavored to pattern their organizations upon this model. The United States, interested in the struggles of neighboring countries to realize the ideals for which it had so recently suffered, and aware that concerted European action could offset the advance already gained, stated in the Monroe Doctrine that it would view with dis-
pleasure the extension of European systems in the Western hemisphere.

In spite of the aversion of the United States to the political encroachment of Europe in Latin America, it was to do little or nothing in the ensuing years to prevent the economic penetration which European countries accomplished so successfully in the lands to the south. For many years the North American manufacturer was absorbed in meeting the demands of the expanding home market, and it was difficult to obtain legislation which would forward trade with the Latin American countries.

It is the purpose of this thesis to trace the early progress and growth of the trade of the United States with its Southern neighbors, especially under the form of reciprocity trade agreements, which proved to be the most successful medium in effecting closer commercial union between the Americas. No attempt has been made to discuss the recent reciprocity agreements of the last decade, as being beyond the scope of the present work, and a subject too broad to receive only partial treatment. We are concerned with the efforts of the United States to consummate closer commercial ties with the Latin American countries previous to the year 1905.
CHAPTER I

RECIPROCITY BEFORE 1880

On June 12, 1934, was passed in the Congress of the United States a law authorizing the President to make Reciprocity Trade Agreements with foreign nations, thus marking the beginning of a new era in our trade relations with the world in general and our Southern neighbors in particular.¹

These agreements mark the fulfillment of a long cherished desire on the part of many statesmen to see North and South America become more closely knit in hemisphere solidarity by means of mutually beneficial economic intercourse.² Factors which had hitherto prevented this commercial union were numerous, but the willingness of the United States in 1934 to admit many of the products of her Latin American neighbors into this country without retaliatory tariffs designed to force reciprocity did much to combat a protective system which had made effective trade with Latin America almost impossible.³

Although the Trade Agreements were made during a Democratic administration and the negotiations forwarded by a man who embodied that party's


ideal, reciprocity as a principle is not the exclusive property of either the Democrats or of their spokesman, Cordell Hull. In fact, reciprocity itself has been defined by Webster as

\[
\text{... that relation or policy as to trade or other interest between countries under which special advantages are granted by one side in consideration of special advantages granted by the other.} \]

Laughlin and Willis quote several definitions, one of which reads:

"Reciprocity in trade is an agreement made between two countries whereby they agree to make reciprocal or equivalent reductions in the duties on certain articles."

Although the term reciprocity is easily defined, its practical meaning and application have varied at different times in the history of our country. The idea of reciprocity contained in the McKinley Tariff is a far cry from that understood in the trade agreements of the last decade. Reciprocity as a method of tariff bargaining has undergone a slow method of evolution during the nineteenth and twentieth centuries and, as such, has contributed its share, diplomatic, economic, and political, to our country's history.

Interest on the part of the United States in the affairs of South America was first manifested officially when the people of that continent were endeavoring to win their freedom from Spain during the first quarter

\[4 \text{ Ibid., 152.}\]

\[5 \text{ New International Dictionary of the English Language, 2d edition, 1939.}\]

\[6 \text{ Reciprocity, 2.}\]
of a century. The story of our sympathy with their efforts, our subsequent recognition of their governments and, finally, the utterance of the Monroe Doctrine form a separate chapter of history.

In 1825, on the occasion of our being invited to attend the Panama Congress instituted by Simon Bolivar, it is evident that the United States was interested in negotiating a commercial treaty with some of the Latin American countries. In the instructions given by Henry Clay, then Secretary of State, to the United States delegates, this idea is made clear.

Among the most important objects which are likely to engage the attention of the congress is that of endeavoring to fix some general principles of intercourse applicable to all the powers of America for the mutual regulation of their commerce and navigation. The United States from the origin of the present war have ... uniformly proclaimed that they entertained no desire to procure for themselves from any of the new powers peculiar commercial advantages. They continue to adhere to this disinterested doctrine.

You will state in your conference that as they have not sought in treating with the American States separately, neither will they seek in joint negotiations with them for any privileges which are not equally extended to every one of them. ... The President hopes that you will meet with corresponding dispositions in the other American States; and that you will have no difficulty in obtaining their ready concurrence to the equitable basis of perfect equality and reciprocity which you are hereby empowered at once to propose for the commerce and navigation between all nations. 7

Clay's enlightened and farsighted commercial policy toward the Latin American countries is evident in his instructions regarding the general spirit which was to characterize our dealings with them.

Experience at last teaches that, in every view, it is better to begin and to continue in the career of

liberality than in that of a narrow and restricted policy, since the most that can be said against the former is that it only conducts to the same end without, however, the unpleasant incidents to which the other finally and inevitably leads. There is a simplicity in the principle of reciprocal liberty of navigation which confers on it a strong recommendation.\(^8\)

John Quincy Adams, in a message to Congress reiterated the policy of his Secretary of State, when, after announcing the conclusion of a commercial treaty with Colombia and the hopes of future treaties with the other countries of Central and South America, he stated:

The basis of them all, as proposed by the United States has been laid in two principles; the one of entire and unqualified reciprocity; the other, the mutual obligation of the parties to place each other permanently upon the footing of the most favored nation.\(^9\)

It should be noted here that the reciprocity understood by Clay and Adams was not so much in respect to tariff concessions as it was concerning reciprocity in navigation. During the eighteenth century, there had been numerous regulations controlling the shipping, each country endeavoring to control the trade with its colonies by requiring that trade to be carried in the ships of the mother country.\(^10\) At the conclusion of the American Revolution, England had issued an Order in Council on July 2, 1783, putting American ships on a par with the English as far as trade with the mother country was concerned, although this stipulation did not apply to the American trade with the other British colonies which England still

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\(^8\) Ibid., 132  
\(^9\) Message from the President, Dec. 6, 1825, Senate Document I, 19th Congress, 1st Session, 5.  
\(^10\) Laughlin and Willis, Reciprocity, 4.
hoped to reserve to herself. However, it marked the beginning of a movement to liberalize navigation laws regarding shipping which both Adams and Clay desired to see carried out in their future trade agreements with the Latin American countries.

However farsighted may have been the policy of Adams and Clay in their endeavors to broaden the economic horizons of this country, their plans were thwarted by a hostile Congress, which, opposed to the President, was loath to give assent to any plan which would add to his prestige. Another stumbling block to the cooperation of the United States with the Panama Congress was that the consideration of "the means to be adopted for the entire abolition of the African slave trade" was on the agenda for discussion and naturally met with opposition from those members of Congress representing the South, as did the possibility that the condition of the islands of Cuba and Porto Rico, still belonging to Spain and still slave holding, might also be made a topic of discussion.

Finally, two delegates were appointed, Mr. Anderson and Mr. Sergeant. The former died on his way to Panama while the latter did not arrive until after the last session of the Congress had been concluded.

Thus, an opportunity to make an opening wedge in the trade and commerce of the Southern hemisphere was lost to the United States for

11 Ibid.


13 Message of the President, Senate Executive Document, 112, 41st Congress, 2d Session, 8.

14 History of the International American Conference, Part 4, 136.
several generations but was eagerly seized by England.\textsuperscript{15} This commercial ascendency entrenched England in Central and South America and undoubtedly prolonged England's refusal to recognize the Monroe Doctrine in fact, or to acknowledge later our special interest in the securing of a trans-isthmian canal.

Although we had been sympathetic towards Mexico in her struggle for freedom, we were dilatory in appointing a minister to represent us officially in that country after her freedom from Spain had been won. The matter of a minister to Mexico became something of a political football from April, 1822, until March, 1825, when Joel R. Poinsett, the fourth man to receive the appointment, accepted it.\textsuperscript{16} Although the United States had been the first nation to recognize the new status of Mexico, its tardiness in opening negotiations with that country gave England a chance to forward her own interests, which she was not slow to do. When Poinsett arrived in Mexico bearing instructions to make a treaty of amity and commerce with that country, he found that the English had preceded him and that a commercial treaty already negotiated with that country, had passed the lower house, and was about to be ratified by the Senate.\textsuperscript{17}

The history of the abortive treaty with Mexico in the 1820's is one of protracted arguments and lengthy delays. Clay had instructed Poinsett to seek the incorporation of the principle of reciprocity as regards

\begin{itemize}
\item \textsuperscript{15} Message of the President, loc. cit.
\item \textsuperscript{16} William R. Manning, \textit{Early Diplomatic Relations Between The United States and Mexico}, Baltimore, the Johns Hopkins Press, 1916, 44.
\item \textsuperscript{17} Ibid., 49.
\end{itemize}
shipping in the treaty and the mutual enjoyment of special favors accorded any other nation.

Both of these articles met with instant objection from the Mexicans; the first on the ground that Mexico having no merchant marine would have to give more concessions than she received; the second on the basis that Mexico enjoyed certain relationships with her sister republics that she could not be expected to share with any other nation. The United States was prepared to relinquish its stand on the question of reciprocity in favor of the most favored nation treatment if Mexico could not be persuaded to accept the idea of perfect reciprocity, but in regard to the second point, Poinsett remained firm and was supported by both Adams and Clay. Clay remonstrated that when Mexico wanted our assistance she had made capital use of the proximity and similarity of institutions of the two nations; that the United States was not seeking special privileges denied to others but that her position as a sister republic on the American continent should be recognized by not refusing her privileges accorded the other American nations.

At about this time in the negotiations, Mexico was the victim of one of those ministerial revolutions which have frequently caused upheavals in her internal and consequently her foreign affairs. Nor did it help matters that Poinsett was accused of complicity in provoking the revolution in order to secure cabinet members more favorable to the American cause.

18 American State Papers, Foreign, V, 908, VI, 578.
19 American State Papers, Foreign, VI, 582.
20 Ibid.
21 Manning, 48.
Mexico sought to bar the United States from full enjoyment of the commercial privileges granted to the Latin American nations, but Poinsett with governmental support from home, remained firm. The Mexicans insisted upon the inclusion of a clause excepting all European Spaniards who had been naturalized in the United States since 1820 from enjoying the commercial privileges accorded the Americans. Since the acquisition of Florida in 1819, it was greatly feared by the Mexicans that many Spaniards armed with American citizenship would hasten to claim their rights under the treaty but in reality to work to the detriment of the new republic. Although such restrictions were repugnant to the United States, they were finally conceded in return for the recognition of the equality of the commercial rights of the United States in respect to the other Latin American countries.

The treaty was signed on July 10, 1826. Next followed the slow, tedious process of securing the ratification, especially from the Mexican Congress. On March 12 of the following year, Mexico had not yet indicated her views on the treaty one way or another. On February 12 Adams submitted the treaty to the Senate which approved it and offered only slight amendments.

When the Mexican Chamber of Deputies finally offered a report on the treaty it was seen that the principal objection to it rested on the thirty-third article which had caused no comment from the negotiators. This

22 American State Papers, Foreign, VI, 598.
23 Ibid.
24 Adams to the Senate, Feb. 12, 1827, American State Papers, Foreign VI, 578.
article provided that the Mexican state should endeavor to restore runaway
slaves who had sought refuge within their borders to its rightful owners,
and that the United States would do the same regarding Mexican property. 25
As Mexico had already freed her slaves and declared the institution ab-
horrent to her, she refused to include this clause. The report read:

The slave makes use of the inalienable right which
the author of nature concedes to him, when he pro-
cures his liberty. The chambers have shown them-
selves determined to erase this stain and to preserve
our institutions. It is also to be observed that
the reciprocity which is established in this article
is nominal, since there are no slaves belonging to 26
Mexico on the frontiers of the States of the North.

Poinsett regarded these sentiments as "Such are most likely to in-
fluence the young legislature of a young nation." 27 As the time for rat-
ifying the treaty had expired, Poinsett's first efforts were of no avail,
but he was able to write three months later that President Victoria had
invited him to a conference expressing his willingness to open negotiations
once more regarding a treaty and inferred that the United States might
experience less difficulty in gaining some of its points. 28 One of the
demands made by the Chamber of Deputies in its report was that the boundary
questions should be settled before the commercial treaty was considered.
Poinsett, realizing that the time was not ripe for the discussion of
acquiring any portion of the desired land in Texas, acquiesced and the
treaty was hastily negotiated and ratified by the two interested countries. 29

25 For the text of treaty see Ibid., VI, 608.
26 Manning, 231.
27 Ibid., 244.
28 Ibid., 232.
29 For the treaty see American State Papers, Foreign, VI, 946.
From that time on, negotiations moved a little more swiftly. Compromises were reached on several disputed issues, one of them being the principle of reciprocity which Mexico agreed to observe after a period of ten years, when she hoped to have a more substantial merchant marine, in the meantime granting to the United States the privileges of the most favored nation. Poinsett was able to write that all of the American stipulations had been incorporated into the treaty with the exception of the article regarding the time limit which Mexico desired to have the same as in her treaty with England—twelve years instead of the six year limit desired by the Senate of the United States. The treaty was signed on February 14, 1828.

Once more the treaty was sent to the Chamber of Deputies and once more they objected to the odious thirty-third article regarding the return of fugitive slaves. Poinsett reminded the Mexican government that the United States felt bound to protect the property of its citizens inasmuch as the slaves would be attracted to the free country of Mexico and if the Mexican government attempted to remunerate the owners each time that a slave escaped to its borders (the only alternative acceptable to the United States), it would be a source of constant conflict. 30 Two weeks later Poinsett felt confident that if the Senate approved, he would have no difficulty in securing the agreement of the House upon reconsideration. 31

However, when the treaty reached the Senate, they not only objected to the same articles as the House, but to twelve others as well. 32 Poinsett

30 Poinsett to Clay, March 8, 1828, MS., Department of State, Despatches from Mexico, II, cited by Manning, 241-42.

31 Poinsett to Clay, June 4, 1828, MS., Department of State, Despatches from Mexico, IV, cited by Manning, 244.

32 Manning, 245.
did not abandon hope, but thought that when the treaty was returned to the Chamber it might still be passed if it secured a two-thirds majority in that body necessitating only a one-third vote in the Senate. But in spite of the fact that a special session was called by President Guerrero for the purpose of completing work on the treaty, internal events absorbed the attention of the Congress to the exclusion of all else. Added to this was the fact that the smoldering dislike and mistrust of Poinsett, who was believed to have exercised undue influence upon Guerrero, finally burst into flame and forced Guerrero to ask for his recall. Thus ended, rather ingloriously, Poinsett's attempt to negotiate a commercial treaty with Mexico.

His successor as minister to Mexico, Anthony Butler, acting under a new Mexican regime, was able to negotiate a commercial treaty which was signed on April 5, 1831, and ratifications were exchanged one year later, the last day before the expiration of the time limit agreed to by both nations. This treaty embodied nearly all the points sought by Poinsett except that the offending thirty-third article referring to the restoration of runaway slaves was entirely omitted, the "perfect reciprocity" agreements would go into effect six years later instead of the ten years in Poinsett's treaty, and the duration of the treaty was set at eight years instead of ten. This treaty of 1831, though limited in scope, was to

33 Poinsett to Clay, October 22, 1828, MS., Department of State, Despatches from Mexico, IV, cited by Manning, 247.

34 Manning, 250.

remain in force for over fifty years.

The next efforts of the United States to effect closer commercial relations with Mexico were tinged with the taint of land-hungry exploiters of the manifest destiny theory, who, not content with the cessions gained through the war with Mexico and the subsequent purchase negotiated by Gadsden, were still eager for more territory. The diplomatic endeavors of the Buchanan administration were devoted to efforts to acquire more Mexican territory or territorial concessions, and, in the latter part of his term, to territorial concessions with the right of direct intervention.

It was a period when fear of European intervention was at its height (and later corroborated in the influx of the French into Mexico), when the South especially sought to expand, and when business men, attracted by the commercial possibilities of an American controlled route of transit across the Isthmus of Tehuantepec, brought pressure to bear upon the administration.

