

IV

POLITICAL "REGULATION"

1. *Economic and Strategic Bases*

Investing nations seeking to protect economic interests frequently find themselves in a position where economic and strategic considerations lead them to interfere in the internal affairs of undeveloped and weak countries. This interference may be the work of private investors or government officials, or of both investors and officials. Relations between European empires and the continents of Asia and Africa during the past sixty years furnish numerous illustrations of the principle.¹ Within the past generation the same principle has been repeatedly demonstrated in the annals of United States diplomacy.

Interference with the internal politics of foreign states which does not extend to the point of military intervention and occupation can best be described by the term "regulation."²

Among the considerable number of instances in which the United States has "regulated" without resorting to military intervention and occupation, the Hawaiian Revolution of 1893, the Panama Revolution of 1903 and the Mexican revolutions following 1911 are outstanding cases.

2. *The Hawaiian Revolution of 1893*

Hawaii has long been an object of American enterprise. In 1875 a reciprocity treaty was drawn up under which certain grades of Hawaiian sugar were admitted free to the United States.³ The results of this treaty were immediate. Before its signing, the imports of Hawaiian sugar had never amounted

¹ Woolf, "Economic Imperialism," pp. 40-88.

² Blakeslee, "Mexico and the Caribbean," p. 199 ff.

³ U. S. "Treaties, Conventions, etc., 1776-1909," v. 1, pp. 915-917.

to 20 million pounds in any year. "They touched that figure the first year. Thereafter the rate of increase was extraordinary. . . . By 1882, the imports exceeded 100 million pounds; by 1887, 200 millions."¹ The effect of the reciprocity treaty was to place the Hawaiian planters fiscally on a parity with the planters of Louisiana, and as the land of Hawaii was peculiarly adapted to the raising of sugar, the Hawaiians had a constant advantage over their American competitors.

Business men were quick to seize this advantage. "The planters who reaped the high profits were chiefly Americans."² It was they who held the dominant place in the economic affairs of Hawaii.

The McKinley Tariff Act of 1890 put sugar on the free list, forcing Hawaiian planters to compete directly with Cuba, Java and Brazil. Hard times for the islands immediately followed. After the passage of the McKinley Act, the price of raw sugar in Honolulu fell in one day from \$100 to \$60 per ton. The value of sugar lands and of sugar stocks dropped correspondingly. United States Minister Stevens, reporting on the situation, writes under date of November 20, 1892: "The loss to the owners of the sugar plantations and mills . . . has not been less than \$12,000,000, a large portion of this loss falling on Americans residing here and in California. Unless some positive measures of relief be granted, the depreciation of sugar property here will continue to go on. Wise, bold action by the United States will rescue the property holders from great losses."³

Two moves were necessary for the restoration of Hawaiian prosperity. One was the annexation of Hawaii to the United States. The second was the imposition of a duty on the sugar that was competing with the Hawaiians for the United States market.

American commercial interests in Hawaii were ready for joint action aiming to establish a United States protectorate or

¹ Taussig, "Some Aspects of the Tariff Question," p. 59.

² *Ibid.*, p. 60.

³ U. S. "Foreign Relations," 1894; "Appendix," II, pp. 382-3.

to secure recognition. It was therefore easy to mobilize American public opinion in Hawaii about a Committee of Public Safety, which was organized in January, 1893, under the chairmanship of Chief Justice Dole who had resigned his official post in order to act with the Committee.¹

United States Minister Stevens, who had been in consultation with representatives of the Committee, requested the State Department to station a naval vessel at Honolulu to protect American life and property. On January 16, 1893, at the direction of Mr. Stevens, the commander of the *Boston* landed marines.² Immediately the Governor of the Island of Oahu and the Minister of Foreign Affairs addressed official communications to the United States Minister, protesting against the landing of troops "without permission from the proper authorities." In reply, Minister Stevens assumed full responsibility.

On the day following the landing of the marines, the Committee of Safety proceeded to the government building, and there, under cover of the guns of the United States marines, who were drawn up to protect the Committee against possible attack, a proclamation was read, abrogating the Hawaiian monarchy and declaring a provisional government to exist "until terms of union with the United States have been negotiated and agreed upon." Within an hour after the reading of this proclamation, and while the Queen and her government were still in authority, and in possession of the palace, the barracks, and the police station, the United States Minister accorded the Provisional Government his recognition.³

Commissioners came at once to the United States, found President Harrison and Secretary of State Foster friendly to the new government, drew up a treaty of annexation, signed it and presented it to the Senate on February 15—one month after the outbreak of the revolution. On March 4, the Cleveland Administration took office, withdrew the treaty from the

¹ U. S. "Foreign Relations," 1894; "Appendix," II, p. 387.

² *Idem*.

³ *Ibid.*, p. 388.

Senate, and made an investigation of the whole affair. While there was some dispute as to detail, there was agreement on the main facts.¹

A long fight ensued between the "expansionists" and the "anti-expansionists." Hawaii was finally annexed by joint resolution during the heat of the Spanish-American War (July 7, 1898). But in the meantime, in 1894, the Wilson Tariff Act again imposed a duty on sugar, and as Hawaiian sugar was admitted free, prosperity was restored to the islands. "Sugar growing, which had barely held its own from 1890 to 1894, now resumed its upward march. New plantations were opened, old ones enlarged their output, more and more sugar was poured into the United States, and the islands again boomed."²

Historians treat this revolution quite frankly as an American enterprise. "In Hawaii the more influential and the propertied classes supported the revolution and desired annexation. In the United States the desire for expansion was stimulated by the fear that some other nation might seize the prize."³ "A revolution, largely fomented by American interests there," writes Prof. C. A. Beard.⁴ The revolutionists themselves, declare that "of the capital invested in the islands, two-thirds is owned by Americans," and that "the revolution was not the work of filibusterers and adventurers, but of the most conservative and law-abiding citizens, of the principal tax-payers, the leaders of industrial enterprises, etc."⁵ United States Minister Stevens confirmed this point of view by referring to the leaders of the revolution in this language: "four highly respectable men, with Judge Dole at the Head. . . . P. C. Jones is a native of Boston, Mass., wealthy, possessing property interests in the islands, and a resident here for many years."⁶

A well organized revolution, sponsored by American business

¹ U. S. Congress, 52:2; "Sen. Ex. Doc." 76.

² Taussig, *supra*, p. 63.

³ Lingley, "Since the Civil War," p. 295.

