Undergraduate Research Journal

Volume 24 Article 3

8-1-2020

Lending a Helping Hand: Dollar Diplomacy in Latin America

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Cover Page Footnote
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ABSTRACT

"Lending a Helping Hand: Dollar Diplomacy in Latin America" examines Dollar Diplomacy as a U.S. foreign policy during the Taft Administration, including the context and previous policies related to Dollar Diplomacy and the success and breakdown of Dollar Diplomacy in Latin America. An explanation of Dollar Diplomacy and the reasons behind implementing the policy are also a part of this study. This paper reveals an aspect of U.S. and Latin American relations that still affects foreign affairs today. While the intentions in creating Dollar Diplomacy were a mixture of good and bad and the hopes for a successful and profitable relationship were high, the results did not ultimately achieve the success desired.

Dollar Diplomacy was an official U.S. policy during the Taft Administration although the idea was used by many other administrations before and after Taft. During Taft's presidency, the major countries that were impacted by the policy were the countries of Latin America. The effects of Dollar Diplomacy were, and are, far-reaching as the impact has affected U.S. and Latin American relations even up to the present. The motivations behind the policy are debated, but most scholars agree that one major goal of the policy was to keep Europe out of the Western Hemisphere as much as possible. From the time of American independence, the U.S. has been concerned with its security, especially down in the Caribbean, and used every opportunity to support anti-European sentiment and actions. Dollar Diplomacy was meant to support the independence of Latin American countries from their European counterparts while also subtly, or blatantly, encouraging countries to take assistance from the United States. As a policy, Dollar Diplomacy was pretty straightforward and meant the U.S. financially supported other countries, but the implementation became complicated by the various motivations of those involved and the conditions of the Latin American countries being helped. While the U.S. had good intentions concerning the creation of Dollar Diplomacy as a foreign policy, Dollar Diplomacy confronted nationalist beliefs in Latin American countries. These countries were uneasy about inordinate foreign influences and this sentiment became the spark for antagonism towards the U.S. policy.

To gain a good understanding of Dollar Diplomacy, it is helpful to have an idea of the guiding principle of American foreign policy going back to the Monroe Doctrine of the previous century, and to explore other American foreign policies that came into play before Dollar Diplomacy. The Monroe Doctrine was established on December 2nd, 1823 when President James Monroe gave an address before Congress. The ideas of the Monroe Doctrine began early on in the Nineteenth Century when many Latin American countries were fighting wars for independence from their European colonizers. The U.S. took these wars for independence to be modeled after their own. Henry Clay, a Congressman from Kentucky, made note of this in 1818 when he said that Latin American leaders "adopted our principles, copied our institutions and employed the very language and sentiments of our revolutionary papers."[i] Although this was probably an exaggeration of American importance, it did portray the enthusiasm that was shown for independence. These independence wars in Latin America caught the attention of Americans who believed Latin Americans were making "conscious attempts to emulate the American Revolution."[ii] Clay deeply believed in Latin American countries and their work toward freedom. In 1820, after Europe finished fighting the Napoleonic Wars, elite Europeans and their governments became passionately anti-revolution. They felt these revolutions were becoming too radical and dangerous, and decided at the Congress of Troppau to suppress all revolts and rebellions because of the instability involved.[iii] This led Americans, John Quincy Adams among them, to wonder if Europeans would cross the waters and try to reconquer Latin America.[iv] To prevent the re-entrance of Europeans into Latin American regions, the Monroe Doctrine was put into place.[v]