Ironically, John Forsyth of Alabama, appointed to succeed Gadsden, was urged to allay Mexican suspicion in regard to territorial designs on the part of the United States, to achieve trade reciprocity, a postal convention, and fair indemnities to adjust the American claims for deprivations committed along the frontier. 37

A treaty concluded on February 10, 1857, provided for a loan by the United States to Mexico for the payment of the British convention debt (not provided for in Forsyth's instructions), a postal convention, and a reciprocity treaty and commercial arrangement to open Mexican markets to

37 Ibid., 136.
American manufactures. 38 But Buchanan, loath to relinquish hope of further territory, decided not to submit the treaty to the Senate. 39

Buchanan at this time was very much under the influence of Judah P. Benjamin, a friend of his and attorney for the new Louisiana Tehuantepec Company which was seeking control of any railroad which might be built across the isthmus. Benjamin, accompanied by the president of the company, went to Mexico to view the situation, the latter being entrusted by Buchanan to present Forsyth with new instructions. In these, Forsyth was directed to ask for still more land—lower California, nearly all of Sonora, and part of Chihuahua north of thirty degrees, and right of way over any ocean to ocean transit to be constructed in Mexico. 40 Mexico declined to consider the subject.

The presence of Benjamin, who boasted that "he carried the Buchanan administration in his pocket", did not help the prestige of Forsyth in Mexico, the latter being made to feel that fact both by the Mexicans and by Benjamin and his companion. 41

In the meantime, the government which had refused to consider the American demands fell, and a new regime presided over by Zuloaga seemed more disposed towards a treaty. However, when the same territorial demands were made, Mexico once more refused to negotiate a treaty under such terms. Forsyth, in a demand unusual for one in his position to make, urged the

38 Ibid.
39 Ibid., 137.
40 Ibid.
41 Ibid., 138.
United States to employ force, saying that whatever they sought could be achieved in that way. Fortunately, the United States evidenced no desire to achieve its aims by such undiplomatic means, and Forsyth resigned on February 7, 1859.

Another Southerner, Robert M. McLane, of Maryland, was appointed in his place. His treaty, too, proposed a sale or cession of land and grants of transits. Although the Mexican government was in desperate need of financial assistance which a treaty with the United States might remedy, yet the government was reluctant to grant any cession of land, a move which ran counter to the desires of the Mexican people. The United States was forced therefore to abandon any hope of adding to its territory already acquired. In the meantime, a Mexican agent was sent to the United States to see if he could secure a loan based on Mexican church property.

Failing to do so, the Juarez government was more or less forced to make a treaty on McLane's terms. The treaty gave privileges for which the United States was to pay $4,000,000; of this, $2,000,000 was to be paid upon the exchange of ratifications, and $2,000,000 was to be reserved by the United States for the payment of American claims against the Mexican government. The privileges granted to the United States were:

1. Right of way under sovereignty of Mexico across the Isthmus of Tehuantepec, and also from the lower Rio Grande via Monterey to Mazatlan and from Rancho de Nogales to Guaymas by any kind of road, together with a port of deposit at either terminus of the route and free and unrestricted passage of merchandise and of mail in closed bags across Tehuantepec.

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42 Ibid., 140.
43 Ibid., 145.
2. Right of the United States to transport troops, military stores and munitions of war over the Isthmus and from Guaymas to some suitable place on the boundary in the vicinity of Rancho de Nogales.

3. Mexico should use her military force if necessary to protect persons and property passing over any of the route but that upon her failure to act, the American Government with the request and consent of the Mexican Government, or of the Mexican minister at Washington, or of the competent and legally appointed local authorities, might employ military force for the same purpose (but for no other). In case of imminent danger to the lives and property of American citizens the American Government was authorized to act for their protection without obtaining previous consent of Mexico.44

The subsequent history of the McLane-Juarez treaty and its failure to secure ratification in the United States Senate illustrates the temper of the American political scene in those dangerous years immediately preceding the outbreak of hostilities between the North and the South in their contest for supremacy. Almost immediately it became an issue in party politics. In general, the North opposed the ratification of the treaty, while the South favored it, although there are notable exceptions to this statement. The North was of the opinion that the policy of the administration with reference to Mexico was deliberately planned with a view to strengthening the slave power. 45 F. P. Blair in a letter to J. J. Crittenden expressed the belief that "the whole scheme was one to secure more territory for slavery."46

44 Ibid., 147.

45 Howard L. Wilson, "Buchanan's Proposed Intervention in Mexico," The American Historical Review, V, No. 4, July, 1900, 698.

46 Ibid.
A correspondent of The New York Tribune declared that the adminis-
tration aimed at the ultimate absorption of Mexico by the United States to
offset, politically, the growing greatness of the West and to illustrate
Calhoun's idea of equality in the Senate; that the slave section knew that
the next census would reveal the comparative weakness of the South, and,
consequently, they had contrived a plot by which they could increase their
population and territory; and that this was the inspiration of the whole
scheme. He continued to say that he thought the political game in the
treaty was the same as that played by President Polk. 47

When the Mexican treaty first came up in the executive session of the
Senate on February 28, 1860, it was violently opposed by both Senator
Wigfall of Texas and Senator Simmons of Rhode Island. 48 When it came up
again in executive session on May 1, Mr. Simmons took the opposite ground
to that which he had apparently held at the first session, and proposed a
number of amendments to regulate the articles to be admitted free of duty
in either country according to the eighth article. Among these we find from
Mexico, tobacco, sugar, and wool. Mr. Hammond objected to the treaty on
the ground that it would be equivalent to the practical annexation of
Mexico and he could not see how the South would be benefited by it; Mr.
Seward was unwilling to commit the government to an important treaty with a
faction in Mexico which might be immediately deposed by another, which
would repudiate the action of its predecessors and which would compel us


48 Eugene Schuyler, American Diplomacy and the Furtherance of
even to surrender what had been acquired or probably to resort to war for its enforcement. 49

The McLane-Juarez treaty awakened great interest both in the United States and the leading countries of Europe especially in England, France and Spain. The English government was careful not to voice an official opinion, but the London Times expressed it approval. In Spain the government disliked to see Mexico linking itself more closely to the United States and hoped that England would hinder the ratification of the treaty. Although the treaty was discussed in the French newspapers, the French government expressed no official opinion. 50 In the United States the North was inclined to view anything attempted by Buchanan with suspicion. A further cause of hesitation was the belief that our minister, McLane, had been instructed to give an indefinite promise of support to Juarez, who at the time was besieged in Vera Cruz, in return for which the Mexican President was to be induced to sell to the United States certain Mexican provinces. 51 Although these instructions, if given, were withdrawn, the supposed attempt to secure more Southern territory cast a shadow over the reciprocity idea and aroused the hostility of the newly formed Republican or anti-slavery party.

One interesting refutation to the accusation that the South was aggressively seeking further territory is related in Dunbar's Mexican

49 Ibid.

50 Wilson, 700.

51 Laughlin and Willis, Reciprocity.
Papers where he quotes a conversation with a "leading senator from the South" who declares that the South recognizes that slavery cannot be carried west into Mexican territory. He goes on to relate how when the South had their own man, Polk, in the White House and a Southern majority prevailed in Congress, Calhoun had called Mexico "forbidden fruit." He declared, too, that Buchanan's efforts to get Sonora and Chihuahua had been the result of pressure from the California interests. 52

Despite these protestations, however, an analysis of the vote which killed the treaty clearly evinces a manifestation of sectional interests. The treaty was defeated by a vote of twenty-seven to eighteen. 53 Of the eighteen who voted for ratification, all were Democrats and fourteen were from the South. The negative vote numbered twenty-three northern and four southern, twenty-one Republican and six Democratic Senators. 54

The United States was not yet ready for reciprocity.

In the stormy years which followed the Civil War, the United States was absorbed in setting to rights the affairs of its own household, but when the air began to clear after the smoke of battle had subsided, the business interests of the country began to seek broader fields of expansion. The Civil War had served as an impetus to the manufacturing interests of


54 Fred Rippy, The United States and Mexico, New York, Alfred A. Knopf, 1926, 228.
the North and paved the way for a new industrial period which was to follow. Individual merchants filtering down into Latin America became increasingly aware of the rich markets open to the trade of the United States if that country would use the opportunities which awaited it. They also became more acutely conscious of the stronghold which the English possessed over South American trade by reason of their early start, government subsidies, numerous carrying vessels and the advantageous terms which they would offer to suit the peculiar needs of the countries with which they dealt.

This state of affairs was also noted by the ministers of the United States who repeatedly urged the State Department to take some action which would stimulate commerce with the Latin American countries. Excerpts from these reports along with a lengthy comment from Hamilton Fish, Secretary of State, found their way into the President's Message to Congress in 1869. The report of Henry T. Blow, United States Minister to Brazil, is typical:

"... four months' close observation here, with some experience in these matters ... have long since impressed me with the view that we have shown an inexcusable indifference to this vast trade, which it would seem should belong to us entirely, while, with the exception of Cuba and one or two of the West Indian Islands, we do not enjoy any large share of it. In Rio I have seldom seen our flag, and English and other foreign houses do the bulk even of our own coffee business."  

Hamilton Fish deplored our lack of commerce with the Latin American countries, and believed that the time was ripe for developing closer trade relations with them. He felt that the abolition of slavery had done much

55 Message of the President, 41st Congress, 2d Session, Executive Document, 92, 6.
to increase their sympathy and respect for the United States while it removed the fear of filibustering which the Southern desire for further territory had engendered. 56

During the next few years the United States ministers to the Latin American countries continued to urge the State Department to take some action which would materially assist the growth of closer commercial relations with their Southern neighbors. The ministers to Argentina, Chile, and Ecuador blamed the lack of adequate transportation facilities as the chief obstacle to trade with those countries, while scoring the excessive freight rates charged by the existing American Lines and the Panama Railroad. 57 They also claimed that the cultural ties which bound the Latin countries to Europe rendered closer commercial relations with them more difficult on that account. 58

Congress, however, was not ready to subsidize the steamship lines to the extent to which it had helped the railroads. In 1874, the Democrats captured the House of Representatives and held it for sixteen of the twenty-two years following, while the Republicans kept control of the Senate except for the brief period 1893-1895. With Congress thus divided, it was impossible to carry out any consistent program of legislation.

As agitation continued during the seventies and a treaty of trade and commerce with Mexico once more became a subject of discussion, the

56 Message of the President, 41st Congress, 2d Session, Senate Executive Document, 112, 8-11.


58 Ibid., 5.
Committee on Foreign Affairs in the House of Representatives investigated and reported on the feasibility of such a step. It was noted that an almost continuous state of revolution and anarchy had kept Mexico from developing a flourishing commerce. As methods of agriculture continued primitive there seemed to be little market for the agricultural machinery of the United States nor would the natives have known how to repair it even if it were introduced.\(^{59}\) Moreover, in many instances anti-Yankee prejudice was strong enough to make closer commercial intercourse difficult.\(^{60}\) The report emphasized that although Mexico imported much cotton goods, the United States could not expect much in the way of tariff exemptions because of local cotton goods manufacture in Mexico which it would seek to protect and because they would be unwilling to discriminate against England, France or Germany by giving the United States preferential tariff rates.\(^{61}\) The committee suggested that commerce would be greatly stimulated indirectly by government subsidy to steamship lines touching Mexican ports and by the building of railroads over the high plateau land leading to Mexico City.

Included in this report were the comments of Thomas H. Nelson, Minister to Mexico. He claimed that the low interest rate and long-range credit supplied by European bankers offered encouragement to their merchants to indulge in foreign trade. He also stated that European

\(^{59}\) "Report of Committee on Foreign Affairs," House report 701, 45th Congress, 2d session, xxxii.

\(^{60}\) Ibid.

\(^{61}\) Ibid., xxxiii.
merchants catered to the Mexican taste in textiles, supplying the demand for cheaper goods of bright color rather than the more durable goods of subdued color offered by the manufacturers of the United States. In his report he added that the chronic insecurity of life and property which existed in Mexico had a deterring effect upon the investment of foreign capital in that country and that the entire want of railroad and telegraphic communications along the fifteen hundred mile frontier separating the United States and Mexico was a hindrance to closer commercial relations between the two countries.

The Committee also included in its report the views of Matias Romero, a Mexican statesman, who was one of the most ardent advocates of closer relations between his country and the United States. He thought that reciprocity could be effected through the acceptance by the United States of Mexican sugar, free of duty, in exchange for some equivalent product of North American industry. He felt that such a reciprocity treaty would be quickly ratified because of the recent ratification of a similar treaty by the United States with Hawaii. However, Mr. Romero overlooked the fact that most of the sugar interests in the Hawaiian Islands which had been back of a treaty were even then North American and were destined to fight tariff privileges accorded any of their rivals.

The years which intervened between 1825 and 1880 were witnesses of a

62 Ibid., Appendix F, 399.
63 Ibid.
64 Ibid., 403-04.
gradual growth, though sometimes a feeble and anemic one, of an attitude which was to include the Latin American countries as an integral part of the United States' commercial system. Though sometimes halted by absorption in domestic problems or by conflicting interests, the trend toward southward commercial expansion gained momentum in the United States which ultimately was to result in definite steps taken to achieve the end desired.
CHAPTER II

RECIPROCITY FROM 1880 TO 1890

Much of the legislation of the last twenty years has been the result of the slow growth and evolution of certain ideas first proposed in Congress at varying times in the nineteenth century. The labor movement, women's rights, and more direct control of government by the people are only some of the outcomes of long, persistent effort on the part of those who, more farsighted than their contemporaries, saw the trends of the future and tried to prepare their own generations to face the issues at stake.

While our nation was occupied in stretching itself across a continent there was little need to go searching for markets except as centers of exchange for those products not obtainable at home. Local demands kept the arteries of supply steadily flowing. With the exception of a few men there was general indifference to securing any part of the increasing Latin American trade.  

As industry began to grow it lobbied for higher tariffs to prevent the competition of cheaper foreign labor and to preserve its monopolies. But this was not an encouragement for trade to European or more especially

1 Stephen A. Douglas, in a pamphlet, An American Continental Commercial Union or Alliance, advocated "free trade, transit, and intercourse between the United States and British possessions in the North, and Mexico, Cuba and Central American states." Elijah Ward also advocated the formation of a commercial union in America in his work, A Free Continental System.
to Latin American countries who were able to effect very satisfactory trade agreements with the European countries and to receive special consideration with regard to types of merchandise and extension of credit.

The study of the history of the reciprocity movement with the countries to the south of us is comparable not to the erection of a modern skyscraper, which is accomplished with speed and dispatch, but rather to the slow building of the pyramids, block upon block. There is not a series of brilliant maneuvers which result in completed agreements, but rather the slow growth of a movement which was later stunted by our imperialistic tendencies and dollar diplomacy and was not to blossom until the emergence of the New Deal in the 1930's.

The 1880's witnessed several interesting but abortive attempts to bring about closer commercial ties with our Southern neighbors. On January 21, 1880, David Davis of Illinois introduced a bill which was designed "for the encouragement of closer commercial relationships between the United States and the Republics of Mexico, Central America, the empire of Brazil, and the several Republics of South America." It proposed the building of an inter-continental railroad as the best stimulus to inter-continental trade which would be initiated by a meeting of delegates from the countries concerned in Washington the following June. But the bill was tabled. Two years later the Cockrell-Morgan bill proposed almost the same legislation and met with a similar fate.  

2 Senate Executive Document 232, 52nd Congress, 1st Session, Part IV, 293-4.  
3 Ibid., 294-95.
In the meantime, other events were taking place in the Department of State which greatly affected the work of Congress. After Garfield's election it was only natural that the first position in the Cabinet would be given to his old friend, James G. Blaine, who, although he had had hopes of receiving the presidential nomination himself, had worked untiringly to elect Garfield.