⁴ Beard, "Contemporary American History," p. 203.

⁵ Hawaiian Branches of the Sons of the American Revolution, etc., "Address."

⁶ U. S. "Foreign Relations," 1894; "Appendix," II, p. 387.

men, supported by the United States diplomatic representative and bulwarked by a new tariff act, were in their combination, sufficiently efficacious to prevent the heavy property losses which Mr. Stevens had foreseen.

3. *The Panama Revolution*

A second illustration of the principle of "regulation" may be found in the episodes surrounding the Panama Revolution of 1903. Efforts to build a canal across the Isthmus of Panama had covered centuries. The French who had made an ambitious attempt to compass the task were finally defeated by disease and by shortage of funds. After much negotiation with Colombia and after an arduous debate over the relative merits of the Panama and Nicaragua routes, Congress authorized the President to negotiate for a canal across the Isthmus of Panama. If this proved impossible, within a reasonable time the President was authorized to use the Nicaragua route. The treaty, prepared in accordance with this act, and ratified by the Senate, provided that the United States should pay Colombia ten millions of dollars for a perpetual lease on a six mile strip through which the canal was to be built.¹ The Colombian Congress, after a lengthy special session, called for the purpose of ratifying the treaty, adjourned without action on October 31, 1903.

Long before the adjournment it was quite evident that no action would be taken, and many of the people of Colombia, and particularly of the State of Panama were outspoken in their denunciation of the Congressional failure. Two of the foremost citizens of the Isthmus, José Agustin Arango and Dr. Manuel Amador Guerrero, conferred with Captain J. R. Beers, freight agent of the Panama Railroad, as to the desirability of organizing a revolution. After this conference Dr. Amador went to Washington and met Secretary Hay. At the same time Philippe Bunau-Varilla, former chief engineer of the French canal company, arrived in New York and agreed to the revolutionary project.² Amador then returned to Panama,

¹ Johnson, "Four Centuries of the Panama Canal," ch. IX.

² *Ibid.*, pp. 162-171. •

but his friends were evidently not yet convinced of the determination of the United States to see matters brought to a focus.

A. M. Beaupré, United States Minister at Bogota, notified Secretary Hay on October 31 that the Colombian Congress had adjourned without ratifying the treaty, adding: "The people here in great anxiety over conflicting reports of secession movements in the Cauca and Panama." Two days later in a letter, he reiterated his statement regarding the anxiety felt in Colombia over the possibility of an insurrection in Panama.¹

Meanwhile events had moved with dramatic rapidity on the Isthmus. November 2 the Acting Secretary of the Navy wired to the Commander of the *Nashville* at Colon: "Prevent landing of any armed force, either Government or insurgent with hostile intent." At the same time messages were sent to three other war vessels: "Maintain free and uninterrupted transit. If interruption is threatened by armed force, occupy the line of railroad. Prevent landing of any armed force, either Government or insurgent, with hostile intent at any point within fifty miles of Panama. If doubtful as to the intention of any armed force, occupy Ancon Hill strongly with artillery. . . . Government force reported approaching the Isthmus in vessels. Prevent their landing if in your judgment landing would precipitate a conflict."² Thus on the day before the revolution was scheduled to take place, the United States Navy was fully instructed to prevent the Colombian Government forces from landing on the Isthmus.

Meanwhile preparations had been made for the revolution to take place at Panama. The prospective rebels seem to have hesitated at the last moment, however, and Acting Secretary of State Loomis wired from Washington to Ehrman at Panama: "Uprising on Isthmus reported. Keep Department promptly and fully informed." This message was sent at 3:40 P. M. That evening a reply was received from Ehrman at 8:15: "No uprising yet. Reported will be in the night. Situation is critical." Two hours later another telegram came from

¹ U. S. "Foreign Relations," 1903, p. 218, 221, 233 ff.

² *Ibid.*, p. 247.

Ehrman: "Uprising occurred tonight, 6; no bloodshed. Army and navy officials taken prisoners. Government will be organized tonight." At 11:18 on the same night, Loomis directed Ehrman to "act promptly" in preventing Colombian troops from proceeding from Colon to Panama.¹

On the same day 400 Colombian troops had disembarked at Colon. The officers, going at once to Panama, had fallen into the hands of the insurgents. Colon was in such complete ignorance of the situation at the other end of the railroad line that Commander Hubbard of the *Nashville* wired to the Secretary of the Navy on November 3: "No revolution has been declared on the Isthmus and no disturbances. . . . It is possible that movement may be made tonight at Panama." The next day he was able to report the establishment of the revolutionary government at Panama on the previous evening.²

The situation was indeed critical for the insurgents, who had neither army nor equipment. Colombian troops were at Colon in force, and the Colombian Government was making every effort to raise an emergency army to quell the rebellion. The United States Navy handled the matter with rare tact. They persuaded the troops at Colon to re-embark and sail for home, and a vessel, approaching Panama with additional troops, was prevented from landing and turned back to Cartahena.

Beaupré, United States Minister in Bogota, had an anxious time of it. On November 4 he had reported the insurrection to the State Department, and on November 6 he had notified the Department that General Reyes, clothed with special powers, wished to know whether the United States was prepared to assist Colombia to preserve her sovereignty on the Isthmus. If the United States would permit Colombia to land troops on the Isthmus, General Reyes offered either to declare martial law and ratify the treaty by a decree, or else to call another session of Congress, as the United States might desire. Again, on November 7 Beaupré telegraphs that Reyes has full powers, and is

¹ U. S. "Foreign Relations," 1903, p. 231.

² *Ibid.*, pp. 249-250.

insistent on knowing whether the United States will co-operate with him to maintain sovereignty on the Isthmus in accordance with the Treaty of 1846, Article 35.¹

The offer came too late. Already the United States had made its decision. On November 6, three days after the outbreak of the revolution, Secretary Hay wired to Beaupré: "The people of Panama having, by an apparently unanimous movement, dissolved their political connection with the Republic of Colombia and resumed their independence, having adopted a government of their own, republican in form, with which the Government of the United States of America has entered into relations, the President of the United States, in accordance with the ties of friendship which have so long and so happily existed between the respective nations, most earnestly commends to the Governments of Colombia and of Panama the peaceable and equitable settlement of all questions at issue between them."²

Beaupré did not seem to understand. Again he wired to ask whether Reyes would be free to conduct operations in Panama. Hay replied on November 11 that General Reyes would get "a courteous reception and considerate hearing. It is not thought desirable to permit landing of Colombian troops on Isthmus, as such a course would precipitate war." Then, later, "I telegraphed you on November 6 that we had entered into relations with the provisional government." There was nothing left for Colombia to do but to lodge a protest and a threat to sever diplomatic relations.³

The process of recognizing the new Republic of Panama went through with astonishing smoothness and unparalleled expedition. On November 6, three days after the outbreak of the revolution, Acting Secretary Loomis notified Ehrman at Panama that: "When you are satisfied that a de facto government, republican in form, and without substantial opposition

¹ U. S. "Foreign Relations," 1903, pp. 224-6.