Although the Americans in government did not hold high opinions of Latin Americans due to racism and cultural and religious differences, they still wanted democracy to spread in Latin America. Americans believed democracy to be the best form of government and thought that spreading democracy would allow for closer relations between the nations in the Western Hemisphere and push out Europe's control. John Quincy Adams doubted Latin Americans' "ability to establish 'free or liberal institutions of government.'"[vi] But even with his lack of faith in them, Adams said of the U.S. on July 4th, 1821: "Wherever the standard of freedom and independence has or shall be unfurled, there will her heart, her benediction, and her prayers be," continuing with: "But [the U.S.] goes not abroad in search of monsters to destroy."[vii] His thinking was clear: the U.S. would support freedom but would not be the instigators of it. Later politicians would not act in agreement with Adams' words and would encourage and actively support peoples fighting against their governments. Helping Latin American countries be free often assisted the U.S. in her own interests of expanded commerce and security. The Monroe Doctrine was created by Monroe after he reached out to his friends and former presidents Thomas Jefferson and James Madison. With concerns about the Europeans getting involved in the Western Hemisphere, and especially in the Caribbean, the Monroe Doctrine was presented to Congress. Three main ideas were laid out in the creed: keep the Europeans out of the Western Hemisphere (particularly Central America), protect order and stability, and make sure that commerce and resources were open to the United States.[viii] The Monroe Doctrine became the guiding force for U.S. foreign policy for many years and administrations to come.

The Monroe Doctrine received various responses at the time of its unveiling. Most Europeans were disinterested in it. The leaders of Austria and Russia thought it was presumptuous of the young, weak nation lacking a strong navy and military—and so without the ability to carry out the threats—to so strongly state a policy like the Monroe Doctrine.[ix] In the beginning, Latin American countries showed enthusiasm for the idea of the Doctrine and some even offered to construct military alliances with the U.S. because of it. However, the U.S. response to military alliances with Latin American countries was cold due to the lack of respect U.S. politicians felt for the people of Latin America so the interest of Latin Americans concerning the Monroe Doctrine faded.[x]

As a policy, the consistent and faithful use of the Monroe Doctrine was haphazard at best. Mostly, the Doctrine was used when convenient and some administrations embraced it more than others. It was subject to a variety of interpretations throughout the years and exercised at whim. In the book *U.S. Foreign Policy in the Caribbean, Cuba, and Central America*, the authors write that:

> U.S. policy announcements are generally lofty and one can say sincerely intended. The problem arises from strategies and tactics, that is implementing measures to reach overall objectives. It is in these phases of U.S. foreign policy that disappointments and frustrations develop, at times with grave consequences. Part of the problem lies in the periodic turnover of power characteristic of the Republic's political system.[xi]

The Monroe Doctrine was meant for the good of the Western Hemisphere as Monroe and many others saw it, but issues arose in how to effectively carry out the policy and use it for the success of all involved. The implementation went through a whirlwind of changes throughout the years, particularly because it was so hard to keep foreign policy consistent with the regular change in American leadership.[xii] Even though the interpretations and usages of the Monroe Doctrine shifted, the Doctrine still maintained its important role in foreign policy nearly one hundred years after it was presented before Congress. The article "Relations Between the United States and Nicaragua" states that:

> In pursuance of this policy the United States has extended its influence over [the Caribbean region] by means of mediation, intervention, commercial expansion, or the establishment of financial protectorates over weak republics. The Panama Canal has been built, trade has increased, and the danger of non-American intervention has diminished with the more stable conditions established under American supervision.[xiii]

The Monroe Doctrine has served the Western Hemisphere in some good ways. It has also been looked to over and over as the helper of protection and freedom in American history.

Before Dollar Diplomacy actually made it into U.S. foreign policy officially, the U.S. embraced President Theodore Roosevelt's solution to Latin American chaos in the Roosevelt Corollary, also known as the "Big Stick" policy. As a whole, the Roosevelt Corollary was quite controversial as it had strong support and strong opposition in the U.S., especially in the news.[xiv] After observing and dealing with Latin America in multiple capacities, Roosevelt was coming to the conclusion that the only way to solve the continuous Latin American debt problem was for the U.S. to intervene.[xv] Roosevelt felt this keenly when he wrote "sooner or later we must keep order ourselves."[xvi] In his yearly address to Congress in December 1904, he reasoned that

> …it is as much the duty of the Nation to guard its own rights and its own interests as it is the duty of the individual so to do. …It is not true that the United States feels any land hunger or entertains any projects as regards the other nations of the Western Hemisphere save such as are for their welfare. All that this country desires is to see the neighboring countries stable, orderly, and prosperous.[xvii]

If a country fell into "chronic wrong-doing," then the U.S. would have to get involved "reluctantly" as an "international police power."[xviii] The Roosevelt Corollary brought about U.S. military intervention in multiple Latin American countries in the early Twentieth Century.