To the position of Secretary of State Blaine brought unusual qualities. Long years of experience in both the House and the Senate served as an admirable background. But the unique trait in Blaine which distinguished him from the Secretaries of State who had preceded him was that he entered upon his duties with a distinct and definite purpose. Instead of the negative process of waiting until some incident necessitated action he assumed a more positive stand and entered office with a specific program in mind. Under his leadership the United States adopted an aggressive American policy for the first time since the days of Seward.

An integral part of Blaine's plan of action was the stimulation of Pan-Americanism. He was keenly aware that Great Britain regarded South America as her sphere of influence both commercially and to some extent politically. This he felt was opposed to the best interests of the Americas, both North and South, and, during his two terms as Secretary of


5 Alice Felt Tyler, The Foreign Policy of James G. Blaine, Minneapolis: University of Minnesota Press, 1927, 17.

State, he never relaxed his endeavors to foist this viewpoint upon the British.

But his program was more positive in aspect than being merely anti-British in tone. He entertained a vision of all the Americas united by their common interests and republican forms of government. This idea of an American continental system is said by some to have been inspired by his study of Henry Clay's speeches concerning Spanish American emancipation. During his career in Congress he had been one of those who had attempted to interest the government in Latin American trade for, on June 5, 1878, in a speech to Congress, he argued in favor of subsidizing United States merchant ships engaged in trade with South America.

There were two general principles underlying his policy: the first was the maintenance of peace through cooperation and arbitration between the various countries in the Western Hemisphere; the second, resulting from the first, was the steadily increasing commercial development between the states making up the system.

In order to initiate this program, Blaine, with the consent of Garfield, on November 29, 1881, invited delegates from the Latin American countries to

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7 Ibid.
8 Ibid.
10 Ibid., 213-14.
attend a conference to take place a year later in Washington. The late date was set purposely in the hope that the current quarrel between Peru, Bolivia, and Chile would be satisfactorily concluded by that time. 12

In his letter Blaine stated that the principal end of the congress was the prevention of future wars among the nations of America. He stressed the fact that the United States would enter the discussions on the same footing as the other countries represented there and that "it is far from the intent of this Government to appear before the congress as in any sense the protector of its neighbors or the predestined and necessary arbitrator of their disputes." 13

Apparently, the wording of the letter was carefully chosen with the idea of disarming Latin American suspicion that we would seek to dominate the conference, yet there can be no doubt that Blaine considered the United States as the logical arbiter of South American disputes. In his instructions to Mr. Osborn, the American minister in Argentina, regarding the Argentina-Chile boundary dispute, he wrote on June 13, 1881, "You should let it be distinctly seen that we do not seek the position of arbitrator, but if the offer were made, our duty to our sister republic of the distant South would forbid our declining it." 14

Blaine's action in the Costa Rica-Colombia boundary dispute makes this even clearer. Word came to our minister, Logan, that the question

12 Senate Executive Document 232, Part IV, 257.
13 Ibid.
14 Tyler, The Foreign Policy of James G. Blaine, 52; quoting Foreign Relations, 1881, 6.
was to be submitted to either the King of Belgium or the King of Spain or the President of Argentina for arbitration. The United States wrote we were interested in the territory under discussion (Panama) because of the Treaty of 1846. But our offer to serve as arbiters was haughtily refused. Our next step, a hint to the proposed arbiters that their interference would be unappreciated by the United States, was sufficient to make them decline the offer.\(^\text{15}\)

By March of the following year Venezuela, Guatemala, Brazil, and Salvador had accepted; Nicaragua, Honduras, and Bolivia had promised to take the matter of the congress under consideration, while Costa Rica and Mexico awaited further developments.\(^\text{16}\)

The assassination of Garfield unexpectedly made Chester Arthur President of the United States. Although a Republican, Arthur was an opponent of the Blaine faction and it caused no special comment when the latter handed in his resignation as Secretary of State. Arthur appointed F. T. Freylinghuysen, a 'Stalwart' but otherwise inconspicuous, in his place.

Many claimed that besides possessing a concept of the Latin American countries and our relations with them entirely different from Blaine's, Freylinghuysen also felt it his duty to discredit the work of Blaine with the hope of preventing him from becoming a formidable candidate for the presidency in 1884.\(^\text{17}\) Whether true or not, Freylinghuysen issued the

\(^{15}\) Ibid., 79.
\(^{16}\) Senate Executive Document 232, Part IV, 275.
\(^{17}\) Russell, Blaine of Maine, 388.
following letter on August 9, 1882, canceling the proposed conference:

... that inasmuch as that peaceful condition of the South American Republics, which was contemplated as essential to a profitable and harmonious assembling of the congress, does not exist, and he (the President) having besides on the 15th day of April, 1882, submitted the proposition to Congress without evoking an expression of its view on the subject having been made by it for such a congress, he is constrained to postpone the projected meeting until some future date. 18

That half the nations invited were preparing to send delegates and the adhesion of the others was assured, placed the United States in an embarrassing position.

Although Blaine was officially out of office, his ideas concerning hemisphere solidarity, especially economic, were not allowed to die. There were others who had caught his enthusiasm and who continued to present bills to Congress urging action of one type or another. The growth of business was beginning to create an interest in the possibilities of trade with the countries of Latin America, but public opinion was not yet roused to the point that demanded specific legislation of Congress.

In the 1880's a new treaty with Mexico was sought because the passing of the years had rendered the treaty of 1831 inadequate. Even before the opening of railway communications, many had believed that the geographic and political relations between the United States and Mexico, as well as their commercial welfare, demanded mutual concessions in custom duties as a condition of improved trade. On January 29, 1876, Foster reported that Mexico approved the general policy of reciprocity and thought

18 Senate Executive Document 232, 273.
the time was opportune for the opening of negotiations on the subject. 19 On November 30, 1881, the Mexican minister at Washington tendered to Blaine a note denouncing the treaty of 1831. His successor, Freylinghuysen, was anxious to preserve the treaty intact until the United States was ready to offer a new one to replace the old. He instructed our minister to furnish a memorandum of the Mexican objections to the treaty and suggested that the provisions of the old treaty remain in force until a new and improved one could be made. 20 On April 5, 1882, the Senate passed a resolution authorizing the opening of negotiations for a commercial treaty with Mexico.

A commission composed of General Grant and William H. Trescott from the United States, and M. Romero and A. Canedo representing Mexico, signed a treaty on January 20, 1883, providing for the entry into the United States, free of duty, of twenty-eight articles of Mexican produce, including among other things, coffee, unmanufactured leaf tobacco and raw sugar. Seventy-three articles of American produce and manufacture were to be admitted free of duty into Mexico, including coal, petroleum, iron machines and many manufactured articles. 22

The treaty was to last six years. According to its provisions either country was free to make those changes in its import duties as it felt to

19 James M. Callahan, American Foreign Policy in Mexican Relations, New York: Macmillan Company, 1932, 420.

20 Ibid.


22 Ibid., 440.
be necessary and to offer the same concessions to other countries if it saw fit. However, if because of these changes either country wished to denounce the treaty before the termination of the six years, it would be free to do so. 23

This treaty, after a long debate and several postponements, was finally approved by the American Senate on March 11, 1884, and ratified by the Mexican Senate on May 18 of the same year without any change, and with authority to extend the time for the exchange of ratifications.

However, the treaty had its opponents who hindered the passing of the legislation necessary to the enactment of the treaty. It was claimed that the free admission of Mexican sugar would ruin the United States' sugar industry because of the great potentialities of Mexico to raise sugar, that the number of articles was negligible, and that the reciprocity element gave greater advantages to Mexico than it did to the United States. 24

Senator Morrill, one of the treaty's opponents, raised a question which was to be brought up again in the twentieth century, namely: Is a reciprocity agreement constitutional? Morrill's argument was that the executive has no right under the Constitution to make reciprocity agreements; that the right to levy tariffs is strictly the work of Congress. 25

23 Ibid., 441.
25 Morrill, Justin S., All Reciprocity Treaties, So Called, Including That With Mexico, Unconstitutional, Remarks in the Senate of the United States, Jan. 7, 1885, Washington: 1884 [sic].
That particular difficulty has been met in modern times by making the treaties of short duration and renewed only with the consent of Congress.

Those who favored the treaty replied that we sold more refined sugar to Mexico than the unrefined product which we bought from her and that the volume of raw sugar exported from Mexico had been diminishing rather than increasing during the past five years. Their report stated that the failure of the Mexican treaty would leave Mexico wide open to commercial conquest by England and Germany and that it repudiated the Monroe Doctrine in fact if not in theory.

Since the legislation necessary to make the treaty effective was not passed despite the extension of the time limit through diplomatic negotiations, the treaty ceased to be operative on May 20, 1887.

Many in Mexico objected to the tone of the report which discouraged the treaty. Mr. Romero, minister to the United States, complained that "The report of the majority seemed to be a libel against Mexico rather than a report . . .".

Although the earlier openings of railways across the boundary frontier had stimulated a policy of reciprocity, the later establishment and multiplication of international railway communications, revolutionizing commercial conditions and giving the United States a great predominance

26 House Report, 2615, 16.
27 Ibid.
in the trade of Mexico, largely supplanted the need of a reciprocity treaty which Romero, however, continued to advocate in 1889. 29

In the same year in which the negotiations for the commercial treaty with Mexico were being conducted a series of bills were introduced in Congress which ultimately led to the first Inter American Conference.

On February 8, 1883, Mr. Cockrell of Missouri introduced a bill similar to that previously proposed by him for the appointment of a special commissioner to visit the several Republics of Central and South America. A similar bill was introduced at the same time in the House. 30 Nothing was done, however, and at the beginning of the next session the same procedure was repeated.

In the following year on March 3, 1884, Mr. Cockrell introduced in the Senate the following bill, which was the basis of an amendment added to the diplomatic and consular appropriation bill of that year, authorizing the appointment of a commission to visit Central and South America.

A bill to authorize the appointment of three commissioners to visit the principal countries of Central and South America for the purpose of collecting information looking to the extension of American trade and commerce, and the strengthening of friendly and mutually advantageous relations between the United States and all the other American nationalities. 31

29 Callahan, American Foreign Policy in Mexican Relations, 421.

30 Senate Executive Document 232, Part IV, 297.

31 Ibid., 298.
The Committee on Foreign Relations, to whom the bill had been re­ferred, recommended it favorably and further referred it to the Committee on Appropriations. The Committee included in its report a letter from the State Department in which Freylinghuysen reiterated his belief that the time was not yet ripe for an Inter American Conference, but in which he strongly recommended the making of a series of reciprocity treaties with the Latin American states. 32 He went on to warn against indiscriminate removal of tariffs on Latin American products without exacting a reciprocal removal of high tariffs on our products, for this would take from us the power to bargain.

Removal of duties from coffee, without greatly cheapening its price, deprived us of the power to negotiate with the coffee-growing countries of Spanish America highly advantageous reciprocity treaties, and indiscriminate reduction of duties on sugar would complete our inability to establish favorable commercial relations with those countries which form our natural market, and from which we are now almost completely excluded. If we confine the reduction of duties on such articles as sugar and coffee to those Spanish American countries which are willing to negotiate with us treaties of reciprocity we cheapen these products for our own people and at the same time, gain the control of those markets for the products of our fields and factories. 33

The President appointed George H. Sharpe of New York, Solon O. Thacker of Kansas, and Thomas C. Reynolds of Missouri, with William E. Curtis as secretary. This commission held conferences with the merchants and manufacturers of the United States in Boston, New York, Philadelphia, Baltimore, New Orleans, and San Francisco. Sharpe resigned in March of

32 Ibid., 300-01.

33 Ibid.
1885, and Curtis was appointed to succeed him.

Upon the completion of its tour of observation the commission made a number of reports. In general, its findings could be classified under nine separate heads.

1. Regular and direct steamship communication.
2. Commercial treaties with actual and equivalent reciprocal concessions in tariff duties.
3. A simplification and modification of custom regulations in those countries.
4. The increase and improvement of the consular service.
5. The establishment of American mercantile houses in Central and South American markets.
6. A more intimate knowledge among American manufacturers of the wants of the people.
7. A system of banking connections and a common standard of values.
8. More liberal credits by our merchants.
9. Introduction of the bonded warehouse system in these countries.34

The problem of transportation was a fundamental one and one which seems to have been almost entirely neglected by the United States. Curtis enlarges upon this in his report.

They (the Latin American countries) offer and will pay subsidies to our ships. Brazil now pays $100,000 a year as a subsidy to an American steam-ship line, while the United States Government paid only $4,000 last year to the same line for carrying our mails. The Argentine Republic had a law upon its statute-books representing a standing offer of a subsidy of 96,000 silver dollars a year to any company that will establish a steam-ship line between Buenos Aires

and New York under the American flag, and at the same time has twenty-one lines of steam-ships, sailing from forty-five to sixty vessels a month, between Buenos Aires and the ports of Europe to which it pays nothing. We have no steam-ship communication with the Argentine Republic whatever.35

Such shortsightedness on the part of the United States to grasp what was obviously an opportunity seems hardly credible today.

The words "actual and equivalent reciprocal concessions" were added to the report at the insistence of Mr. Reynolds who maintained that European nations which enjoyed "most favored nation" privileges would claim the same exemptions without, however, having to meet any requirements. For example, should the United States, resuming import duties on coffee, grant to Brazil freedom from them, on the "reciprocal concession" that flour and certain American manufactures should be admitted free into that empire, Great Britain, which consumed very little coffee of any kind, would claim the same freedom for her manufactures. Thus, in return for our purchase of Brazilian coffee to the amount of about $50,000,000 annually, Great Britain, offering no "equivalent concession" in fact, would still be able to keep us out of the Brazilian market for those manufactures which she could supply more cheaply or with greater facility with her line of steamers.36

Reynolds claimed that this was what had been done by Germany in Mexico. Germany imported no sugar and little tobacco from Mexico, yet offered to remit her duties upon those articles, and claimed for her exports to that

35 Senate Executive Document 232, Part IV, 364.

36 Ibid., 350.
Republic the same concessions which had been granted to the United States.

Another item on the committee's list of suggestions for the improvement of the trade with Latin America was in the United States consular service. Too frequently the men appointed to these posts were obscure politicians, unfitted in education or sympathies for the tasks assigned them. It has been said that America was represented abroad at that period by "a corps of consular agents, of whom the kindest thing that might be said was that the best of them were men of letters (like William Dean Howells) though the generality were obscure political hacks." 38

Until 1906 the American consular service was operating under a code of laws written in 1856. The inefficiency of the general run of agents is best illustrated by the fact that President McKinley, when foreign trade in manufactured goods was becoming an important item, removed 238 out of 272 members of the consular service. 39 But the needed changes in the system did not come until the early years of the twentieth century.

In spite of the work of the commission nothing was actually undertaken as a result of its report. Its recommendations and suggestions went unheeded. The period from 1884 to 1888 saw a Democratic president and House but a Republican Senate in control of affairs, which had the effect of stalemating all legislation with the exception of a few bills of a nonpartisan character.

37 Ibid.
39 Ibid.
The spring of 1886 saw a number of bills introduced which had as their end the closer affiliation with Latin America, and are significant in that they show an increasing interest on the part of Congress in the matter.

On January 26, 1886, Mr. Worthington introduced a joint resolution in the House of Representatives which had as its object the authorization of the President to invite delegates to attend an international American congress to arrange for the arbitration of all national differences. Mr. H. R. Helper's bill of February 8 differed in that it sought the discussion of an international railroad at the proposed meeting. Both bills were adversely reported and indefinitely postponed.