² *Idem.*

³ *Ibid.*, pp. 228-9.

from its own people, has been established in the State of Panama, you will enter into relations with it as the responsible government of the territory.”¹

On the same day, November 6, Ehrman advised the Secretary of State that Philippe Bunau-Varilla had been appointed Envoy Extraordinary and Minister Plenipotentiary to the United States. The following day, November 7, Bunau-Varilla, from New York, advised Secretary Hay of his appointment, and added: “In extending her generous hand so spontaneously to her latest born, the Mother of the American Nations is prosecuting her noble mission as the liberator and the educator of the peoples. In spreading her protecting wings over the territory of our Republic the American Eagle has sanctified it.” Secretary Hay replied immediately, and on November 13, ten days after the outbreak of the revolution of November 3, 1903, President Roosevelt officially received Bunau-Varilla as a representative of Panama.²

The haste of the recognition, and the other circumstances surrounding the incident lent colour to the rumour that the whole affair had been arranged by the United States. President Roosevelt had added fuel to the flames of this controversy by writing to Dr. Albert Shaw on October 10, 1903: “I cast aside the proposition at this time to foment the secession of Panama. Whatever other governments can do, the United States cannot go into the securing, by such underhand means, the cession. Privately, I freely say to you that I should be delighted if Panama were an independent state, or if it made itself so at this moment.”³

Seven years later, at Berkeley, Cal., in a speech dealing with his official acts, Mr. Roosevelt is reported to have described the Panama episode in these picturesque terms: “I am interested in the Panama Canal because I started it. If I had followed the traditional conservative methods, I would have submitted a dignified state paper of probably two hundred pages to

¹ U. S. “Foreign Relations,” 1903, p. 233.

² *Ibid.*, p. 234, 240, 245.

³ “Literary Digest,” x. 29, p. 551.

the Congress and the debate would have been going on yet. But I took the Canal Zone and let the Congress debate, and while the debate goes on, the Canal does also."¹

A storm of public discussion followed this speech and by way of clarifying the issue, President Roosevelt wrote: "I was prepared, if necessary, to submit to Congress a recommendation that we should proceed with the work in spite of Colombia's opposition, and indeed had prepared a rough draft of a Message to that effect." Then came the rejection of the Treaty by the Colombian Congress. "If I had observed a judicial inactivity about what was going on at the Isthmus, had let things take their course, and had then submitted an elaborate report thereon to Congress, I would have furnished the opportunity for much masterly debate in Congress, which would now be going on—and the Canal would still be fifty years in the future." He then describes the events of the revolution, and adds: "We recognized the Republic of Panama. Without firing a shot we prevented a civil war. We promptly negotiated a treaty under which the Canal is now being dug. . . . Be it remembered that unless I had acted exactly as I did act there would now be no Panama Canal. It is folly to assert devotion to an end, and at the same time to condemn the only means by which the end can be achieved."² The doctrine that "the end justifies the means" never was more emphatically stated.³

"Our government hastened to take advantage of what the gods had brought," writes Prof. Paul L. Haworth.⁴ "Three days after the revolt began, Secretary Hay cabled the American consul at Panama to recognize the de facto government, and a week later President Roosevelt formally received M. Bunau-Varilla as envoy extraordinary and minister plenipotentiary of the Republic of Panama. A few days later (November 18), Hay and Bunau-Varilla signed a treaty by which Panama promised to cede perpetual control of a zone ten miles wide

¹ "Washington Post," Mar. 24, 1911.

² "Outlook," v. 99, pp. 314-318.

³ "I Took the Isthmus."

⁴ Haworth, "United States in Our Own Times," p. 306.

across the Isthmus, while the United States agreed to pay therefor \$10,000,000 down and an annuity of \$250,000, beginning nine years thereafter."

Less than three weeks after the adjournment of the Colombian Congress, the Panama Revolution had occurred "with the sympathy if not the support of the American administration."¹ The revolutionary government had been recognized by cable; a treaty had been drawn up and signed. Most of these events occupied only fifteen days.²

4. *Mexico, Diaz and Oil*

The Hawaiian Revolution of 1893 and the Panama Revolution of 1903 lie so far in the past that they have become an accepted part of American history. So well authenticated are the facts in each of these cases that they might serve as a formidable precedent for the "regulation" of the internal politics of weak neighbours by American interests. However, the "regulation" of Mexican affairs between 1910 and 1917 furnishes ample and contemporary evidence of the manner in which both American economic interests and the officials of the Federal Government interfere with the internal life of a neighbouring state whose resources and capital are extensively held by United States investors.

The ambitions of Napoleon III for a Latin-American Empire collapsed in 1867. During the next forty years, relations between the United States and Mexico grew, both in friendliness and understanding, until they culminated in the general arbitration treaty of 1908.³ In 1910 this good feeling took the form of a personal meeting at the international boundary between President Taft and President Diaz. The next year the "Mexican controversy" was precipitated by the Madero Revolution.

Under the administration of Diaz, Mexico enjoyed peace and a superficial prosperity, but the chief beneficiaries of this

¹ Beard, "Contemporary American History," p. 278.

² U. S. Congress, 63:2; "Sen. Doc." 471.

³ U. S. "Treaties, Conventions, etc.," v. 1, p. 1204.

prosperity were wealthy Mexican and foreign corporations. "Mexico was rich, but the Mexicans were poor."¹ Diaz built the edifice of his power upon concessions which were granted to those who had the means to carry forward the development of Mexico's immense natural resources. As a matter of course, much of this surplus capital came from foreign investors. In 1911 capital investments in Mexico were estimated as follows: British, \$321 million; French, \$143 million; United States, \$1,058 million; Mexican, \$793 million; all others, \$119 million.²

When Diaz came to power in 1876, Mexico was a feudal state in which single landowners held tracts that included hundreds of thousands or even millions of acres, upon which the peon or serf population did the work. The granting of concessions to railroad, mining and other business enterprises helped in the establishment of a class of business men in the north and east of Mexico where most of the industrial development was taking place. Francisco Madero, who was the titular leader of the Revolution of 1911, was a member of this business class, and it was from this business class that he secured his support in the earlier stages of the revolution.