When the Taft administration took office in 1909, Dollar Diplomacy was implemented in place of the Roosevelt Corollary. Taft had been Roosevelt's Secretary of War and when Roosevelt's term came to an end, the president chose Taft as his successor. When compared, Roosevelt and Taft were very different leaders and Taft's approach to foreign policy reflected this. Due to innovation playing a large part in Taft's administration, the works of foreign policy shifted from force to diplomacy.[xix] Taft agreed with Roosevelt that Latin American countries had the potential to develop into something more if the United States were to help them, so he decided to stay involved in Latin America and invest even more into it.[xx] For countries that were stable, the U.S. would allow them to go on as they were, but for the countries struggling with instability, as many countries in the Caribbean were, the U.S. foreign relations and assistance would grow. Taft and Roosevelt agreed in another area as well. They believed that the U.S. needed to intervene to fix Latin American societies and guide Latin American people, especially in terms of democracy, because Latin American people were not capable of succeeding by themselves.[xxi]

While Taft and Roosevelt had the same opinion on multiple issues concerning Latin America, the way they went about getting involved differed, as did their thoughts on the assets of the Roosevelt Corollary and how the Monroe Doctrine should be interpreted. In his plan, Roosevelt focused on protecting the Americas from Europe and European involvement. In his view, Taft did not see how protecting Latin American countries was actually helping them. Taft asserted that: "the character of the Governments of that continent is so miserable and absolute hopelessness of any improvement under present conditions so appalling that it would seem…we were protecting nothing but chaos, anarchy and chronic revolution."[xxii] In the big picture, the policies of Roosevelt, Taft, and the next president Woodrow Wilson differed more in words than actions. The policies of each administration had a uniformity: "whether collecting customs in the Dominican Republic (1905), intervening in a Nicaraguan revolution (1912), or intervening in Haiti (1915) and the Dominican Republic (1916). Peace and stability…restricted flexibility."[xxiii] The words, however, were distinct and the motivations also varying. Because of his difference in perspective, Taft was motivated to create a new foreign policy set to act on behalf of Latin America: this new policy came to be called Dollar Diplomacy.

When Taft decided to change the U.S. policy on relations with Latin America, he turned to Philander C. Knox for help. Knox was Taft's Secretary of State and as Secretary of State he brought into being the Division of Latin American Affairs in the State Department. Although he disliked Latin American people and countries due to racism, Knox believed that bureaucracy could help with the issues going on in Latin America. The new policy called Dollar Diplomacy meant that the American government would work with a Latin American country to broker a "financial arrangement" between the country and an entity in the U.S. private sector wherein money would be loaned to the country.[xxiv] This money would be invested into the economy to help the country modernize and improve its cash flow as well as be used to pay off debt to European countries. One of the goals of the U.S. was to keep money loaning and debt "in the family" of the Americas.[xxv] The money loaned to Latin American countries by North Americans was considered an investment and American banks jumped at the idea and the opportunities associated with these ventures.[xxvi]

One pressing motivation for Dollar Diplomacy came from the fact that European countries had loaned Latin American countries money and when a country defaulted on a loan, the European country sometimes crossed the ocean to make sure they were repaid. One example of this was in

1904 when The Hague Tribunal decided that the "blockading powers" who had loaned money to Venezuela had the right to receive payment back from the country first, the blockading powers being Germany, Great Britain, and Italy.[xxvii] The Germans, especially, were building up their navy and making the American government nervous.[xxviii] The U.S. did not want Europeans in Latin America so the idea that Americans could lend money to their southern neighbors, and that money could be used to pay the debt to Europe, seemed like a good plan to keep the Europeans out. One author writes that:

> What the United States was trying to do…was to put an end to conditions that threatened the independence of some of the Caribbean states and were consequently a potential danger to the security of the United States. Revolution must be discouraged; the bad financial practices that weakened the governments and involved them in trouble with foreigners must be reformed; and general economic and social conditions, which were a basic cause of instability, must be improved.[xxix]

Through this quote, it is discerned that while Americans were thinking of themselves, they were not completely selfish. The goal was for a more stable and secure Western Hemisphere.