On February 23 Senator Frye of Maine proposed a detailed and specific bill calling for a congress to meet on October 1, 1887. He suggested that each nation send as many delegates as desired but that each nation should have only one vote. A seven point program was also outlined for the consideration of the delegates. In reporting on this bill the Committee on Foreign Relations dwelt at length on the desirability of obtaining the Latin American market for the cotton goods of the United States. It pointed out that the consumption of cotton goods by these countries amounted to $100,000,000 annually and that England furnished about ninety-five per cent of this amount. As cotton constituted the wearing apparel of nearly three-fourths of the population of these countries and had to be

40 Senate Executive Document 232, Part IV, 310
41 Ibid., 311.
42 Ibid., 312.
43 Ibid., 317.
imported, it was not an unimportant item. England was aided by cheap transportation facilities and by the fact that the manufacturers catered especially to the wants and tastes of their consumers in Latin America. The report stated that while the freight from Liverpool, Hamburg, and Bordeaux remained fifteen dollars a ton and that from the United States continued at forty dollars a ton, the Latin American countries would continue to buy from Europe.\textsuperscript{44}

Although the matter was a subject of frequent discussion in both houses of Congress in 1886 and 1887, it was not until May 10, 1888, that a bill was finally passed authorizing the President to invite delegates to an Inter American Conference.\textsuperscript{45}

In the invitation issued by Secretary of State Bayard, an eight point program of discussion was outlined.

1. Measures to preserve and promote the prosperity of the American States.

2. An American Customs Union.

3. Transportation and communication.

4. Uniform customs and port regulations.

5. Uniform weights and measures, laws of copyrights, patents, extradition of criminals.

6. Adoption of a common silver coin.

7. A plan for the arbitration of all disputes.

8. Any other subjects relating to the welfare of the several states which might be introduced.\textsuperscript{46}

\textsuperscript{44} Ibid.

\textsuperscript{45} Ibid., 375.

\textsuperscript{46} Tyler, \textit{The Foreign Policy of James G. Blaine}, 176.
By the time that the congress was to open in October of 1889, Harrison and the Republicans were once more in power and Blaine had the pleasure of conducting the sessions.

The discussions of the Conference extended over many weeks. Interest centered chiefly in the project for international arbitration. There were many differences of opinion about this among the delegates. In order to reconcile the discordant views, Blaine himself drafted an arbitration plan. On April 18, 1890, a project for international arbitration was approved. That project provided that arbitration should be adopted by the American nations "as a principle of American international law" for the solution of disputes among themselves or between them and other powers. Arbitration should be obligatory in all controversies except those which, in the opinion of one of the nations involved in the controversy, compromised her independence. At the conclusion of the Conference the nations participating did not carry out the recommendation to adopt treaties modeled upon this plan, however, and the resolution remained ineffective.

Nor did Blaine succeed in establishing an American customs union for reciprocity in trade. The majority opinion of the committee in charge recommended that reciprocity in America should be approached gradually.

47 Robertson, Hispanic-American Relations With the United States, 393.

by the negotiation of "partial reciprocity treaties among the American nations." It recommended the making of individual treaties among the various states rather than binding all to set rates in duties on imports or exports.

The most notable accomplishment of the Conference was the establishment of an information bureau supported by all the American Republics. This was set up in Washington. Known at first as the International Union of American Republics, it today functions under the name of Pan-American Union, and has its headquarters in a building donated by Andrew Carnegie. Besides possessing a rich library of Hispanic-Americana, it publishes a monthly bulletin and numerous other materials regarding the American Republics.

Criticism of the First Conference, because few of its professed objects were immediately accomplished, was not lacking either in North or South America; but even the most bitter critics were forced to admit the profound moral effect on South America of a gathering in which all the American states sat with equal rights regardless of size or power. The convocation, for the first time in the history of the world, of the representatives of the independent nations of a hemisphere was highly significant. The head of the Mexican delegation, Minister Romero, declared that the most important result of the First

49 Ibid., I, 104-05

International Conference was "the sentiment of mutual respect and consideration which was spread among its delegates."  

The dispute between the United States and Chile, which broke out over the Itata and Baltimore incidents immediately after the adjournment, largely counteracted the enhanced prestige with which the United States had emerged from the Conference. Later, the war between the United States and Spain and the manifestation of Yankee Imperialism was not without its effects in increasing Latin American suspicion of the United States.

President Cleveland had been defeated in 1888 presumably on the question of the tariff. That the Republicans should believe that they had a mandate from the American people to formulate a tariff which would embody all the protective tendencies characteristic of their party was only natural. This was done in the McKinley Tariff of 1890.

Besides including duties on manufactured articles, the tariff attempted to pacify the farmer by adding food stuffs to the list and to earn the support of the workingman by the "free breakfast table"; that is, the exemption of coffee, sugar and molasses from the payment of duty. The sugar growers, in return, would receive a bounty on the domestic product.

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Blaine objected at once. It was not the high tariff nor even the free goods to which he took exception but the manner in which they were made free. In a letter to the mayor of his home town of Augusta, Maine, Blaine endeavored to make his point of view clear to others.

You are in error in supposing that I am opposed to sugar being admitted free of duty. My objection is not to free sugar but to the proposed method of making it free. If, in the pending tariff, sugar is placed on the free list, we give to certain countries a free market for $95,000,000 of their products, while they are not asked to open their markets to the free admission of a single dollar of American products. We ought to have, in exchange for free sugar from certain countries, a free market for breadstuffs and provisions, besides various fabrics from all parts of our country. . . . It will not require reciprocity treaties to secure this great boon. The tariff bill can contain all the necessary conditions. The legislative power is able to secure the desired end.\(^5\)

During the discussions on the tariff Blaine appeared before the Republican members of the Committee on Ways and Means and tried to persuade them to adopt his idea of reciprocity and to incorporate it in the tariff. His suggested amendment was rejected, however, as McKinley was the only one to vote for it.\(^5\) When the tariff was turned over to the Senate Committee on Finance, there was still no effort made to insert the barbaining principle.

Finally Blaine wrote to Harrison in an effort to secure presidential support for an idea which he felt was absolutely essential if

\(^5\) Stanwood, James G. Blaine, 279.

\(^5\) Culbertson, Reciprocity, 154.
we were to secure any of the vast Latin American trade for ourselves. He dwelt upon the one-sided character of the trade with Latin America, and the insignificant amount of North American products which found their way into those countries. He called the attention of the President to the fact that of $300,000,000 worth of breadstuffs, provisions, petroleum, and lumber which we exported annually, only $15,000,000 worth of it was sold to our Southern neighbors. By extending the privilege of no duty on sugar, coffee, tea, and hides only to those countries which were willing to reciprocate in the purchase of American products and manufactures, Blaine felt it would do much to remedy the inequalities of the ratio of our exports and imports to those countries.

President Harrison's reply was to send a personal message to Congress enclosing the letter of Blaine. For the executive department to intervene publicly and officially to obtain an amendment to a bill in its progress through Congress was undoubtedly a most unusual if not unprecedented act. The omission by the President of an endorsement of Blaine's specific proposition may fairly be ascribed to his unwillingness to create a bad precedent, and possibly the rule was not violated by his transmission of the letter containing the suggestion.

Blaine himself was much in earnest with his plan to use the tariff to extend the foreign trade. On July 11, when the debate in the

55 Congressional Record, 51st Congress, 1st Session, 6256-59.
56 Ibid.
57 Ibid.
Senate was about to begin, he addressed a letter to his friend, Mr. Frye of Maine, in which he said:

The charge against the protective policy which has injured it most is that its benefits go wholly to the manufacturer and the capitalist and not at all to the farmer. Here is an opportunity where the farmer may be benefited—primarily, undeniably, richly benefited. Here is an opportunity for a Republican Congress to open the markets of forty millions of people to the products of American farms.

I do not doubt that in many respects the tariff bill pending in the Senate is a just measure, and that most of its provisions are in accordance with the wise policy of protection. But there is not a section or a line in the entire bill that will open the market for another bushel of wheat or another barrel of pork.

The Democrats opposed the amendment on the grounds that it took tariff-levying powers from Congress and gave them to the Executive. This argument is the chief weapon of those who oppose the principle of reciprocity. It was used in the nineteenth century by the Democrats against an amendment to a highly protective tariff, while it became the rallying cry of the Republicans in the twentieth century when a Democratic administration sought to use it in effecting better commercial relations with the Latin American countries.

It has been suggested that an additional motive with Blaine and his supporters was the desire to gain some general authority which would enable the administration to carry on a vigorous reciprocity policy.


unhampered by the necessity of constantly submitting treaties to Congress. As has been seen, this submitting of treaties usually resulted in prolonged delays, even when they were favorably regarded both at home and abroad, while the hands of the negotiators were sometimes tied by ignorance concerning the attitude which would be taken toward certain proposed concessions. Frequently the work of the negotiators came to nothing in consequence of unexpected antagonisms in Congress, resulting in ultimate defeat of the treaties.

Another motive underlying the reciprocity proposal was undoubtedly that of politics. "The trend of public opinion on the tariff bill while it was under discussion in the House, made some of the Republican leaders uneasy as to its effects on the Party prospect in the West; and this feeling was strong with Mr. Blaine, not the least shrewd of the Republican leaders." By inserting the reciprocity clause there was the possibility that the farmer could be led to believe that something was to be done for him, and thus to make less distasteful the higher duties on imported manufactured goods consumed by him.

One of the most revealing sources of information concerning the reciprocity clause is the correspondence of President Harrison and his Secretary of State throughout the period when it was being discussed.

60 Laughlin and Willis, Reciprocity, 184.


62 Laughlin and Willis, Reciprocity, 185.
in Congress. The following excerpts are interesting because of their intimate revelation of both motive and method:

Harrison to Blaine:  

July 17, 1890

... I have been thinking over the sugar question and have a suggestion to offer. When I get it tested at the Treasury Department I will send it to you for your opinion. Things have gone so far that I do not think we can avoid free sugar, but if my plan will stand criticism, as I believe it will, we can still hold the string in our hands. I am in negotiations for reciprocity.63

Blaine to Harrison:  

July 19, 1890

May I hope that you will not consent to the throwing away of a hundred millions of sugar with nothing in return. I think the mistake would be deplorable & an infinite injury to the Party. I want you first & last to keep yourself & your Administration free from mistakes and especially from gigantic blunders.64

Blaine to Harrison:  

July 21, 1890

It will be a great thing if you can "hold the string" in your own hands on the Sugar matter. Keep the string out until Dec. 1/91, and I think we can do something that will help the country & strengthen your Administration incalculably. The one really involves the other & I am interested in both in the order named. I know you are in exactly the same position.

We can turn a peril into a great triumph—and the credit will go where it ought to and where it justly belongs—to yourself.65


64 Ibid., 110.

65 Ibid.
Blaine to Harrison: 

July 22, 1890

We must not lose control of the Sugar question. It will be a bad political blow if the Bill passes in its present shape. But if it be passed so that the tax shall on Dec. 1/91 be levied anew on all countries that shall not meanwhile have made satisfactory treaties of reciprocity, the triumph will be immense. I hope you will not permit it to pass in any other shape. 66

Harrison to Blaine: 

July 23, 1890

As to "Free Sugar," I said to you in a recent letter that I had concluded from a very general inquiry among Senators and Members that sugar would have to go on the free list. It is too late to turn the current which has set in that direction. But I believe we can manage to hold the advantage of it in our reciprocity—negotiations by inserting a proviso that if within a year the States or Colonies from which we derive sugar shall not by this law or by treaty give us reciprocal advantages a duty shall go upon sugar from such States. I have asked Mr. Windom to see what he can do in preparing such an amendment, which it is my purpose to send to you for suggestions. 67

Blaine to Harrison: 

July 24, 1890

I think it would be a mistake to make Agricultural products the sole basis for reciprocity on the Sugar question.

With some countries they would furnish the best basis. With others I think fabrics would be better. The Spanish islands would I think take farm products. In Mexico manufactures would be better. I think we ought to have the privilege of using both—giving preference to farm products—but if we limit the articles to the farm we shall not get nearly so large a basis of reciprocity for the $100,000,000 of Sugar we take from them. . . . I am profoundly convinced that it will prove a fatal blunder not to make a serious effort for Reciprocal trade. 68

66 Ibid., 111.  
67 Ibid., 112.  
68 Ibid., 113.
After Harrison's message and the enclosed letter from Blaine were read, Mr. Hale of Maine offered the following amendment to the pending tariff.

And the President of the United States is hereby authorized to declare the ports of the United States free and open to all the products of any nation of the American hemisphere upon which no export duties are imposed as long as such nation shall admit to its ports flour, corn-meal, etc. The italics have been inserted to emphasize the broad scope of the reciprocity intended in this amendment. In a speech on June 29, 1894, Senator Hale stated that the amendment had been drawn up by Blaine.

If the amendment had been passed as written it would have included wool, which was certain to have brought immediate protest from the Western sheep raiser; therefore, the Hale amendment received but little notice.

Almost immediately another amendment was offered in which the articles put on the free list were left there, but the President was authorized to impose penalty duties on a number of them (sugar, molasses, coffee, tea, and hides) whenever he found that countries producing and exporting these articles to the United States imposed duties on our products which he deemed to be reciprocity unequal and unreasonable. This amendment finally passed and became part of the McKinley Tariff Bill of 1890.

69 Laughlin, Reciprocity, 191.
70 Ibid., 193.
71 Culbertson, Reciprocity, 156.
As the first instance of the employment of the reciprocity principle in our dealing with the Latin American countries, this bill has been widely heralded. It marked the recognition by the Government of a growing need of wider markets for the produce and manufactures of the United States. A point which is often overlooked, however, is the decided retaliatory feature of the reciprocity agreement in its final form. There was no consideration given to the needs of Latin America for longer term credits, special types of merchandise or the erstwhile problem of transportation. On the other hand, they were asked only to remove tariff barriers on our products in return for the removal of our tariffs on theirs.

However, the bill was at least an opening wedge in the trade of the United States with Latin America, and a partial fulfillment of the dreams of those who envisioned the two Americas closely united through commercial ties.
CHAPTER III

RECIPROCITY FROM 1890 TO 1900

The passage of the McKinley Tariff in 1890 marked the first practical application of the principle of reciprocity in dealing with the Latin American countries. It was an experiment which was much criticized by the Democrats at the time, and passed the Senate by a vote of only thirty-three to twenty-seven. The tariff definitely reflected the spirit of the age (and of the political party) which produced it. During the 1890's the trusts reached the zenith of their power with a correspondingly heightened demand on the part of the Western miner and farmer that something be done to enable them to share in the profits which industry was enjoying. Even Blaine admitted that the McKinley Tariff, before his reciprocity amendment had been added, would not enable the farmers to sell an extra barrel of flour nor pound of pork, and he used this argument to induce Congress to incorporate his reciprocity policy in the tariff.

Later on attention was riveted on the silver question which forced itself on the country's notice by the accumulation of vast stores of silver in the Treasury's vaults as a result of the Sherman Silver-Purchase Act of 1890. The surplus of silver had the tendency to lower its value with attending evil results. By the middle of the decade the tariff

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2 Laughlin and Willis, Reciprocity, 188.
as an issue was superseded in importance by the silver and gold controversy but in 1890 it was thought that the tariff bore the chief responsibility for increasing or decreasing the national prosperity.

November 1890 was the time set for the mid-term elections of Senators and Representatives. During the month between the passing of the tariff on October first and the date for the elections there ensued a lively contest between the country's two main political parties for the control of Congress. The tariff became the issue by which the Democrats hoped to dislodge their opponents and the Republicans to vindicate their actions. Through a barrage of clever propaganda the Democrats spread the belief that a sharp rise in prices would follow the enactment of the tariff. Success was relatively easy for the increase of duty on certain articles of daily consumption was distinctly perceptible in the retail price.

Armour declared that the cost of the tin used in his meat-packing plants had increased by $250,000. In an interview, Mr. I. W. Morton, Vice President of the Simmons Hardware Company, which was the largest single hardware company in the United States, affirmed his belief that the tariff was unnecessarily high and would cause an increase of fifty per cent in pocket cutlery alone. The newspapers opposed to the tariff reminded the farmer that the short crop would force him to pay high duties on imported seed, peas, and potatoes. Earlier papers had

4 Ibid., Oct. 17, 1890.
5 Ibid., Oct. 6, 1890.
already warned the farmer that while $45,000,000 out of $356,000,000 of his goods might be protected in the new tariff, $311,000,000 of his goods would have to compete against foreign produce in addition to $105,000,000 increase in tariff duties on consumer goods which he must buy. Merchants had previously created a buying boom by warning their customers of the expected increase in prices and urging them to buy before the rise became effective. It was even claimed that peddlers were outfitted to sell their wares at prohibitive prices in the back country, charging that the tariff had brought about the steep incline in the cost of their goods.