However inevitable may have been the break between the great landowners and the business group, it might have been postponed for a time but for the discovery of oil along the Gulf Coast, in the neighbourhood of Tampico and of Tuxpan.

Edward L. Doheny and a group of American capitalists had secured the Hacienda del Tulillo in 1900. This estate covered 280,000 acres, and was bought for \$325,000. Later, the same men obtained an adjoining 150,000 acres. "The first oil ever produced or used in Mexico in substantial quantities" came from a well at Ebano which began to flow on May 14, 1901. Most oilmen were skeptical as to the possibilities of this new field, but Mr. Doheny tells in detail how he believed, persevered, and finally won a fortune.³

¹ Ogg, "National Progress," p. 286.

² U. S. Congress, 66:2; "Sen. Doc." v. 10, p. 3322.

³ *Ibid.*, v. 9, pp. 209-214.

An idea of the value of the Mexican oil field is suggested by Clarence W. Barron. "The average California oil well will yield from 100 to 200 barrels per day, and 600 barrels is a big well."¹ The California yield is far above the average for the oil industry of the United States. Compared with these figures, the Mexican yields were staggering. Casiano No. 7 started with a production of about 70,000 barrels a day on September 10, 1910. The well was partially shut down under a pressure of 285 pounds per square inch, and then produced 25,000 barrels a day. "It was nine years old yesterday, and is flowing at the same rate that it did when it first came in. It has produced over 100,000,000 barrels of oil."² Wells in the United States are ordinarily pumped. Mexican oil flows out under pressure. Cerro Azul, which has been called the greatest oil well in the world, ran 1,400,000 barrels before it could be capped, and then, under a back pressure of 900 pounds, the well produced between 45,000 and 50,000 barrels per day.³ At that time Cerro Azul had been flowing for more than three years. Mr. Doheny also testified that a well drilled in 1904 "is still capable of producing about 800 barrels of oil per day after 15 years of continuous flowing."⁴

A glance at the figures of oil production gives an excellent idea of the spectacular rise of petroleum from a position of insignificance to the first place among Mexican industries. The first official records show a production of 220,650 barrels in 1904. The next year's production increased only a little; in 1906, it passed the million barrel mark; in 1909 it stood at 3,332,807 barrels. The next year it quadrupled: 14,051,643 barrels in 1910. Year by year this increase continued until production touched 25,902,439 barrels in 1913. Within a decade Mexico had risen from a position of no importance in the oil world, to be, next to the United States, the largest producer of

¹ Barron, "Mexican Problem," p. 110.

² U. S. Congress, 66:2; "Sen. Doc." v. 9, p. 230.

³ *Ibid.*, pp. 293-4.

⁴ *Ibid.*, p. 216.

petroleum. By 1920 Mexican production exceeded the combined production of all oil fields in the world outside of the United States.¹ By 1910, therefore, it was evident that the oil fields of Mexico were one of the richest economic prizes in the world.

It was during these same years—1905—1915—that the development of the internal combustion engine and the use of fuel oil under marine boilers had led British statesmen and business men to undertake a worldwide quest for oil reserves.² The Doheny interests soon had powerful rivals. Doheny was first in the field, however, and by the time his important rivals were in a position to compete with him, he was in virtual control of the Mexican oil market.

Lord Cowdray had come to Mexico to carry out certain harbour improvements for the Mexican Government. In the course of this work, he became interested in oil concessions, and Diaz, who was personally friendly to Lord Cowdray, and who pursued a shrewd policy of balancing one foreign interest against another to prevent anyone from exercising a dominating influence over Mexican affairs, made it possible for Lord Cowdray to secure oil concessions that made him a serious competitor of the American interests.³

The favours that Diaz was showing Lord Cowdray boded ill for the American oil interests in Mexico, and when, in 1910, Diaz was elected President for the eighth time, it seemed certain that the British interests in the Mexican oil fields would win a decisive advantage over all of their rivals.

But Diaz had reckoned without the new class of business men that the industrial development of Mexico had called into being. One of these men, Francisco Madero, had contested the election of 1910 against Diaz; had been "counted out" by the Diaz machine, and had thereupon started a revolution against Diaz with the demand that Diaz either resign or permit a fair

¹ "Mineral Industry," 1923, pp. 494-95.

² Delaisi, "Oil," chs. II and III.

³ U. S. Congress, 66:2; "Sen. Doc." v. 10, p. 2532 ff. "World's Work," v. 27, pp. 289-298.

election.¹ Since Diaz would do neither, Madero headed a revolution which had soon spread over the whole northern area of Mexico.

All of the forces were present to create a revolution against the Diaz regime: a discontented, exploited, landless peasantry; a newly developed and hampered business class seeking to take power from the hands of the aristocracy, and a serious clash of interests between the British and American oil companies. Then, too, Madero developed surprising strength. Ogg noted that he was "rich enough to bring his cause prominently before the people."²

There has been considerable discussion as to the source of this wealth. It seems to be agreed on all hands that the Madero family were well-to-do economically, but it is also true that the accounting presented by the Madero family to the Government, and paid out of the public treasury after Madero came into power, showed expenses of nearly three-quarters of a million dollars (Mexican) on behalf of the revolution. The Washington representative of the Maderistas places the amount at about \$600,000.³

At the time of the revolution charges were freely made that the money came in part from American oil interests. These charges were repeated before the Senate Foreign Relations Committee by some of the men who had been close to Madero.

Juan Pedro Didapp testified⁴ regarding accusations brought against Madero by the Diaz party and two of the men who fought with Madero testified as to their understanding of the source from which the funds for the revolution were coming. One of these men, Lawrence F. Converse of Los Angeles, a 23 year old captain in the Madero army, acting as courier, gave this testimony.⁵

¹ Ogg, "National Progress," p. 287.

² Idem.

³ U. S. Sen. For. Rel. Com., "Revolutions in Mexico," 1913, p. 750.

⁴ Ibid., p. 462.

⁵ Ibid., pp. 104-5.