Economics was another primary motivation for Dollar Diplomacy. The policy seemed like a good plan based on the idea that once Latin American countries started modernizing and thriving because of U.S. investment, then the U.S. would profit from the exchange of not just repayment but commerce. Assistant Secretary Francis Mairs Huntington Wilson wrote an explanation of this logic in a letter to Woodrow Wilson:

> If the United States lends a helping hand and helps Central America get on its feet and keeps the peace long enough for it to begin to develop, we shall soon have immediately at the doors of our southern states a great and valuable commerce. 'Dollar Diplomacy' simply means intelligent team work.[xxx]

He saw Dollar Diplomacy as an exchange of money helping with both diplomatic relations and future financial success. Taft's view of Dollar Diplomacy was different but in practical terms meant the same thing.[xxxi] The President's belief was that diplomacy was what was helping financial success. In this view, the support and connection of diplomacy was aiding in producing wealth and prosperity for the countries involved. Though the Assistant Secretary and the President's thinking started at different places, the function of the policy and the end goal of good diplomatic relations and financial success and commerce was a part of both men's hopes.[xxxii] It really was a kind of teamwork with a joint desire to keep Europe out, gain financial return in trade, and spread democracy—and stability—which Americans believed was their gift to the world.[xxxiii]

The model for Dollar Diplomacy came from an investment the U.S. made in the Dominican Republic during the Roosevelt administration. The arrangement in the Dominican Republic was pointed to as a great success for years afterward which is why the Taft administration decided to use it as a guide for their policy towards Latin America. In 1905, the Dominican Republic was under a great debt to European creditors and, according to Jones, Norton, and Moon in their book *The United States and the Caribbean*, the Dominican Republic "asked the United States to assist in the collection and application of the customs revenues and in effecting an arrangement with its creditors."[xxxiv] The terms passed in both countries two years later.[xxxv] The U.S. loaned the Dominican Republic twenty million dollars and, to assure repayment, the Dominican Republic allowed the U.S. to take control of its customs houses where the country made its money.[xxxvi] Jones, Norton, and Moon say that this proved helpful because "Revolutionary disturbance caused by desire to control the customhouses" was now less of a problem.[xxxvii]

The American official in charge of the customs houses paid the expenses of the customs house and the interest of the loan to the American bankers, and the rest of the money went to the government of the Dominican Republic. The money that went to the government ended up helping the Dominican Republic pay debts, end monopolies, and assist in public works.[xxxviii] During this time, until the loans from countries other than the U.S. were paid off, the Dominican Republic was prohibited from seeking anymore debt or increasing import duties without the permission of the United States.[xxxix] According to historians Walter V. Scholes and Marie V. Scholes, the good things that came out of the U.S. intervention were that:

> The public debt was reduced to manageable proportions; customs revenues met the service charges on the new loan and provided the government with more money for current expenses. The management of the customs revenues was vitally important, for customs were the chief source of government income, in some years furnishing 75 per cent and others even more. Cash collections generally amounted to over $3,000,000 annually, and even after the service charges on the loans were deducted, the government retained enough to function satisfactorily.[xl]

The attempt to help the Dominican Republic seemed to be a smashing success, and it remained so until 1911 when the Dominican president was assassinated. It was at this point the situation began to go into decline.[xli] When Taft took the presidency, it looked as if the Dominican intervention was the ideal way to go when dealing with the smaller unstable Latin American countries.