As the time of the elections drew near, the Democrats noted with evident satisfaction that the Republicans were spending large sums of money in a special effort to have McKinley, the sponsor of the tariff, re-elected. Many believed that his re-election and that of Reed would do much to boost the chances of the Republican party. It was money wasted, however, as public opinion made itself felt in a decisive and forceful manner in the November elections. The Republicans suffered the worst defeat in the history of their party. They lost more than one-half of their strength in the House, giving to the Democrats a

6 Chicago Times, April 19, 1890.
7 New York Times, Oct. 5, 1890
8 Ibid.
9 New York Times, Oct. 9, 1890.
10 Ibid.
majority of almost three-fourths in that body. The sixteen Southern States chose but three Republicans out of one hundred twenty-one returning Representatives, while even the New England states elected a majority of Democrats. Altogether, the Democrats were victorious in securing 235 places in Congress to 88 filled by the Republicans. However, the Republicans carried the six Western states "recently admitted in the expectation that they would add six Representatives, a dozen Senators, and eighteen electoral votes to the Republican strength, and this compensated somewhat for the loss of the Southern Negro vote."

Despite the defeat of the Republicans and the obnoxious tariff at the polls, the latter continued to remain in action even if its makers did not. This tariff differed from earlier ones not only in its unique reciprocity clause but in the bounty it granted to sugar growers in the United States. This was a compromise move to satisfy the sugar trust, which sought the free admission of raw and unrefined sugars, and the domestic beet, cane, and sorghum raisers who in turn wished to have their products protected. The tariff provided for the free admission of raw sugar, paid a bounty to the raisers of domestic sugars, and continued a

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12 Ibid.
14 Ibid.
15 McKinley was defeated for re-election in his own district.
high rate of duty on imported refined sugar.

Soon after the tariff became a law, the constitutionality of some of its provisions was challenged. The opponents of reciprocity claimed that section three of the McKinley Act violated the Constitution by conferring legislative powers upon the President. Several cases in which substantially the same points were raised were brought to the Federal Supreme Court. In Fields vs. Clark which came from the Circuit Court of the United States for the Northern District of Illinois, and in Boyd vs. United States and Sternbach vs. United States, which came from the Federal Circuit Court for the Southern District of New York, it was charged that the reciprocity provision of the recent tariff was a violation of the Constitution and therefore not mandatory. In its decision the Supreme Court ruled that

Congress cannot delegate legislative powers to the President. ... The act of October 1, 1890, in the particular under consideration is not inconsistent with that principle. It does not in any real sense invest the President with the power of legislation. ... Congress itself prescribed in advance, the duties to be levied, collected, and paid on sugar, molasses, coffee, tea, and hides produced by or exported from such designated country [one which would not allow reciprocal reductions on our products] while the suspension lasted.

The Court also held that the "constitutionality of the McKinley Act was entirely in harmony with many precedents to be drawn from our


17 Laughlin and Willis, Reciprocity, 207.

18 Ibid., 208.
diplomatic and executive history."

Reciprocity in the McKinley Tariff centered around what came to be known as "the tropical products" of tea, coffee, sugar, molasses, and hides. None of these offered competition in any way to the products of the United States. Tea and coffee were not produced at all, sugar and molasses only in small quantities, and while hides were produced in large amounts the supply was inadequate to meet the demand. The most valuable article on the list was sugar. Besides being one of the staple items of export from many of the Latin American countries, beet sugar was raised in several European countries. The European sugar industry at this time, however, was in a very depressed condition, and prospects for the immediate future were not promising. In practically all the countries which raised sugar beets in large quantities the industry had been greatly over-stimulated by high import duties and large export bounties. As a result of sustained over-production, prices were at a very low level. The free admission of sugar by the United States, the world's leading sugar importer, was an advantage for which it was thought that the sugar-producing countries would be willing to offer tariff concessions of considerable value to the United States export trade.

Shortly after the enactment of the tariff law of 1890, Mr. Blaine,

19 Ibid.


21 Ibid.

22 Ibid.
Secretary of State, wrote to the diplomatic representatives residing at Washington of those countries which produced the so-called "tropical products" to inform them of the newly-passed law and to invite their trade. The reply of the Minister from Brazil was received on January 31, 1891, Brazil being the first country to respond to our invitation. The Minister stated that Brazil had by legal enactment, authorized the entry into its ports free of duty certain specified articles and had provided for the entry of other articles at a reduction of twenty-five per cent of the usual prescribed tariff duty. On February 5, 1891 President Harrison proclaimed the reciprocity agreement made with Brazil and it went into effect on April first of that same year.

During the next two years reciprocity treaties were negotiated with the following countries:

- Dominican Republic . . . . . June 4, 1891
- Spain for Cuba and Porto Rico . . June 16, 1891
- Salvador . . . . . . . . . December 30, 1891
- Nicaragua . . . . . . . . . March 11, 1892
- Honduras . . . . . . . . . April 29, 1892
- Guatamala . . . . . . . . . December 30, 1891
- Great Britain for West Indies . . February 1, 1892
- German Empire . . . . . January 30, 1892
- Austria-Hungary . . . . . May 25, 1892

On April 20, 1892, the House Committee on Foreign Affairs reported favorably upon a resolution introduced by Mr. Stewart of Texas providing for the initiation of negotiations with Mexico. The report declared that

23 Senate Executive Document, 119, 52nd Congress, 1st Session.
24 Ibid.
25 Reciprocity and Commercial Treaties, 153.
26 House Report, 1145, 52nd Congress, 1st Session, 4.
the removal of duty on lead ores would probably be of mutual advantage to
the two countries and recommended the free admission of wool from Mexico
in return for equivalent concessions that might be made by that country.27

The American minister to Mexico was charged with the negotiations
on behalf of the United States and the President of Mexico nominated a
commissioner to represent the Mexican Government. Of the articles enumer-
ated in Section 3, however, none but coffee and hides were exported by
Mexico to the United States in considerable quantities and the prospect
of their exemption from duty by the United States was not sufficient
inducement to persuade the Mexican Government to make reciprocal conces-
sions, especially since it was not certain that the United States would
impose the penalty duties upon Mexican products.28 Mexico claimed that it
had uniformly followed the practice of having a single tariff with no
discrimination between the imports from different countries and was re-
luctant to change its historical policy.29 Under the circumstances, al-
though a reciprocity agreement was not negotiated, the penalty clause
could hardly apply.

A glance at the table on the previous page reveals that reciprocity
agreements were not consummated with all the Latin American countries.
The names of Argentina, Colombia, Venezuela and Haiti are missing from
those countries exporting the "tropical products." The Government of
Venezuela had shown an inclination to negotiate and the Venezuelan

27 Ibid.
29 Ibid.
minister at Washington had discussed the terms of a convention which he forwarded to his government for its approval. The Venezuelan president transmitted the convention to his congress which appointed a special commissioner to continue the negotiations. But the commissioner failed to carry out his instructions. 30

Haiti had acknowledged receiving Blaine's invitation for reciprocal trade but made no other official response. 31

The ignoring of our invitation to open reciprocal trade agreements on the part of the Colombian Government was the occasion of a letter addressed by Mr. Blaine to the Colombian minister at Washington. "It is deeply regretted by the President that his invitation to the Government of Colombia has not been responded to in the same conciliatory spirit." 32 The Minister responded that under the most-favored-nation provision of the early treaty of 1846 between the United States and Colombia that the latter country was entitled to all the privileges which the United States might concede to other nations. Nevertheless the Minister promised that the President of Colombia

... would use all the influence at his command to obtain from congress at its next meeting such an extension of the list of nondutiable merchandise as will justify any action which the President of the United States may be pleased to take postponing the suspension of the free entry of Colombian coffee and hides into the United States. 33

30 Ibid., 155.
31 Ibid.
32 Ibid., 156.
33 Ibid.
No further word was received from Colombia, and after a general warning to the countries involved on January 7, 1892, that unless satisfactory arrangements were concluded by March 15, the privilege of free entry of their goods into the United States would be denied them, the President proclaimed that the penalty duties would be levied against Colombia, Venezuela, and Haiti commencing March 15, 1892.34

Colombia protested once more on the grounds of the earlier treaty which the United States declared was not applicable to nor affected by Section 3 of the McKinley Act. Finally the Minister was forced to admit that the Colombian tariff was a high one but that there was no remedy for this. In a letter dated March 12, 1892 Senor Hurtado made this fact clear:

I am free to admit that the tariff of Colombia is a high tariff and that it must consequently militate against the full development of our trade with foreign nations. But this has to be so; it is an unavoidable evil common to all South American countries, where the revenue is chiefly derived from import dues; and until such times as other systems of taxation be discovered and found efficient, so as to remove the burden which now weighs almost exclusively on imports, the evils of a high tariff must unfortunately be endured.35

Although the United States imported large amounts of coffee and other tropical products from countries which did not enter into reciprocity negotiations with us, penalty duties were applied only to those nations previously mentioned. The reason for this is made clear in a report presented by the House Committee on Ways and Means on June 6, 1896 which included a statement upon trade with Argentina, written by William C. Curtis.

34 Ibid.

35 Senate Executive Document, 56, 53rd Congress, 2nd Session.
No attempt was made to apply the retaliatory provision of the reciprocity section of the tariff act of 1890 to any other country except Colombia, Venezuela, and Haiti, for the reason that the President thought the duties imposed by them alone were onerous to American commerce and reciprocally unequal and unreasonable. There was some correspondence with the Argentine Republic. That Government contended that the duties it imposed upon our peculiar products, such as lumber, refined petroleum, et cetera, were not unreasonable in view of the tax we imposed upon wool, which was its principal item of export to the United States. It was estimated at various times during the negotiation that if the United States would remove the duty from wool, the Argentine Government would make generous concessions in favor of our manufactures, but such an arrangement was not authorized by law.36

In this instance where Argentina had a case in point the penalty was not applied, as it was directed only at those nations who deliberately retained high rates against American manufactures without cause.

As a result of a resolution passed in the Senate during its first session in 1892 the Secretary of State was asked for a detailed report upon the success of the reciprocity program up to that time.

One of the most satisfactory of the reciprocity agreements had been made with Brazil. On November 15, 1889 the empire of Brazil had been peacefully overthrown and the republic established. A period of high prosperity had immediately followed in which foreign trade promised to be brisk. In fact, so great was the demand for goods that utmost confusion resulted at the waterfronts which were unable to cope with the unprecedented traffic.37 Ships had to wait their turns to unload, sometimes for many days. The railroads did not possess enough rolling stock to handle

37 Senate Document 52, 55th Congress, 1st Session, 12.
the freight which had to be stored in warehouses, soon filled to overflowing.38 But in the summer of 1891 a reaction set in followed by a depression.

The imports fell off rapidly, and the national obstacles to an increased commerce were supplemented by unusual efforts on the part of European merchants to retain a trade that, under the reciprocity arrangement with this country, was seriously threatened. They reduced prices upon merchandise that might be bought in the United States and sold even at a loss, to prevent and frighten competition, and the steamship lines from Europe assisted them by cutting rates of transportation below the limit of profitable traffic.39

England especially had been opposed to reciprocity as she foresaw in the United States a formidable rival to her monopoly of trade with the Latin American countries.

The depression in Brazil was by no means confined to that country. On November 15, 1890, the banking firm of Baring Brothers of London had been forced to suspend payments.40 This bank was deeply involved in South American affairs and its failure precipitated a financial panic which spread throughout the world but which was particularly grave in the Latin American countries. The United States was to experience its share in the panic of 1893.

Although trade with Puerto Rico shows an increase for the period of reciprocity, nevertheless circumstances prevented that increase from being very great. The sugar crops of 1891-1892 were partial failures,

38 Ibid.
39 Ibid., 13.
40 Reciprocity and Commercial Treaties, 163.
which, coupled with the low price of silver in that country prevented anything like notable gains from being made.

The importing merchant is required to pay gold prices for his goods in New York and sells them at silver prices to his customers in Puerto Rico, which is equivalent to a nominal advance of 15 or 20% in the cost of everything ... without any corresponding increase in the incomes of the rich or the wages of the poor. 41

Santo Domingo also suffered from a poor sugar crop and financial depression. However, during the period of reciprocity their falling off of business with Europe was in greater proportion than their decrease of trade with the United States. 42

The countries hardest hit by the depression were Nicaragua, Honduras, Brazil and Chile. 43 As a result foreign capital was withdrawn and many banks and mercantile houses became insolvent.

Added to the financial distress, or rather coinciding with it, were the revolutionary disturbances experienced in several of the Latin American countries. 44

The results of reciprocity can best be studied in the statistics of our exports and imports during the short period in which it was effective. In general, the exports to Cuba, Puerto Rico and Brazil were the most notable; export trade to the British West Indies remained constant, while exports to Nicaragua, Honduras and Guatemala fell off during the years 1890-1892, due not only to the depression but also to the lack

41 Senate Document 52, 55th Congress, 1st Session, 17.
42 Ibid., 22.
43 Reciprocity and Commercial Treaties, 163.
44 Ibid., 177.
of economic development.\textsuperscript{45} The year 1892 shows the greatest gains in exports from the United States due to bumper crops in 1891 and to partial crop failures in Europe. Our exports to Latin America during the reciprocity era were greater than our exports to Europe but showed a sharp decrease after the termination of the policy in 1894.\textsuperscript{46}

Regarding imports to the United States from Latin American countries, the figures show that about 78 per cent of their imports were sent here in 1890, and about 84 per cent by 1894.\textsuperscript{47} Undoubtedly, the increase was caused by the threat of the reciprocity penalties.

The effect of the reciprocity penalties is most noticeable in the statistics of those countries barred by the penalties from trade with the United States from March 15, 1892 to August 27, 1894.

\begin{tabular}{l}
1891 -- -- 7.32 of imports went to the United States \\
1893 -- -- 2.29 " " " " " " " " \\
1894 -- -- 1.73 " " " " " " " \\
\end{tabular}

Expressed in money, there was a drop from a seventeen million dollar import trade to the United States in 1891 to only four million dollars in 1894.\textsuperscript{48}

With the exception of those countries affected by the penalty duties, there was no other great effect upon the imports into the United States which can be traced directly to the reciprocity features of the act of 1890. The McKinley tariff could not grant special privileges, but could

\begin{itemize}
\item \textsuperscript{45} Ibid., 180.
\item \textsuperscript{46} Ibid., 177.
\item \textsuperscript{47} Ibid., 172.
\item \textsuperscript{48} Ibid., 172.
\end{itemize}
only impose penalties. Since the countries penalized furnished only a small fraction of imports from Latin America, it is difficult to estimate any special benefits of the reciprocity clause upon the import trade.

By studying the statistics for each of the five "tropical products" separately one is able to obtain an overall view of the effect of reciprocity on import trade. The imports of coffee, showing only a moderate tendency to increase, probably because they were kept on the free list, remained fairly constant and seemed little changed by the tariff act of 1890.49 On the other hand, the imports of sugar increased more rapidly because the lack of duty made sugar cheaper, and large quantities of it were bought.

The reimposition of a duty on sugar by the act of 1894 checked the fall in price and led to a considerable decline in the imports and in the per capita consumption in 1895-96. In 1897 the amount went up due to the heavy buying before the tariff of 1897 should go into effect.50

Molasses had first been imported because of its high sugar content due to the imperfect methods of sugar extraction used in the Latin American countries. Later, however, these countries perfected the sugar extraction process so that the molasses was of little use to the United States refiner for this purpose and after 1897 molasses ceased to be imported at all.51 The importation of hides was the least affected by the reciprocity provisions of the act of 1890.