Senator Smith: Did you have any occasion to know whether he was receiving pecuniary assistance from here?

Mr. Converse: I know this,—that Abraham Gonzales—

Senator Smith: He is the present governor of Chihuahua?

Mr. Converse: Yes; and Braulio Hernandez, who was provisional secretary of state in Madero's revolution and later secretary of state of Chihuahua, and Mr. Madero himself, told me that as soon as the rebels made a good showing of strength several leading bankers in El Paso stood ready to advance him—I believe the sum was \$100,000; and these same men told me also that the Standard Oil interests had bought bonds of the provisional government of Mexico.

Senator Smith: In large quantities?

Mr. Converse: I do not know the quantities, but I know they said that the Standard Oil interests were backing them in their revolution.

Senator Smith: Did you learn under what conditions?

Mr. Converse: I was taken into their confidence as an officer on their staff, and the matter came up in the course of conversation with them.

Senator Smith: Was anything said as to what the Standard Oil people were to have in return?

Mr. Converse: They were to have a high rate of interest and there was a tentative agreement as to an oil concession in the Southern States of Mexico.

Senator Smith: Were there any other companies that were associated with Madero in that enterprise?

Mr. Converse: Not that I know of. There were none of them mentioned. The Standard Oil was the only concern mentioned, and the bankers in El Paso.

Senator Smith: Do you know whether they did receive through these banks or other persons any pecuniary aid?

Mr. Converse: I know that Mr. Madero carried a great quantity of cash on his person, as did his officers, and that frequently money in large quantities came across the river.

On the other hand, Mexicans like Jose Vasconcelos, who were intimately connected with Madero throughout the revolution, are emphatic in declaring that there was no American money placed at the disposal of the Madero Party.

Be that as it may, there is no question but that the sentiment in the United States was strongly in favour of Madero, and

that the United States Government took the earliest opportunity of recognizing him. Just how far Madero went in restricting British oil interests and in favouring those of the United States is also open to some question.¹

5. *Huerta and British Oil*

Madero's regime lasted two years. He was then deposed, and subsequently executed by Victoriano Huerta.

Madero had been looked upon as a friend of the United States. After his election in 1911 he had been recognized promptly by the United States, although at no time "did the Maderist regime command full support of the Mexican people." On March 14, 1912, President Taft had prohibited the purchase of arms and ammunition in the United States by factions which were resisting the new government. Despite these good offices Madero was overthrown in February, 1913, by Felix Diaz, nephew of the ex-president, and Victoriano Huerta, Commander-in-Chief of the Federal Army.²

On assuming office, President Wilson found himself facing a Mexico torn by civil war, with Huerta in power as representative of the feudal landholders, ready to continue the old policy of Diaz. Part of this policy was to favour the British oil interests headed by Lord Cowdray's syndicate. "That the Huerta forces have maintained the Diaz policy of antagonism to American oil interests and friendship to Lord Cowdray is apparent," one observer stated at that time. "On Lord Cowdray's own statements, the firm subscribed to three per cent of the loan floated by Huerta. . . . It is a rich prize for which these American and British capitalists are contending. . . ." ³

The nature of the interest which the leading powers held at this time in Mexican oil was described by Edward L. Doheny, as follows: "Inasmuch as both Germany and Great Britain are seeking and acquiring sources of supply for large quantities of petroleum, it seems to me that there can be no question but

¹ U. S. Sen. For. Rel. Com., "Revolutions in Mexico," 1913, p. 273 ff.

² Ogg, "National Progress," p. 288.

³ "World's Work," v. 27, p. 294.

that the United States must avail itself of the enterprise and ability and pioneer spirit of its citizens to acquire and to have and to hold a reasonable portion of the world's petroleum supplies. If it does not it will find that the supplies of petroleum not within the boundaries of United States territory will be rapidly acquired by citizens and Governments of other nations. . . . There are somewhere between 50 and 100 American companies, large and small, that have holdings of supposed oil lands in Mexico, acquired either by purchase or lease. . . . This oil field, discovered by Americans . . . having a potential daily productive capacity nearly, if not quite, equal to that of the United States, having a reasonable oil valuation of some billions of barrels, is the source to which the United States must look for the supply of petroleum which will justify the building of a commercial fleet that can compete for cost of operation with any other fleet which the great nations of the world may have or construct. . . . Mexico is not the only source for petroleum in large quantities, but it has the greatest developed and demonstrated supply, and all other probable sources of great supply are politically, nationally, and geographically less favourably situated than are the American oil holdings in Mexico."¹

At the same time, the British Government had acquired an interest in oil² and consequently an interest in Mexico. During 1913 and 1914 the press of both countries freely discussed the oil struggle behind the diplomacy of President Wilson and Earl Grey. American oil put Madero in as president of Mexico, the London Mail declared, but British oil interests kept Huerta in power.³ Discussions of the Mexican situation turned into discussions of oil supplies. "Actually," one American review stated in 1913, "the situation is vitally affected by the arrival of the oil-driven battleship in the King's navy. The position of Britain as mistress of the seas is at stake. Oil

¹ U. S. Congress, 66:2; "Sen. Doc." v. 9, pp. 255-258.

² L'Espagnol, "World Struggle for Oil." Davenport and Cook, "Oil Trusts."

³ "Current Opinion," v. 55, p. 396.

is king now as cotton was in our civil war. The American people may not have realized this new importance of oil. Europe is awake to it."¹

6. *Washington Backs American Oil*

Among those who were firmly convinced that Huerta was favouring British oil interests and opposing American oil interests were President Wilson and Secretary of State Bryan. They believed, according to so intimate an observer as Colonel E. M. House, that British oil men "had not only already obtained concessions from the Huerta government, but expected to obtain others."² Lord Cowdray, head of the Pearson syndicate, and Sir Lionel Carden, the British minister in Mexico, were believed by the State Department and President Wilson to be intriguing with Huerta for domination of the Mexican oil fields. The British have one interest in Mexico, Secretary Bryan told a British diplomat, and that's oil. "That's just what the Standard Oil people told me in New York," the diplomat replied. "The ideas that you hold are the ones which the Standard Oil is disseminating. You are pursuing the policy which they have decided on. Without knowing it you are promoting the interest of the Standard Oil."³ Later, describing a personal talk with President Wilson about the Mexican situation and Lord Cowdray's oil interests, Colonel House wrote, "We do not love him, for we think that between Cowdray and Carden a large part of our troubles in Mexico has been made."⁴

7. *Woodrow Wilson versus Huerta*

The conviction that Huerta was friendly to British oil interests led to a long-drawn-out policy of political intrigue, financial strangulation, moral eloquence, and finally armed intervention, the consistent aim of which was to drive Huerta from Mexican

¹ "Current Opinion," v. 55, p. 394.