When U.S. politicians looked at Latin American countries, they saw the possibility of Dollar Diplomacy and the success they had had with it in the Dominican Republic. However, to put this policy into perspective, the circumstances had to be right and in Nicaragua the stage was set by the dictator: "President" Jose Santos Zelaya. Zelaya had been in power for sixteen years when 1909 rolled around.[xlii] He had previously taken some loans from the U.S. but used the money carelessly. He also took very sizable loans from Europe and expressed interest in selling canal rights to Japan or Britain.[xliii] When, late in the first decade of the Twentieth Century, he attempted to continue taking loans from other countries, the U.S. cautioned Europeans against loaning Nicaragua money for the obvious reason that they wanted to end the dependence of Central American countries on Europe but also because they did not see repayment coming anytime soon.[xliv] In Nicaragua, Zelaya's government granted those in favor monopolies and money which made it hard for regular business people, including independent banana planters, to be successful.[xlv] This hardship especially affected those in the eastern half of the country and began to chafe enough that a strike occurred in May 1909 in which property was destroyed and martial law was proclaimed.[xlvi] However, the issue continued to be exasperated and by fall a revolution was started.[xlvii] Juan J. Estrada, the governor of the area, led the revolution and it was a real threat to Zelaya.[xlviii]

The Nicaraguan revolutionaries, led by Estrada, fought against Zelaya's government and their efforts were supported by American bankers. According to Dana G. Munro in his book *Intervention and Dollar Diplomacy in the Caribbean 1900-1921*, Estrada's group "certainly hoped for [U.S. government] help" but they did not have it when the revolution broke out.[xlix] "They had had little success…in their earlier efforts to obtain assurances from American officials."[l] Due to this, the accusations that the U.S. played a part in starting the revolution were false. It was true that the U.S. did not like Zelaya, but it did not have an actual hand in encouraging and supporting the revolution from the beginning.[li] Assistant Secretary of State Huntington Wilson had, however, requested that his deputy, Thomas Dawson, type up a draft of a letter to the Secretary of State from Estrada's group "containing some appreciation of the impartial attitude of the United States" and explaining the problems of the country with a request for official recognition of the government and financial aid.[lii] This was meant to be ready for the time when the revolution was finished and Zelaya's government was overtaken.[liii] Interestingly, history occurred as Huntington Wilson thought it would.

In 1910, the capital of Nicaragua, Managua, was taken by rebel forces and not long after that the rebel representative in D.C., Salvador Castrillo, cabled Estrada telling him to send a telegraph to Washington and dictated what should be included, the inclusion being the exact same ideas that Huntington Wilson had had his deputy write up. Estrada did not hesitate and signed the document. This resulted in Dollar Diplomacy being put into practice in Nicaragua. Less than a year later, Estrada resigned his position as president of Nicaragua to his Vice President Adolfo Diaz, but before he resigned Estrada had Castrillo negotiate the Knox-Castrillo Treaty. The Knox-Castrillo Treaty meant that Diaz and his administration had to arrange a loan with a "'competent and reliable American banking group,' with repayment assured by Nicaraguan customs."[liv] Although the Treaty was immediately passed by the Nicaraguan congress, the U.S. Senate voted a tie.[lv] As the Senate debated the issue, American bankers gave out two loans to the Nicaraguan government and in exchange the new National Bank of Nicaragua was put under control of the American bankers and they were given the option of obtaining majority control of Nicaragua's railroad as well, which they did.[lvi]

The problem with the loans the American bankers handed out is that Nicaragua became dependent on the American economy, particularly with regards to loans and customs receivership.[lvii] It is also argued that the American bankers had too high of a return on their investments although historians disagree as to whether or not this was so. In 1911, fifteen million dollars was authorized in loans to Nicaragua but unfortunately the American investors were able to take control of the Nicaraguan customs houses and hurt the agreement.[lviii] When a revolt happened in July 1912 due to political unrest, the U.S. military was sent in to stop it and secure order.[lix] The U.S. military oversaw the next elections and President Diaz was elected again, which was no surprise considering he worked well with the United States. After the elections, the American troops did not leave but stayed to keep order.[lx] Historian Peter H. Smith notes that "For twenty out of the next twenty-one years, U.S. marines would remain on Nicaraguan soil."[lxi] This caused a number of issues and put a bad taste in the mouth of the Nicaraguan people towards the United States. The article "Dollar Diplomacy in Nicaragua" suggests that