49 Ibid., 167.
50 Ibid., 168.
51 Ibid., 169.
In considering these statistics it must be borne in mind that the chief purpose of the reciprocity section of the McKinley tariff had been to encourage United States exports to the Latin American countries so as to increase our markets. Even before the reciprocity clause had been added to the tariff, sugar had been already placed on the free list. Blaine's view was that we admitted one of South America's principal products without demanding any reciprocal advantages in return. It was his plan to use sugar especially as a bargaining agent to open the Southern markets to our petroleum, machinery and manufactures. To determine the efficiency of the plan as tried is difficult, due to the short time the plan was actually in progress, and to the fact that financial depression and revolutionary disturbances upset the normal flow of trade during that period and made anything like a scientific measurement of results hard to achieve. The report of the United States Tariff Commission declared that on the whole the penalties had been an effective means of securing tariff favors, considering the limited time in which reciprocity had been tried and under what circumstances it had "exerted a favorable influence upon the export trade of the United States."52 Other writers fail to grow enthusiastic about the results of our first experiment in reciprocity, feeling that the retaliatory features of this policy were not such as to engender whole-hearted support from the Latin American countries.53 Yet it should be recalled that Blaine had striven for a broader form of reciprocity but was defeated and had to be satisfied with the restricted form as found in

52 Ibid.
53 Robertson, Hispanic-American Relations, 219.
section three of the McKinley Bill.

The contestants of the 1892 presidential campaign were once more Harrison and Cleveland. In a plank of the democratic platform written by Henry Watterson, editor of the Louisville Courier-Journal, both Cleveland and his party were pledged to a tariff for revenue only. Cleveland, not wishing to alienate those who felt that the success of the Democrats would spell ruin for the country declared in his letter of acceptance that "We wage no exterminating war against any American interests. We believe that a readjustment can be accomplished in accordance with the principles we profess, without disaster or demolition." Apparently it was enough to inspire confidence or else the country was ready to welcome any modification in the existing tariff for Cleveland was not only successful but, for the first time since the Civil War, the Democrats enjoyed a majority not only in the House but in the Senate as well. True, the Senate majority was a slim one, but it was a majority, nevertheless.

William L. Wilson, acting in his capacity as chairman of the Ways and Means Committee, introduced a new tariff bill on December 19, 1893. The bill was remarkable in that it ultimately caused a rift in the Democratic party and was debated longer than any other tariff bill in the history of the country. The bill as reported by the Ways and Means Committee to the House provided for free raw sugar, reduced duties on refined sugar, and kept coffee, tea, hides, and molasses on the free list. In addition

54 Tarbell, The Nationalizing of Business, 199.

55 Ibid., 200.
to the list of free products was that of wool. But, as it will be seen later, the Democrats made no effort to use this exemption to secure reciprocal trade with Argentina, who exported large amounts of wool and who would have been willing to negotiate.

The question of reciprocity early presented itself in the formation of the new tariff. Although the Republicans had accepted reciprocity reluctantly enough in the beginning it had become a prominent part of their program by 1893. As such it was denounced in the Democratic platform. In the report of the Committee on Ways and Means recommending the bill to Congress it had declared that reciprocity had brought no appreciable advantage to the American exporters and that it provided not for reciprocity in the true sense of the word but for retaliation. It expressed regret over the hard feeling which had been engendered by the passing of the penalties against certain countries and raised righteous hands in horror over the alleged repudiation of "our solemn treaty obligations." As a result the House passed an amendment introduced by Mr. Wilson which specifically provided for the repeal of the reciprocity agreements.

56 Reciprocity and Commercial Treaties, 158.
57 Laughlin and Willis, Reciprocity, 233.
58 Reciprocity and Commercial Treaties, 158.
59 Ibid.
60 Ibid.
The bill passed the lower branch of the legislature on February 1, 1894 and went to the Senate for consideration. There the Democrats had a bare majority and the industrial interests of the nation had a stronger proportionate representation. Senator A. B. Gorman of Maryland and Senator C. S. Brice of Ohio succeeded in modifying the measure not only in details but in principles as well. One of the bitterest assailants of the house bill was H. O. Havemeyer, president of the American Sugar Refining Company. As a result of rates provided in the McKinley bill, his concern showed a profit of twenty-five million dollars in three years. Under the operation of the law sugar stocks had advanced eighty-five points. Later a charge was made that United States senators had been speculating in sugar stocks while the schedule was under consideration. The accusation was investigated and several of the most eminent men of the time, including John Sherman and George F. Hoar, were questioned. Senators M. S. Quay of Pennsylvania, and J. R. McPherson of New Jersey frankly admitted that they had done so.

Although the Democratic Senate ostensibly stood for tariff reform, in reality each senator was willing to have the duties lowered on every other product but the one in which he was especially interested. The Senate blamed Wilson and his aide, Crisp, for introducing a bill which could be termed a "free trade" measure while the House accused Senators Gorman and


62 Ibid.

63 Taussig, The Tariff History, 314.
Brice of turning the bill into a "Republican protection measure." 64

Actually the Senate won the struggle by levying a duty on raw sugar, raising the rates on the refined product, and reducing many other items only slightly. The House succeeded in keeping wool on the free list. President Cleveland denounced the tariff as an example of "party perfidy and party dishonor" and refused to sign it. 65

The new tariff had incorporated a provision of two per cent tax on incomes of $4000 or more which was a Populist measure favored in the West and South. Shortly after its passage the income tax feature of the bill was declared to be unconstitutional by the Supreme Court. 66

For different reasons the tariff was challenged by both Democrats and Republicans from the time it became a law, and it was obvious that it would be remade as soon as the opportunity presented itself to either party. Many felt that the bitterness engendered among the Democrats had weakened the party to such an extent as to make certain the Republican victory at the polls three months after the passage of the Wilson act, and to pave the way for the split in the party in the 1896 presidential elections. 67 Some historians felt that the tariff was only the outward symbol of a new trend of thought underlying the nation's whole economic outlook.

64 O.O. Stealey, Twenty Years in the Press Gallery, New York, Publisher Printing Company, printers, 1906, 115.


66 Ibid.

67 Stealey, Twenty Years in the Press Gallery, 115.
The betrayal of the cause of tariff reform in the house of its friends indicated plainly that protectionism represented the dominant conviction of the industrial forces which controlled the effective action of the national government. The consolidation of the nation's internal economic life had bred the doctrine of economic nationalism in the country's international relations. 68

The sudden cessation of reciprocity brought immediate repercussions from abroad. Sugar producing countries which had found ready markets in the United States complained the most bitterly as the reciprocity policy had affected sugar more than any other commodity. The minister of Guatamala, in a written memorandum, and in personal interviews, remonstrated against the abrogation of the reciprocity agreement. He pointed to the fact that his country had invested large sums of money in plantations and in machinery for the production of sugar with a view to enjoying the benefits of the favorable American market, and that this large outlay would not have been incurred had it been supposed that the United States would abandon its policy of reciprocity so soon and reimpose the tax on sugar. Financial ruin was predicted for the sugar producers. 69

Brazil objected to the withdrawal of reciprocity on more technical grounds. In the agreement made with Brazil, the decision stated that either country would inform the other of any desire to terminate the trade policy three months in advance and that the agreement would cease to be effective on either the first day of January or the first day of July. 70

69 Reciprocity and Commercial Treaties, 162.
70 Ibid., 160.
The United States replied that the agreement was automatically cancelled by the new law and simply ceased to exist; that it had not enjoyed the status of a treaty binding upon the two governments, while the new law was mandatory.\textsuperscript{71} Brazil, however, insisting upon carrying out its part of the contract, formally denounced the treaty, and continued to grant tariff concessions to the United States until January 1, 1895.

It will be remembered that Argentina had declared that reciprocity would be an impossibility for her unless it included admitting her wool. When it became known that the United States Congress was considering the addition of wool to its free list in the tariff of 1894, the Argentine minister in Washington submitted to the Secretary of State a memorandum setting forth the mutual economic advantages that would accrue to the United States and to their country by the free introduction of Argentine wool into our markets. In a subsequent communication, dated January 30, 1894, the Argentine minister further stated that his country, in adopting their tariff for that year, had included crude petroleum in the list of articles to be admitted free of duty.\textsuperscript{72} He added that the acceptance of Argentine wool would extraordinarily increase the volume of trade between the two countries and would permit the manufactured products of the United States to enter into active competition with similar articles of European origin. It was also expected that the Argentine Congress would exempt from

\textsuperscript{71} Ibid.

\textsuperscript{72} House Report, 2263, 54th Congress, 1st Session.
the payment of duties lumber, lubricating and fuel oils, and refined petroleum. 73

This communication was forwarded by the Secretary of State to the Committee on Ways and Means in February, 1894, while the Wilson bill was under consideration. The Secretary of State also forwarded to the Committee on Finance another communication from the Argentine minister enclosing a cablegram from the minister of foreign affairs at Buenos Aires with reference to the vote of the Senate regarding the suggestion of the House to remove the duty on wool. It expressed the desires of the Argentines for reciprocity with the United States. 74 But no notice was taken of the Argentine proposals by either the Senate or the House of Representatives. Argentina felt chagrined that her overtures toward closer commercial relations between the two nations had been treated so indifferently. Later when the United States minister, Mr. Buchanan, asked that some concessions might be made in the duties upon imports in the Argentine tariff of 1895, he was coolly informed that the Argentine Government did not consider itself under any obligations to the United States because of the removal of duty upon wool. "He explained that his Government understood the situation, and that our Congress did not remove the duty with any intention to benefit them, but merely as a political measure, and in response to the demands of public sentiment in the United States." 75

In future years the United States, when it found it necessary to

73 Ibid.
74 Ibid.
75 Ibid.
terminate agreements, endeavored to do it more circumspectly than the way it was done in 1894.

The elections of 1894 returned a Republican majority to Congress. Once more the movement for reciprocity gained momentum. In 1896 the Ways and Means Committee of the House of Representatives sent out circulars to the various business interests of the country to ascertain the consensus of opinion regarding reciprocity. The replies were overwhelmingly in favor of it. Of fifty-two commercial and industrial associations, boards of trade, and chambers of commerce consulted, fifty-one supported reciprocity, while only fifteen of two hundred and fifty manufacturers and merchants opposed it. As a consequence, a reciprocity plank was inserted in the platform of 1896 and McKinley urged its support in his inaugural address of the following year.

McKinley called an extraordinary session of Congress to consider the condition of the revenues of the government in order to remedy the deficit in the Treasury. On March 18, 1897, Mr. Dingley of Maine, chairman of the House Committee on Ways and Means, introduced the bill which ultimately was to bear his name. When first proposed, Section three of the bill provided for reciprocity by two methods; the reduction of duties on certain items from countries which were willing to make similar reductions on the exports of the United States, and the imposition of penalty duties on countries which levied duties which could be considered unreasonable on

76 Reciprocity and Commercial Treaties, 197.
the products of the United States. 77 The bill was debated in the House for a period of ten days, but the reciprocity clause occasioned little comment except the criticism that Section three benefited only the farm-implement and the meat packing trust. 78

It was passed in the House on March 31 with a negligible amount of opposition. As was to be expected, the bill's progress through the Senate was more deliberate. Senator Allison introduced an amendment to section three whereby the President would be authorized to enter within two years into the negotiation of commercial treaties with other countries. In return for the admission of American products at reduced rates of duty the President could grant reductions not exceeding twenty per cent of the regular tariff schedule, and could grant free admission of those products which were not the natural products of the United States and which were on the dutiable list. The treaties would not be valid beyond a period of five years. 79 A long debate followed but the Senate finally accepted the Allison amendment on July 7 and sent the bill to a conference committee of both Senate and House members. The committee restored Section three of the bill with some changes:

1. It crossed off chicle, silk, laces, mineral waters, sugar and molasses, while it reduced the minimum duties on some of the remaining articles.

2. Coffee and tea remained on the list of free articles on which penalty duties might be imposed.

77 Ibid., 198.
78 Ibid., 199.
79 Ibid.
3. Hides and skins were struck off the list and tonka and vanilla beans substituted.

4. The bill required the approval by the whole Congress and not just the Senate.\textsuperscript{80}

It will be noted that the removal of sugar and skins from the list meant that the tariff measure was not designed primarily for the encouragement of Latin American trade. It was the larger markets of European trade that the United States legislators hoped to open with favorable tariff agreements, and which formed the chief burden of those agreements which were known as the Kasson treaties, but which failed to be ratified by the United States.

The Dingley Tariff did little or nothing to further trade with the Latin American countries. Shortly after its passage the United States joined the ranks of the imperialist nations followed by its adoption of the Big Stick policy—none of which was calculated to inspire confidence in the smaller countries. Rather, it filled them with apprehension over the growing economic 'American invasion' so obviously manifest since 1895.\textsuperscript{81}

\textsuperscript{80} Ibid., 200.

\textsuperscript{81} Ibid., 203.
CHAPTER IV

RECIPROCITY WITH CUBA

As far back in the history of our country as the days of Thomas Jefferson, the United States has felt a particular interest in the island of Cuba. Its strategic position, commanding as it does the Gulf of Mexico, the mouth of the Mississippi, as well as the peninsula of Florida, has given it a special importance which could not be overlooked by those charged with guarding the welfare of this country. Frequently, from the time of Jefferson to that of McKinley, Cuba was the subject of much speculative thought on the part of the Statesmen of the United States, as is revealed in their correspondence and speeches. Previous to the Civil War, the Southern states had looked at Cuba with longing eyes, seeing in it the possibility of adding several slave states to increase the prestige and power of the South. The disgraceful Ostend Manifesto was another manifestation of the trend of thought current in the United States.

In keeping with her colonial policy, Spain had restricted the commerce of Cuba almost exclusively to herself. During the nineteenth century, as her other colonies won their independence, it became increasingly difficult for Spain to enforce her prohibitive trade laws in Cuba. But she persisted and adopted a new policy which took the form of

discriminating tariffs, applied to both imports and exports. Finally in 1884, Spain was induced to negotiate with the United States a treaty of commerce and reciprocity for Cuba at about the same time that the latter country was making a similar treaty with Mexico. The Senate of the United States, however, failed to ratify either treaty.

In 1890, while the American tariff bill was under discussion in Congress, Spain, in expectation of increased American duties on tobacco, decreed an increase of twenty per cent on imports to Cuba and Porto Rico from all ports except those of Spain. After the McKinley bill became a law, Cuba sent a delegation to Madrid in January 1891, urging reciprocity with the United States. There were some who even favored a revolution if a treaty was not negotiated.

The retaliatory features of the McKinley tariff spelled ruin for the economic life of Cuba if a treaty was not made, as it would close the American market to all but the finest of Cuban tobacco. By its protection to American refiners it compelled a large number of manufacturers of high-grade sugar in Cuba to close down. It threatened the entire loss of the American market in sugar to the advantage of other tropical rivals unless Spain modified her colonial trade policy. Doubtless, sensing that a refusal to enter into a reciprocity agreement would increase the impulse

2 James M. Callahan, Cuba and International Relations, Baltimore, The Johns Hopkins Press, 1899, 455.

3 Ibid.

towards revolution or annexation, Spain expressed a willingness to negotiate which resulted in the Foster–Canovas treaty of 1891.  

The treaty encouraged an unprecedented expansion of Cuban raw sugar. In 1893 Cuba's sugar crop passed the million ton mark for the first time. The benefits of the remission of duty went almost entirely to the Cuban planter who enjoyed a brief spell of prosperity during the short time the treaty was in force. Nor was it felt at this time that the trade with Cuba was injuring any American industry as domestic sugar production in the United States had not yet reached the importance it was to assume a few years later.  