² Hendrick, "Life of Page," v. I, p. 206.

³ Ibid., p. 203.

⁴ Ibid., p. 218.

politics. Latin Americans who were led by President Wilson's pre-election speeches and writings to believe that during his administration they would be free to govern themselves without North American interference, were quickly disillusioned. Huerta overthrew the government of Madero in February 1913. On March 11, seven days after taking office, President Wilson declared: "We can have no sympathy with those who seek to seize the power of government to advance their own personal interests or ambition. We are friends of peace, but we know that there can be no lasting or stable peace in such circumstances." These words were an intimation that the United States was to break for the first time with its policy of recognizing de facto governments. While all the leading governments of the world recognized Huerta, President Wilson established a "moral empire" in America by refusing to recognize a provisional president who had come into power through revolution.¹

"Thus was marked a new phase of our relations with Mexico. It began a period of direct intervention."² This refusal to recognize Huerta involved "an innovation in our dealings with Latin-American states. Hitherto the question of recognition was settled on grounds of the new government's strength and probable permanence."³ However, this "moral" Monroe Doctrine, by which the United States was to regulate Latin-American politics through the withholding of recognition, was by no means absolute. During the controversy over the recognition of Huerta, the United States recognized the government of Colonel Benavides in Peru, although this government, like that of Huerta, had achieved power through violent revolution.⁴

8. *President Wilson Intervenes*

Within three months of his accession to the presidency, Huerta was face to face with a formidable Constitutionalist up-

¹ "World's Work," v. 28, pp. 52-58.

² "University of California Chronicle," v. 22, p. 51.

³ Ogg, "National Progress," p. 290.

⁴ U. S. "Foreign Relations," 1914, p. 1066.

rising headed by Carranza, Villa and other powerful chieftains. The attitude that President Wilson was taking had convinced these men that it was impossible for Huerta to survive, hence they hastened to prosecute a cause that seemed destined to sure success.

Having decided to remove Huerta and support the cause of the Constitutionalists, President Wilson recalled the American ambassador, who had been urging the recognition of Huerta in the interests of peace and order, and in his stead sent John Lind as confidential agent of the President of the United States in the City of Mexico. In presenting this matter to Congress, President Wilson said: "The present situation in Mexico is incompatible with the fulfilment of international obligations on the part of Mexico, with the civilized development of Mexico herself, and with the maintenance of tolerable political and economic conditions in Central America."

Lind was therefore instructed to make the following offer to Huerta:

"(a) An immediate cessation of fighting throughout Mexico, a definite armistice solemnly entered into and scrupulously observed;

"(b) Security given for an early and free election in which all will agree to take part;

"(c) The consent of General Huerta to bind himself not to be a candidate for election as President of the Republic at this election; and

"(d) The agreement of all parties to abide by the results of the election and co-operate in the most loyal way in organizing and supporting the new administration." ¹

In addition, President Wilson's confidential agent proposed that if the Huerta Government acted on these suggestions, the government of the United States would recommend to American bankers "the immediate extension of a loan." ² These proposals were rejected by the Huerta regime as a humiliating and unnecessary interference in Mexican affairs.

¹ U. S. "Congressional Record," v. 50, pp. 3803-4.

² U. S. "Foreign Relations," 1913, p. 835.

But President Wilson was prepared to interfere even further. On August 27, in a message delivered at a joint session of both houses of Congress, he announced that he would "follow the best practice of nations in the matter of neutrality by forbidding the exportation of arms or munitions of war of any kind from the United States to any part of the Republic of Mexico."¹ The message implied that the United States was ready to intervene at the proper time, and hinted at the reasons for intervention, declaring that "Mexico lies at last where all the world looks on. Central America is about to be touched by the great routes of the world's trade and intercourse running free from ocean to ocean at the Isthmus. The future has much in store for Mexico, as for all the states of Central America; but the best gifts can come to her only if she be ready and free to receive them and to enjoy them honourably. . . . Mexico has a great and enviable future before her, if only she choose and attain the paths of honest constitutional government. . . . While we wait, the contest of the rival forces will undoubtedly for a little while be sharper than ever, just because it will be plain that an end must be made of the existing situation, and that very promptly." On the same day instructions dictated by the President were cabled to American consuls in Mexico ordering them to "convey to the authorities an intimation that any maltreatment of Americans is likely to raise the question of intervention."²

The determination of the United States to coerce Mexico was thus clearly stated; it was now merely a question of time and means. The capture of Torreon by Villa on October 1, was a severe blow to the Huerta government. Demands for intervention by the United States became more insistent in the American press. One of the chief obstacles, however, was Great Britain's recognition, if not support, of the Huerta regime. According to one close observer, "Mr. Wilson had many tempestuous conflicts with the British Foreign Office over the apparent support given to the Huerta regime by Sir Lionel

¹ U. S. "Foreign Relations," 1913, p. 823; see p. 820 for full text.

² Ibid., p. 896.

Carden, the British Minister to Mexico, a support intensified to no small extent by the large British oil companies in Mexico whose influence in London official circles was appreciable."¹ Ambassador Page was doing his best to initiate Earl Grey into the doctrines of the new "moral" diplomacy, explaining that in case of "continued and utter failure" to settle Mexico's affairs peacefully, "the United States might feel obliged to repeat its dealings with Cuba."²

9. *United States and British Co-operate*

On October 26 elections were held in Mexico "without any violence" as far as Mexico City was concerned³ and, by manipulations not unknown outside of Mexico, Huerta was elected as interim constitutional president, although he had announced that he would not be a candidate. Shortly following the election, the Department of State announced, in unmistakable language, its intention of destroying the Huerta regime.

"While the President feels that he cannot yet announce in detail his policy with regard to Mexico," Secretary Bryan cabled to American diplomatic officers on November 7, "nevertheless he believes that he ought, in advance thereof, to make known to the Government to which you are accredited his clear judgment that it is his immediate duty to require Huerta's retirement from the Mexican Government, and that the Government of the United States must now proceed to employ such means as may be necessary to secure this result."⁴ First among the necessary means to remove Huerta was to get Great Britain to desert him. At this time Downing Street was negotiating with the United States for the abolition of the Panama Canal tolls, which worked to the disadvantage of British commerce. In November, Sir William Tyrell, formerly secretary to Earl Grey, the British Foreign Minister, arrived in

¹ Lawrence, "True Story of Wilson," p. 100.