> Much of the hostile feeling caused by our interventions in the Caribbean arose from misconceptions of what we were trying to do. …There is still a rather wide-spread

> impression that dollar diplomacy meant sending Marines to Caribbean countries to collect debts and to support bankers and concession hunters in unfair business deals.[lxii]

In the eyes of most historians, the goals of Dollar Diplomacy were more political than economic.[lxiii] Still, the results of the policy in Nicaragua had negative effects for which it was remembered.

While the Dominican Republic was the inspiration for Dollar Diplomacy in the early Twentieth Century and Nicaragua was the next country to welcome U.S. intervention, the country following them was Honduras, which at the time was barely considered a country. In fifteen years, the area had gone through seven revolutions, a fifty-seven mile long railroad had been installed, and by 1909 the country was $124,000,000 in debt to foreign nations with a yearly income of $1,600,000.[lxiv] Honduras seemed to be the poster child for the help of U.S. intervention and Dollar Diplomacy. In 1909, the British got involved and made an agreement with the Honduran government for the repayment of debt—a great deal of the debt of Honduras was to British citizens—and the agreement was put into effect with an increase in import duties going to the British.[lxv] The U.S. politicians were averse to this plan because, according to Walter and Marie Scholes, they believed that the British sought "a preferential lien on Honduran revenues" and that the rate of interest the British were asking for was ridiculously high.[lxvi] When the U.S. made its protest known, the president of Honduras showed his willingness to work with the U.S. and Huntington Wilson looked to the Dominican model for help in drafting a solution.[lxvii] Huntington Wilson wrote:

> I believe we should either strengthen and regularize our means of working for peace, or else let the Central Americans fight it out, holding them responsible for the safety of our material interests and let them see how they like being left severely alone.[lxviii]

American bankers agreed to invest in Honduras as long as the U.S. once again controlled the customs houses to assure debt repayment.

The president of Honduras, Miguel Davila, was amenable to work with the U.S. towards less debt and a better economy, but other important and powerful people in Honduras were not as pleased with the idea and actively worked against it.[lxix] Because of this, the U.S. minister to Honduras, Philip M. Brown, had his doubts that the Honduran government could make headway and suggested waiting until a "responsible" government was able to take over to make an agreement.[lxx] Even with steady advisement against it from Brown, the administration decided that the time was now and negotiated with Davila.[lxxi] Several contracts were signed between the Honduran minister, the U.S. government, and U.S. bankers, but "neither country was ready for the treaty" so ratification was refused.[lxxii] Not long after Honduras did ratify the treaty, a revolution occurred which made the bankers from New York decide that investment in Honduras was not worth it.[lxxiii] With all the work that went into Dollar Diplomacy being attempted in Honduras, the policy did not succeed.

Guatemala was another Latin American country where Dollar Diplomacy was tried. Originally the idea of helping Guatemala had been suggested during the Dominican Republic crisis but it was rejected at the time.[lxxiv] The plan was brought up again during Taft's administration when a private American businessman proposed that the American government broker a loan to Guatemala. The businessman clearly had his own interests in mind as he was building a railroad in El Salvador and wanted to continue it into Guatemala but Huntington Wilson thought that the plan would be useful to Guatemala's economics anyway.[lxxv] The Guatemalan president Estrada Cabrera "put off a decision" for several years until the British called in the debts owed them and threats were made by the British government.[lxxvi] American discussions continued with both Guatemala and Great Britain but no progress was made due to Cabrera's refusal to commit. In the end, Cabrera and the Britain bankers came to a consensus on repayment. The thing that made this situation unique was the fact that while economically Guatemala was struggling, politically the country was stable.[lxxvii] This meant that the U.S. had no reason to put heavy pressure on the government or to support rebels to overthrow the government.