The Wilson tariff of 1894, which restored the duty on raw sugar while retaining the differential on the refined product, automatically abolished reciprocity with Cuba. In the face of falling price for sugar, the effect of the tariff change struck with full force at the Cuban producers. Prices fell below two cents a pound for the first time in the history of the sugar industry. At the same time the restored duties of the colonial system meant higher prices for everything Cubans purchased abroad. "Thousands who did not join the men who took the field in revolution aided the Republican movement from their dwindling hoards." Had the government been conducted with a view to the rights and interests of the

5 Ibid.  
6 Laughlin and Willis, Reciprocity, 367.  
7 Jenks, Our Cuban Colony, 40.  
8 Ibid.
Cuban people, both the economic distress and the political unrest which followed might have been avoided.\(^9\) The termination of the treaty of 1894 has generally been regarded as the "principal underlying economic grievance contributing to the Cuban insurrection of February, 1895."\(^{10}\) The depression of this time impressed the people of Cuba with the fact that reciprocity with the United States had meant prosperity.

The extent to which reciprocity had increased the export trade of the United States with Cuba may be seen in the following table:

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1890</td>
<td>$13,084,415</td>
</tr>
<tr>
<td>1891</td>
<td>12,224,888</td>
</tr>
<tr>
<td>1892</td>
<td>17,953,570</td>
</tr>
<tr>
<td>1893</td>
<td>24,157,698</td>
</tr>
<tr>
<td>1894</td>
<td>20,125,321</td>
</tr>
<tr>
<td>1895</td>
<td>12,807,661</td>
</tr>
</tbody>
</table>

The last figures show a falling off in trade which was due not only to the cessation of reciprocity but to general disturbances on the island that year.\(^{11}\) The imports from Cuba to the United States show a marked increase during this same period, rising from $53,801,591 in 1890 to $78,706,506 in 1893.\(^{12}\)

Almost four years of revolution and war which followed the outbreak of 1895 succeeded in impoverishing Cuba and left it with economic,

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9 Robinson, *Cuba and the Intervention*, 32.
12 Ibid.
political, and social conditions demanding immediate attention.\textsuperscript{13} It was revealed in the census ordered by President McKinley that the population of the island had decreased 12 per cent during the period of conflict, and its wealth two-thirds.\textsuperscript{14} Even before hostilities had ceased, the President spoke of the task of rehabilitation which lay before the United States in regard to Cuba.

As soon as we are in possession of Cuba and have pacified the island it will be necessary to give aid and direction to its people to form a government for themselves. This should be undertaken at the earliest moment consistent with safety and assured success. It is important that our relations with this people shall be of the most friendly character and our commercial relations close and reciprocal. It should be our duty to assist in every proper way to build up the waste places of the island, encourage the industry of the people, and assist them to form a government which shall be free and independent, thus realizing the best aspirations of the Cuban people.\textsuperscript{15}

One of the first tasks confronting the United States at the conclusion of the war was restoration of order on the island, and secondly, cleaning up the island through proper sanitary measures. While the United States accomplished the above tasks in a masterly way, it was much slower in establishing the economic reorganization so necessary in making real the independence of the Cuban people. Many of the American officials stationed on the island saw the necessity of the solution of the sugar question, and of the other questions of trade affecting Cuba, as the first

\textsuperscript{13} U. S. Tariff Commission, The Effects of the Cuban Reciprocity Treaty of 1902, Washington, 1929, 373.


\textsuperscript{15} The Effects of the Cuban Reciprocity Treaty, 375.
step toward the successful solution of every other problem. General Wilson stated that "the establishment of proper economic conditions and proper trade relations with the United States was of even greater importance than the establishment of proper political institutions."17

To understand the Cuban Question which became the subject of a bitter controversy in the United States during the next few years, several facts must be noted at the outset. One was the rapid growth of the sugar-beet industry in Europe after 1870. That industry was encouraged by the government bounties and grew so rapidly that it soon sought new markets. It had a paralyzing effect upon Cuban exports, however, and made the island almost entirely dependent upon the United States as consumer of its principal export, sugar.18 The second factor which caused some difficulty was that the annexation of Hawaii, the Philippines, and Porto Rico under the American flag gave those countries access to the markets of the United States which had to be denied to Cuba because it was 'foreign territory'.19 Even the West Indian islands, subject to powers other than the United States were able to get preferential rates as a result of reciprocity. Yet reciprocity was denied to Cuba because, not having a government of her own she was unable to negotiate a treaty with another government! In his report

16 Ibid., 337.
17 Ibid.
19 Report on the Census of Cuba, 34.
for 1889, the Secretary of War, Root, called attention to this lamentable state of affairs.

It does not seem that, so long as we retain the control of Cuba and preclude her people from making trade agreements or treaties on their own account, we ought to treat her sugar producers less favorably than we do their competitors in the West India Islands which are subject to other powers, and I recommend that during the period of our occupation of the island the duties imposed upon the importation into the United States from Cuba of the products of that island be reduced to the same rates which will be imposed upon the goods imported from Jamaica in case the Senate should ratify the pending reciprocity treaties.20

Besides the handicaps mentioned above, Cuban agriculture was confronted with special difficulties arising out of the war, such as an accumulation of losses and debts, a reduction in the number of plantation hands, and an increase in the cost of agricultural labor caused by the stabilization of the currency.21

Another obstacle to the solution of the Cuban question was the rapid growth attained by the sugar-beet industry of the United States after 1890. This new industry had profited by the Cuban war, and the Dingley tariff had given it further encouragement, especially in the western part of the United States.22 Between 1896 and 1902 thirty-five new factories were erected. The census of 1900 estimated the industry had a capital investment of twenty-one million dollars.23

20 The Effects of the Cuban Reciprocity Treaty, 376.

21 Ibid.

22 Jenks, Our Cuban Colony, 134.

23 Ibid.
During 1899 and 1900 the American officials on the island continued to urge action by the United States to remedy the economic situation of Cuba by giving her products preferential tariff rates. General Wood stated the "High duties against Cuban products mean that the development will be slow, if at all, while a lowering of the duties would cause the development of the island to be rapid." The Cubans themselves hoped for free trade with the United States or if that was not possible, then, "to establish a similar tariff to that which is stipulated in the treaty of reciprocity known as the McKinley bill."  

The planters, large and small, the clerks, merchants, laborers, artisans,—the people, in fact,—as a nation view reciprocity with the United States as an abstract thing that is on a par with their coveted independence. The less educated classes may not call it reciprocity. They know that it is something which will give Cuba the chance to grow, and themselves to live and prosper. But, high and low, they all look to the United States for the action which will assure to the country a real industrial and commercial future. 

Finally, on February 19, 1900, a joint resolution was introduced in the House of Representatives to admit sugar and molasses of Porto Rico and Cuba free of duty. The resolution was referred to the Committee on Ways and Means and, on May 26, Mr. Grosvenor submitted an adverse report of the Committee with the recommendation that the resolution be tabled.

27 House Joint Resolution 181, 56th Congress, 1st Session.
The reasons assigned were that the tariff of 1897 has been designed to increase revenue and to protect the sugar-beet industry, while the sole effect of this resolution would be to increase "the already large wealth of the sugar trust." War had been declared between the sugar-beet industry of the United States and the American Sugar Refining Company, more frequently known as the sugar trust.

Because of the agitation in the press and the clamor of public opinion both in Cuba and in the United States, it was decided to allow Cuba to take the first step toward autonomy. A general election of delegates to a Constitutional Convention was scheduled to take place on September 15, 1900. These met for the first time on November 5.

On February 21, 1901, while the Cuban Constitutional Convention was in progress, the Government of the United States sent to Cuba a draft of the now famous, or perhaps infamous, Platt Amendment, which, among other things, gave the United States the right to intervene in Cuba in order to protect its independence, and the right to use the Isle of Pines as a coaling station.

The Platt Amendment immediately provoked much heated debate among the delegates who feared that the sovereignty of their island would be impaired if they accepted it. The United States was firm, however, and inferred that reciprocity could not be considered until the Cubans had established their government, and a constitution which did not include the

29 The Effects of the Cuban Reciprocity Treaty, 380.
Platt Amendment would not receive the approval of the United States. In order to settle the exact meaning of several points of the Platt Amendment, the Cuban delegates resolved to send a committee of five members to Washington.

The Cuban Committee arrived in Washington on April 24, 1901, and remained four days. On April 25 they called at the War Department where they met Secretary of War Root. The chairman of the Committee told Root that in general the delegates were opposed to the Platt Amendment as an infringement of their sovereign rights, and that the economic questions, which were of paramount importance to the welfare of Cuba, had not been mentioned in the amendment. Root promised to present their point of view to the President and arranged for their meeting him. The President listened sympathetically to the presentation of the Committee and explained that he would express his ideas to Root who would convey them to the Committee. A three-hour conference followed in which

... it appears that the terms of the Platt Amendment were examined at great length, Mr. Root being particularly anxious to allay the fears concerning intervention and to demonstrate that the paramount object and interest of the amendment was to guarantee the independence of Cuba ... the Secretary of War explained that Cuba, not being a judicial entity, could not enter upon a bilateral contract such as a reciprocity treaty with the United States; whereupon the chairman of the committee indicated the desirability of obtaining the formal promise of the Executive with respect to securing economic measures favorable to Cuban products. The Secretary explained that speaking only for himself and in the name of the President, he could give the assurance that once the government

30 Ibid., 381

31 Ibid., 382
of Cuba was established, representatives would immediately be appointed to study and propose a treaty of commerce which should be based on mutual benefits and friendly relations.

The Committee, reassured, returned to Cuba where it informed the delegates of the American interpretation of the Platt Amendment and of the promise of the President to use his good offices in securing some kind of preferential tariff arrangement with Cuba. The Cuban Committee had been allowed to take notes during the interview with Root, and these served as a basis for their report to the Constitutional Convention, and of the account in the local paper, La Patria. The Cuban documents recording the meeting with Root were published officially by the Government of Cuba in 1918. No counterpart of the Cuban documents were filed in American State papers and the Cuban account was the only document on the subject. This, naturally gave rise to much speculation by various groups in the United States. It was later urged that the United States was bound by McKinley's pledge to effect reciprocity with Cuba, and that failure to do so was a violation of good faith. Opponents of reciprocity declared that the President had no authority to make such a promise, and

32 Ibid., 383.
33 Robinson, Cuba and the Intervention, 271.
34 Ibid., p. 27.
that if made, it was in no way binding. Even the successor of McKinley, President Roosevelt, was not certain to what extent the United States had committed itself.

There was difficulty in determining just what promise or representations were made to the Cuban delegates when they visited Washington last summer [sic] previous to the adoption of the Platt Amendment as a part of the Cuban constitution. There was no record of any promise, but the understanding seemed to be that reciprocity arrangements were to be made with Cuba of a nature which would give the island's products an advantage in the markets of the United States.37

On June 20, 1902, Senator Elkins quoted President McKinley as having said to the Cuban Committee, "If you only were a member of the family, how easy it would all be."38

Although the writer investigated all available documents relating to the conversation of McKinley with the Cuban Committee, no satisfactory proof presented itself until a record of a conversation of Root with his biographer, almost thirty years later, settled the previously moot point.

Mr. Root subsequently examined a translation of this report presumably the Cuban document of 1918 and stated that it was substantially correct although the exact phraseology could not be relied upon. He specifically declined to have a stenographic record made of the conversations because he did not believe that he was authorized to make official interpretations of the Act of Congress and preferred to have the talk retain the character of unofficial and personal conversations.39

The Platt Amendment which had become a law in the United States on March 2, 1901, was adopted in Cuba on June 12 of the same year by a vote

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36 Willis, "Reciprocity with Cuba," 137.
37 Quoted in The Effects of the Cuban Reciprocity Treaty, from Journal of Commerce, March 12, 1902, 1.
38 Congressional Record, 57th Congress, 1st Session, 7639.
of sixteen to eleven, (four members were absent) and added to the constitution as an appendix. 40

In the months that intervened before the opening of the United States Congress there was much Cuban agitation for reciprocity. The month of October, especially, witnessed a general exhibition of popular interest. The third of this month was declared a holiday, and people of all classes—bankers, merchants, planters, laborers—united in public demonstrations. 41 "A procession numbering fifteen thousand men paraded the streets of Havana, and marched to the Palace, where a committee presented a petition to the Military Governor, requesting the reduction of the United States tariff on sugar and tobacco." 42 Other authorities placed the number as high as twenty thousand. 43 In Santiago, the Chamber of Commerce called a public meeting at which it was reported eight thousand were present, to endorse a similar memorial. 44

The report of the Secretary of War for 1901 was made public for the opening of Congress, in which he urged reciprocity as duty to Cuba, as an advantage to the American exports, and for reasons of public policy. 45 President Roosevelt, in his message to Congress, also advocated reciprocity

40 The Effects of the Cuban Reciprocity Treaty, 385.

41 Robinson, Cuba and the Intervention, 279.

42 Ibid.

43 Fitzgibbon, Cuba and the United States, 207.

44 Robinson, loc. cit.

45 Willis, "Reciprocity with Cuba," 138.
but with much less urgency than he was to show at a later date. Following the President's message the matter of reciprocity was referred to the Committee on Ways and Means who began their hearings.

It became clear at the outset that the contest which was to take place in both houses of Congress during the remainder of the session was in reality a war between the two major sugar industries of the country. The sugar beet industry, which had made great strides since 1895, saw in reciprocity with Cuba a blight to its hopes of supplying the entire American market within a period of ten years, providing it received the protection which it felt was necessary.\textsuperscript{46} Under the leadership of Henry T. Oxnard, president of the American Beet Sugar Association, the industry established in Washington "one of the most aggressive and persistent lobbies which had been seen in many years."\textsuperscript{47} The Association could count as its allies the cane sugar producers of Louisiana, the tobacco growers of several states, while it was understood to have strong backing from the Hawaiian sugar interests.\textsuperscript{48}

Root, as Secretary of War, responsible for the good management of Cuban interests, felt that "the chief opposition to fair and honorable economic treatment of Cuba" came from the American beet sugar interests and he "fought them up and down the line, by argument, by his friendship


\textsuperscript{47} Robinson, \textit{Cuba and the Intervention}, 282.

\textsuperscript{48} Ibid.
with members of the Senate and House; by every means at his disposal. 49

During the hearings fifty-four persons testified, sixteen of them in favor of reciprocity, thirty-eight opposed to it. 50 The members of the beet sugar industry and their sympathizers endeavored to show that the whole reciprocity movement was simply a scheme to enrich the American Sugar Refining Company, which they accused of holding large interests in the Cuban sugar industry. There is no doubt that the last statement was true, as Havemeyer, president of this company, in his testimony before the Senate Committee, admitted owning 40 per cent of the Trinidad Sugar Company's stock, his partner Semff owning 40 per cent, and E. F. Atkins, one of the organizers of the sugar trust, holding the remaining 20 per cent. 51 Nor can there be any doubt that the sugar trust would profit from reciprocity; any company, American or Cuban, which was engaged in Cuba's principal industry would profit if given favorable markets in the United States, including the thousands of planters and laborers connected with the industry, and thousands of other Cubans who would be favorably affected by the general prosperity of the island. The real crux of the problem appears to be: would reciprocity with Cuba seriously affect American interests?

49 Jessup, Elihu Root, 326.

50 The Effects of the Cuban Reciprocity Treaty, 389.

51 Senate Document 434, 57th Congress, 1st Session, 3.
T. G. Palmer, one of the champions of the American Beet Sugar Association, thought it would, and foretold the ruin of the native beet sugar industry valued at thirty million dollars, and of the cane sugar industry of Louisiana and Texas valued at one hundred million dollars, with five hundred thousand men suddenly unemployed. A dire picture, certainly. There were others, however, who thought this view an exaggerated one, clouding the real issues.

The Oxnard lobby has succeeded in creating the impression that it is an attempt to take protection away from the American farmer, who is represented as being on the eve of making an everlasting fortune by raising beets, and that this would be done for the real benefit of the sugar trust, which would simply pocket the amount of the duty without giving any increase of price to the Cuban producer.