² U. S. "Foreign Relations," 1913, p. 852 ff.

³ *Ibid.*, p. 850.

⁴ *Ibid.*, p. 856.

Washington to discuss an arrangement by which, in return for lifting the Panama tolls, Great Britain would give the United States a free hand in Mexico. On November 14, Colonel House was able to report a conversation involving himself, Sir William, and President Wilson during which the President "elaborated upon the toll question much to the satisfaction of Sir William," who in turn "assured the President that his government would work cordially with ours and that they would do all that they could to bring about joint pressure through Germany and France for the elimination of Huerta."¹ The conversation between Sir William and President Wilson brought out a statement of policy toward Latin America which is not often found in official documents.

"When I go back to England," said the Englishman, as the interview was approaching an end, "I shall be asked to explain your Mexican policy. Can you tell me what it is?"

President Wilson looked at him earnestly and said, in his most decisive manner:

"I am going to teach the South American Republics to elect good men!"

... "Yes," replied Sir William, "but, Mr. President, I shall have to explain this to Englishmen, who, as you know, lack imagination. They cannot see what is the difference between Huerta, Carranza, and Villa."

The only answer that he could obtain was that Carranza was the best of the three and that Villa was not so bad as he had been painted.²

Fortified by Sir William's assurance that the British Government would countenance the removal of Huerta, President Wilson was ready to state his aims a shade more emphatically than before, and to threaten intervention more openly. "The present policy of the Government of the United States is to isolate General Huerta entirely," Secretary Bryan cabled the American diplomatic representatives on November 24, "to cut him off from foreign sympathy and aid and from domestic

¹ Hendrick, "Life of Page," v. 1, pp. 207-208.

² Ibid., pp. 204-5.

credit, whether moral or material, and to force him out. It hopes and believes that isolation will accomplish this end and shall await the results without irritation or impatience. If General Huerta does not retire by force of circumstances it will become the duty of the United States to use less peaceful means to put him out. . .

"It will give other Governments notice in advance of each affirmative or aggressive step it has in contemplation should it unhappily become necessary to move actively against the usurper; but no such step seems immediately necessary."¹

For the time being, the United States had to content itself with a financial blockade of Mexico. Ambassador Page, however, had already notified the State Department that the British Government regarded Huerta's collapse as "certain, imminent and desirable," but they also regarded that "as the task of the United States."² Pressure brought to bear by the United States prevented Huerta from obtaining a loan in Europe, with the result that in January, 1914, Huerta issued a decree suspending payment of interest on all government bonds foreign and domestic for six months. This national bankruptcy was attributed by the Wall Street Journal to President Wilson's financial blockade.³

Meantime the forces of Carranza and Villa, whom the United States now openly favoured, were winning military victories in the North.⁴ Accordingly, Secretary of State Bryan notified other governments that the United States would remove the embargo on arms, so that the triumphant Constitutionals might seize power by force. The State Department also implied that not only would the United States dictate to Mexico as to who shall not be its president, but that it would also dictate as to who shall, and that this regulation of Mexico's affairs it would not share with any of the European Powers. In reply to an offer by Great Britain that "European Governments might

¹ U. S. "Foreign Relations," 1914, p. 444.

² *Ibid.*, 1913, p. 861.

³ "Wall Street Journal," Jan. 15, 1914, p. 5.

⁴ O'Shaughnessy, "Diplomat's Wife in Mexico," pp. 245-250.

be willing to request Huerta to resign" so that Huerta would "feel that he could save his face by yielding to the request of several strong powers" Secretary Bryan replied:

"The President warmly appreciates the suggestion of Sir Edward Grey but fears that the revolution in Mexico has reached such a stage that the sort of settlement proposed, namely the elimination of General Huerta and the substitution of others in authority at Mexico City, would be without the desired effect of bringing peace and order. . . . From many sources which it deems trustworthy the Government of the United States has received information which convinces it that there is a more hopeful prospect of peace, of the security of property and of the early payment of foreign obligations if Mexico is left to the forces now reckoning with one another there. . . . The President is so fully convinced of this, after months of the most careful study of the situation at close range, that he no longer feels justified in maintaining an irregular position as regards the contending parties in the matter of neutrality. He intends therefore, almost immediately, to remove the inhibition on the exportation of arms and ammunition from the United States. . . ." ¹

The forces which the United States favoured were winning, and it was cheaper to let Mexicans kill each other than to attempt an invasion; the United States was ready, therefore, to surrender the "moral" policy, and to supply arms for one of the sides in the civil war of a nominally independent country. The embargo on arms was lifted on February 3. A statement issued by President Wilson on that day admitted that the United States was not neutral when the embargo was declared. At that time the President had declared that the embargo was in accord with "the best practice of nations in the matter of neutrality." In removing the embargo he declared that "the executive order under which the exportation of arms and ammunition into Mexico is forbidden was a departure from the accepted practices of neutrality—a deliberate departure from these practices under a well considered joint resolution of Congress . . . the existence of this order hinders and delays the very thing the Government of the United States is now

¹ U. S. "Foreign Relations," 1914, p. 444.

insisting upon, namely, that Mexico shall be left free to settle her own affairs and as soon as possible put them upon a constitutional footing by her own force and counsel. The order is, therefore, rescinded.”¹

American investors in Mexico continued to press the administration to intervene. Senator Albert B. Fall, for many years the intimate of Edward L. Doheny, and himself an investor in Mexico, explained to the United States Senate on March 9 the subtle differences between “interposition, or non-political intervention, upon the one hand, and political intervention in the domestic affairs of Mexico upon the other.” He advocated that the administration should “immediately direct the use of the land and naval forces of this Government for the protection of our citizens and other foreigners in Mexico wherever found, and lend their assistance to the restoration of order and the maintenance of peace in that unhappy country and the placing of the administrative functions in the hands of capable and patriotic citizens of Mexico.”² This policy outlined by a Republican senator was followed by the Democratic administration, which was watchfully waiting for an opportunity to “restore order in Mexico.”