Internal politics within each of the Latin American countries where Dollar Diplomacy was attempted or put into practice resulted in factions for and against U.S. involvement. The United States was a proponent of free markets, investment, and modernization as well as keeping Europe out of the Western Hemisphere and supporting U.S. interests so politicians in the U.S. saw Dollar Diplomacy as a good thing for Latin American nations. The U.S. politicians and businessmen saw investment as beneficial for themselves and beneficial for their neighbors to the south. However, the response of Latin Americans towards foreign investment and Dollar Diplomacy was mixed. In the Dominican Republic, the government needed money and desired centralization of the government, both of which were received through Dollar Diplomacy.[lxxviii] Dominican government leaders, although frustrated by the U.S. military keeping order, were willing to accept Dollar Diplomacy because of how it moved them toward centralization.[lxxix] The upper and middle class intellectuals of the Dominican Republic were concerned though about "national sovereignty and regional autonomy." [lxxx] They wanted the Dominican Republic to retain their independence and power. This disagreement between nationals added another layer of complication in the relations between nations and the feelings afterward.

While the phrase 'Dollar Diplomacy' became popular during the Taft administration, Dollar Diplomacy was a part of U.S. foreign policy throughout the Twentieth Century.[lxxxi] Over and over the idea of loaning money to help other countries become more stable was played out. In *The Third Century*, Gilderhus shares an evaluation of early Twentieth Century Dollar Diplomacy:

> Aided by the advantages of hindsight, historians have assessed such policies as failures. Efforts to apply them in the Dominican Republic, Nicaragua, Honduras, and Guatemala encountered ornate complexities, almost never susceptible to easy solutions.[lxxxii]

The failures of Dollar Diplomacy are seen in that the countries in which the policy was applied could not economically succeed on their own after the U.S. pulled out or with continued U.S. involvement. The problems within the countries were too complicated for a "simple" solution like Dollar Diplomacy. Dollar Diplomacy was not unique in its failure or in its continuous intervention in the affairs of other countries. As mentioned previously, American presidents before and after Taft made similar decisions and worked from the same mindsets.[lxxxiii] Historian Louis A. Pérez remarks that:

> Events moved at an extraordinary pace in those early decades of this century: the war with Spain, the Panama Canal, the Roosevelt Corollary, Dollar Diplomacy. And armed intervention—again, again, and again: in Cuba, in Panama, in Mexico, Haiti, the Dominican Republic, Nicaragua. At times it seemed that American armed forces were in a constant state of military operations in the region. And, indeed, at times they were: thirty-five armed interventions in twenty-five years.[lxxxiv]

These interventions and some of the effects of Dollar Diplomacy are why many Latin Americans did not like North Americans, and the tradition has carried on even up to today in some countries.

To the U.S., Dollar Diplomacy seemed to be the solution to countries that were struggling with stability economically and politically. The motivations of the U.S. in getting involved in Latin American countries were to eject European influence from the Western Hemisphere and to create a mutually beneficial relationship both politically and commercially with their southern neighbors. If the U.S. assisted a country by boosting its economy and paying back debt then the country would be able to thrive and be stable, the U.S. reasoned. The hope was always that countries would become established members of the Western Hemisphere and that their relations with the U.S. would bolster trade and security. Unfortunately, while the U.S. intentions for Dollar Diplomacy were high-minded, the implementation brought about conflict with the nationalist sentiments in Latin American countries which were uneasy about strong foreign power and that caused opposition to Dollar Diplomacy within Latin American countries. Being aware of the history of U.S. policies like Dollar Diplomacy and U.S. intervention in Latin America can assist in improving U.S. and Latin American relations today and allowing Americans to be sensitive to impressions of the United States in Latin America.

NOTES

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