The testimony of Oscar W. Donner and F. B. Thurber created a stir among the beet sugar supporters, as they felt it did much to back up their case. Donner claimed that he handled the advertising for the sugar trust; that he made a collection of statistics, newspaper cuttings, and so forth, favorable to the sugar industry, and with the permission of Havemeyer, these had been sent to the mailing agency of the American Sugar Refining Company. He estimated that about two hundred and fifty thousand persons had been contacted in this way.

Thurber, president of the American Export Association, admitted under questioning having asked and received twenty-five hundred dollars

52 Ibid., 27.
53 Jessup, Elihu Root, 327.
54 Senate Document, 434, 12ff.
from the sugar trust to help finance the literature sent out by him favoring reciprocity. He also received twenty-eight hundred dollars from the Cuban general fund by order of General Wood. These contributions helped finance literature which was sent to about eighty thousand "leaders of thought" in order to win their support for Cuban reciprocity.

Colonel Tasker H. Bliss, United States Collector of Customs at Havana, in his testimony described the Cuban situation as "very serious," adding that, while business conditions showed no loss as yet, that the sale of the year's sugar supply at the prevailing prices would ruin the planters, and consequently the island, as he claimed that three-fourths of the people were dependent upon the sugar industry. As indebtedness of one hundred million dollars was on the sugar property he stated, and a refusal to lower duties would force Cuba to seek annexation with the United States against its will.

Telegrams from Cuba flooded the offices of the President, the War Department, and the Ways and Means Committee. By January, two large sugar mills had to stop grinding, and it was feared that if others followed and discharged their laborers, the crisis might become acute. The Secretary of War remarked that "aside from the moral obligation . . . and . . . commercial advantage involved in a reciprocity treaty, there are the weightiest reasons of American public policy pointing in the same

55 Ibid., 19-21
56 Kennan, "The Conflict of Sugar Interests," 368.
57 Ibid., 370.
The same considerations which led to the war with Spain now require that a commercial agreement can be made under which Cuba can live.

Weeks passed without a report from the Committee as some of the Republican members joined the Democrats in their opposition to reciprocity with Cuba. Efforts toward conciliation were made in committee conferences, party caucuses, and through consultation at the White House, but all these measures, for the time at least, seemed only to provoke increased resistance. Finally on March 19, 1902, Mr. Payne, Chairman of the Ways and Means Committee introduced a bill authorizing the President to negotiate commercial arrangements for reduction of duties of 20 per cent effective to December 1, 1903. In the majority report, returned to the House on March 31, the Committee favored approving the bill as read. The time was set for December 1, 1903, because it was believed that the work of the Brussels Sugar Convention would bring an end to the sugar bounty system of Europe, restore normalcy to the price of Cuban sugar, and thus make reciprocity with Cuba necessary.

In the meantime, delegates from a number of British Chambers of Commerce in England visited the Foreign Secretary, Lord Landsdowne on March 11, 1902, and declared that the contemplated American reciprocity with Cuba would seriously harm British commercial interests and urged the Secretary to have the British Ambassador at Washington do what he could to


59 The Effects of the Cuban Reciprocity Treaty, 401.
hinder the treaty. "The interview was brief, but the Associated Press understands that, while promising to look into the matter, Lord Landsdowne gave but faint encouragement to the delegation." 60

On April 8, The House voted to discuss the bill, which it did during the next few weeks. The debates were long and inclined to generate more heat than light. Mr. Root wrote to General Wood in Cuba:

A really serious fight is going on in Congress over the question of making any concession whatever to Cuba ... At this moment it is impossible to tell what the outcome will be. The beet sugar people are claiming not merely that they have votes enough to prevent any measure from passing, but they have a majority of the Republican caucus on conference so that they can prevent any measure from being reported. I am not at all certain that their claim is not justified by facts. At all events there is evidently a very long, hard fight before us. 61

During the months in which rival producers "were fighting to a draw in Congress ... while protesting their love for Cuba," the powers of Europe assembled at Brussels to put an end to the export bounty system for their mutual advantage. 62 The Brussels Convention, which was to become effective in September, 1903, offered Cuba accessibility to markets other than those of the United States. It was understood that Great Britain would be willing to offer preferential arrangements. When consular reports suddenly disclosed that since 1900 American exports to Cuba had been falling as compared with those of Great Britain, France, and


61 Jessup, Elihu Root, 327.

62 Jenks, Our Cuban Colony, 135.
Germany, the Administration became tremendously anxious to save the exports of the United States from adverse discrimination.  

During the course of the Congressional debates, Mr. Morris suggested the addition of an amendment to repeal the differential on refined sugar. With this amendment added the bill was finally passed and sent to the Senate, where it was referred to the committee on Relations With Cuba. The Senate Committee resolved to investigate the charges that only the sugar trust would benefit from a reciprocity treaty and conducted a series of hearing which lasted from May 1 to June 16.

It was charged that the American Sugar Refining Company had already purchased the Cuban sugar crop, and was only waiting for favorable tariff regulations to bring it into the United States. Actually, about 20 percent of it had been previously purchased. E. F. Atkins claimed that there were only about six large American owned sugar estates in Cuba, while others endeavored to show that there were at least one hundred seventy-two under American owners. In reality, this was a difficult point to decide because some Cubans, hoping to fare better economically, had become American citizens, or had their property held in some American citizen's name. The evidence offered was as conflicting as that heard in the House.

Meanwhile, the price of Cuban sugar continued to slump. The Cubans themselves seemed to be the last ones consulted. The complaints of the

63 Ibid., 136.
64 Senate Document 434, 57th Congress, 1st Session, 4.
65 Ibid., 3.
Cuban press, printed in Spanish, were seldom available for the American readers. Visitors to the island saw the well-swept streets of Havana, listened to glowing reports of educational establishments, sanitary improvements, and the decrease of yellow fever, and went home satisfied that all was well, without having even glimpsed the real Cuba. In the opinion of one writer:

... the majority of the Committee will be compelled to do something to avert a crisis in Cuba, whether they want to do anything or not. The Administration favors action; public opinion outside of Louisiana and the beet sugar states seems to demand it; and the trend of events in Cuba may shortly render it absolutely inevitable as a means of preventing disorder and insuring the establishment of a Cuban Republic.

The Administration began to exert pressure, and a sharply worded message from the President gave warning to all recalcitrant members to fall in line.

... Yesterday, June 12, I received by cable from the American minister in Cuba, a most earnest appeal from President Palma for "legislative relief before it is too late [his] country financially ruined."

The granting of reciprocity with Cuba is a proposition which stands entirely alone. The reasons for it far outweigh those for granting reciprocity with any other nation, are entirely consistent with preserving intact the protective system under which this country has thriven so marvelously ... Objection has been made to the granting of the reduction on the ground that the substantial benefit would not go to the agricultural producer of sugar, but would inure to the American sugar refiners. In my judgment provision can and should be made which will guarantee us against this possibility.

Some of the citizens oppose the lowering of the tariff on Cuban products, just as three years ago they opposed the admission of the Hawaiian Islands, lest free trade with them

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66 Robinson, Cuba and the Intervention, 293.
might ruin certain of our interests here. In the actual event their fears proved baseless . . . In my judgment no American will be hurt and many American industries will be benefitted by the proposed action. It is to our advantage as a nation that the growing Cuban market should be controlled by American producers.

The events following the war with Spain and the prospective building of the isthmian canal render it certain that we must take in the future a far greater interest than hitherto in what happens throughout the West Indies, Central America and the adjacent coasts and waters. We expect Cuba to treat us on an exceptional footing politically, and we should put her in the same exceptional position economically.  

This rather lengthy excerpt from Roosevelt's message is interesting in that he answers every argument of the opposition, and reveals very clearly his attitude on Carribean affairs. It was also a clarion call to those Republicans who had joined the Democrats in fighting reciprocity to preserve party unity.

Despite the urgent proddings of the President, Congress adjourned on July 1 without passing the reciprocity bill. Roosevelt, however, took matters into his own hands and prepared a treaty. He also outlined plans to appeal to the people in view of the Congressional elections soon to be held.  

On July 4, Secretary of State Hay submitted a draft convention to Cuba. Nothing more could be done until the following fall.

On October 28, 1902, Cuba returned the draft with a counter proposal, signifying her willingness to negotiate, although an Associated Press dispatch, dated October 27, stated that "Cuba had returned a draft

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68 Senate Document, 405, 57th Congress, 1st Session.

69 The Effects of the Cuban Reciprocity Treaty, 418.
reciprocity treaty by mail, as likely to be ruinous to the island." President Roosevelt appointed General Tasker H. Bliss to represent the United States in the negotiations which followed. The United States offered 20 per cent reduction to the Cubans which was finally accepted, and a treaty was signed on December 11, 1902, which was sent to the Senate of this country six days later. After the holidays, Roosevelt called an extraordinary session of Congress to consider the reciprocity treaty and the question of the isthmian canal.

It became apparent that "February saw a marked change in the attitude of the House and the Senate leaders." There are several reasons to account for this, none of them altruistic. The Administration, fearful that Cuba would turn to rival European powers in seeking the markets which she needed, began to exert pressure on Republican leaders of the opposition. The antagonism between Congress and the Administration threatened a serious breach in the Republican ranks, and there was danger of a split in the party. "The defection from the 'insurgent' ranks came slowly and gradually, but it came."

Another and important reason behind this change of policy was that since December 1901, Havemeyer, Thomas, Palmer, and Donner of the American Sugar Refining Company, had been appointed to acquire large interests in

70 Jenks, Our Cuban Colony, 328.
71 Robinson, Cuba and the Intervention, 286.
72 Ibid., 287.
the various beet sugar companies of the United States, which they set
about doing immediately. A chart compiled in later years, in connection
with a Congressional investigation of the Company as a trust, throws much
light on their activities in this matter.

1897 . . . purchased one-half of capital stock of Spreckels Sugar (beet)
Co. of California
1901,02,03 purchased one-half interest in The Utah-Idaho Sugar Company
1902 . . . " " " Amalgamated Sugar Co.
1902 . . . " $7,500,000 of capital stock in American Beet Sugar Co.
1902 . . . made contract with last mentioned company to act as sole agent
for the disposal of its products.
1902-06 . . purchased large blocks of stock in Michigan Sugar Company
1902-06 . . " " " Great Western Sugar Co.
1903 . . . made contract with Alameda Sugar Co. similar to that made
with American Beet Sugar Co. 73

A truce was effected now between the two former rival sugar indus-
tries. "The effect upon the judgment of the country's legislators was
surprising. The delegation from Michigan . . . where Havemeyer had bought
the largest company outright, showed a favorable majority for reciprocity
where it had been unanimously opposed but a year before." 74

The Senate, still cautious, added an amendment to the effect that
the reduction on Cuban sugar should not be increased beyond 20 per cent
of the prevailing tariff rate. This was later abrogated in 1913. 75 On
March 19, 1903, the Senate advised ratification with the provision that it
be submitted to Congress for approval. Cuban ratification came a few days
later. The bill was not passed in the House until the following fall, when
another article was added providing that as long as the treaty should

74 Jenks, Our Cuban Colony, 138.
75 The Effects of the Cuban Reciprocity Treaty, 28.
remain in force no other country could receive tariff rates on sugar lower than those provided in the Dingley bill of 1897. Jealous of their prerogative to levy tariffs the House added the following:

And provided further, that nothing herein contained shall be held or construed as an admission on the part of the House of Representatives that custom duties can be changed otherwise than by an act of Congress originating in said House.76

Thus amended the bill passed in the House on November 19 by a vote of three hundred and thirty-five to twenty-one, and a month later in the Senate by seventy-five to eighteen. The President signed it on December 17, 1903, and according to agreement it became effective ten days later.77

Reciprocity with the United States proved a great boon to Cuba. In its report for 1919 the Tariff Commission stated that "Since 1906 Cuban sugars have formed more than half the total shipments of sugar into the continental United States in every year with but two exceptions."78 Contrary to the predictions of some "... domestic beet, domestic cane, and territorial cane all increased in the years following the reciprocity treaty."79

Reciprocity as a policy was tested by the United States in the nineteenth century. Its champions, such as James G. Blaine, saw in it a powerful weapon to foster good will, especially among the nations of the Western hemisphere, through a mutual exchange of those products which each

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76 Congressional Record, 58th Congress, 1st Session, 274.
77 The Effects of the Cuban Reciprocity Treaty, 30.
78 Ibid., 65.
79 Ibid., 76.
could best export. Blaine, and others like him, felt that reciprocity was one of the steps leading to what we today call hemisphere solidarity. Its opponents were suspicious of it as interfering with a constitutional right, a heritage from English law and custom, that the representatives of the people should have the power to levy taxes and to declare from what source the revenue of their country should be raised. Others opposed it because of greed or the fear of competition; some others because of politics.

Reciprocity in itself is not a panacea which will remedy the economic ills of the world. Frequently, the economic ills of the world are not economic in their origin. But, properly employed reciprocity might help all the nations of the world to have access to the raw materials and to the markets which each needs for sustenance, and thus fulfill one of the conditions set down by Pope Pius XII in his Christmas message of 1939 as necessary for the preservation of world peace.
CONCLUSION

Although united geographically by a chain of mountains which sweeps vertically down the western coast of North America, through Mexico, continues its jagged way among the Central Americas until it culminates in the lofty Andes, the continents of North and South America are separated by more than distance. The culture of the northern continent became predominantly Anglo-Saxon, while that of the south is Latin. In the United States the Roman Catholics remain a minority group in spite of their growing numbers, while Roman Catholicism is the principal religion of the Latin American states. Commercially, as well as culturally, the countries of Middle and South America have felt more closely bound to Europe than to the United States. In point of distance, especially before the construction of the Panama Canal, many of the South American countries were actually closer to Europe than to the continent north of them. Other factors which hindered the early development of intimate commercial relations between the two continents are to be found in their respective histories.

The northern continent was settled first in the east, and the opening hundred years of the United States' history as a nation is occupied with the gradual westward movement of its peoples. As a result, the primary economic concern of this nation for many years centered around the domestic development of the country, in protecting its infant industries from foreign competition, and in supplying the consumer needs of its own citizens. In the meantime, England, who depended on its foreign trade
for sustenance, and several other nations of Europe, were not slow to grasp the opportunities for trade which the Latin American countries offered. They established a system of long time credits, and specially manufactured articles which proved advantageous in cementing the commercial bonds between Europe and South America.

Later when certain interests in the United States, desirous of strengthening the commerce between the two Americas, sought to make reciprocity trade agreements, they met with opposition of varying degrees. Although some reciprocity agreements were concluded between the United States and her Latin American neighbors during the nineteenth century, they served principally as experiments and preparations for the more successful trade agreements of Franklin Roosevelt's administrations.

If we are convinced today of the need of hemispheric solidarity in things economic, it is due in part to the pioneers of the reciprocity movement — to Clay, Romero, Blaine, Root, and others, who, more far-sighted than many of their contemporaries, envisioned the benefits which would accrue to all the Americas, through the policy of reciprocal trade agreements.
ON RECIPROCITY IN GENERAL


GENERAL WORKS

SPECIAL WORKS

WORKS OF LEARNED SOCIETIES


PERIODICALS and NEWSPAPERS

A cross section of public opinion is reflected in Emilio Nunez's "Cuba Demands Reciprocity," Independent, 53, October 31, 1901; William A. White, "Cuban Reciprocity—A Moral Issue," McClure's Magazine, 19, September 1902; George Kennan, "The Conflict of Sugar Interests," Outlook, 70, January 18, 1902; New York Times, October 1, 5, 6, 9, 14, 17, 1890; Chicago Times, April 19, 1890.
The thesis submitted by Sister Mary Assisium, B.V.M. has been read and approved by three members of the Department of History.

The final copies have been examined by the director of the thesis and the signature which appears below verifies the fact that any necessary changes have been incorporated, and that the thesis is now given final approval with reference to content, form, and mechanical accuracy.

The thesis is therefore accepted in partial fulfillment of the requirements for the degree of Master of Arts.

[Signature]

[Date: January 19, 1961]

Signature of Adviser