10. *The Tampico Flag Incident*

For almost a year the United States Government had been actively interfering with Mexican affairs for the purpose of ousting Huerta and placing in power forces which it thought would be more favourable to American investors in Mexico. Those who had land, mineral, industrial and oil investments in Mexico were crying so loudly for intervention that President Wilson declared: “I have to pause and remind myself that I am President of the United States and not of a small group of Americans with vested interests in Mexico.”³ A financial blockade deprived Huerta of money; one confidential agent of President Wilson was issuing ultimatums in Mexico City,

¹ U. S. “Foreign Relations,” 1914, pp. 447-8.

² U. S. “Congressional Record,” v. 51, p. 4527.

³ Tumulty, “Wilson as I Know Him,” p. 146.

another had been sent to negotiate with Carranza, a third was conferring with Villa. Foreign governments had been repeatedly advised that Huerta must go and that the United States would support the Constitutionalists. In the light of these facts, the events of April 1914 are instructive illustrations of modern American statecraft.

On April 9 Admiral Mayo, in command of the United States warships stationed at Tampico cabled to Washington: "This forenoon Mexican soldiers arrested paymaster and whaleboat's crew of *Dolphin*, part of whom were in boat with flag flying, marched them two blocks through streets, then back to boat, and there released them. General Zaragoza expressed regret verbally. In view of publicity of event, I have called for formal disavowal and apology, punishment of officer in charge Mexican squad, and salute to American flag within 24 hours from 6 p. m. Thursday."¹ On the same day, Admiral Mayo informed the Mexican commander of the Huerta forces at Tampico, General Zaragoza, that the salute was to consist of 21 guns, which would be duly returned by the American ships.² The Huerta Government protested that the "American marines disembarked at a place subject to military authority where military operations were being conducted and where a hostile attack had just been made," that they disembarked "without previous advice and without permission from the military authorities of Mexico"; and that "a military commander who sees the arrival of men in uniform at the post he is guarding should proceed to arrest them pending an investigation as to whether the presence of these men is or is not justifiable."³ Furthermore, the marines had been immediately released, the officer who arrested them had been punished, and Huerta in a written statement expressed regret for the incident and ordered an investigation. A written report by Admiral Fletcher on April 11, showed that apologies were made by the Huertista commander immediately after the inci-

¹ U. S. "Foreign Relations," 1914, p. 449.

² *Ibid.*, p. 448.

³ *Ibid.*, p. 454, 462.

dent and it was explained, in extenuation, that the arresting officer was "ignorant of the first laws of war and was carrying out his instructions to allow no boats whatever at that warehouse dock" where the American marines had landed.¹

Under ordinary circumstances the incident might have been dropped, but it furnished too good an opportunity to "move actively against the usurper."² Although the government of the United States appreciated "the courteous and conciliatory attitude of General Huerta" it nevertheless insisted that in addition to apologies he salute an American flag on Mexican territory.³ Before the negotiations with Mexico City had proceeded very far, ten American battleships were hurried to Tampico on April 14, carrying a regiment of marines.⁴ Upon hearing the news that the whole North Atlantic fleet was being rushed to the Gulf, Huerta remarked "Is it a calamity? No, it is the best thing that could happen to us!"⁵ At the same time he offered to place the whole Tampico affair before the Hague Tribunal for arbitration.⁶ When this offer failed, he agreed to fire the twenty-one guns provided that a salute of twenty-one guns was fired by an American battery simultaneously. He explained that he did not "desire to salute first because he believed that the United States Government would not return the salute and would thereby humiliate his government."⁷ Despite the urgent cable by the American Chargé d'Affaires in Mexico City, Nelson O'Shaughnessy, that "an absolute coincidence in time" in the salutes was "the best arrangement that can be made," Secretary of State Bryan insisted on the technicality of having Huerta, whose government the United States had not recognized, fire the twenty-one guns first. "I have all the time a sickening

¹ U. S. "Foreign Relations," 1914, pp. 450-451.

² See Bryan's cable on p. 99.

³ U. S. "Foreign Relations," 1914, p. 459.

⁴ *Idem.*

⁵ O'Shaughnessy, "Diplomat's Wife in Mexico," p. 266.

⁶ U. S. "Foreign Relations," 1914, p. 461.

⁷ *Ibid.*, p. 464.

sensation," Mrs. O'Shaughnessy wrote at the American Embassy at Mexico City on April 25, "that we are destroying these people and that there is no way out. We seem to have taken advantage of their every distress."¹ That the flag incident at Tampico and the controversy over the twenty-one gun salute was a pretext for intervening in Mexico was clear to many observers. It was actually admitted by the State Department on April 16 in a communication to American newspaper men in Mexico City for their "private information, not yet for publication," declaring that the Tampico incident "was quite in the background, but reciting two recent and heinous crimes of Mexico. First, a cable for the Embassy was held over by a too-zealous partisan of the *censura* at the cable office. . . . The incident was less than nothing, until mentioned in the open cable from Washington. The other incident, also well enough known, happened a short time ago in Vera Cruz, where another too-zealous official arrested an orderly in uniform, carrying the mails between the ships and the Vera Cruz post office. That matter was dismissed after an apology, a nominal punishment of the offending official, and the immediate release of the carrier. Admiral Fletcher attached no importance to the affair."²

On April 18 a last desperate attempt to prevent these trivial incidents from being used as an excuse for intervention were made both by the Huerta Government and Chargé O'Shaughnessy. Huerta acceded to the demand of the United States that he fire the salutes first, provided that Chargé O'Shaughnessy "would sign a protocol . . . stating that upon the salute being rendered by the Mexican battery it would be returned according to international usage by the American warship." The American Chargé was prepared to sign such a document³ but was ordered not to do so by Secretary Bryan, who declared that the United States would return the salute without a written promise, which might be construed as a recognition of Huerta's

¹ O'Shaughnessy, *supra*, p. 268.

² *Ibid.*, p. 269.

³ U. S. "Foreign Relations" 1914, p. 469.

government, "whereas the President has no intention of recognizing the Huerta Government."¹ The unbending attitude of Washington confirmed Huerta in his belief that the United States was determined to humiliate him and Mexico; besides, he counted on uniting all Mexican factions in resistance to intervention by a foreign nation. The unconditional demands of the United States were turned down. Having manoeuvred Huerta into a position where the long-standing plan of ousting him could effectively be carried out, President Wilson on April 20 once more addressed a joint session of both houses of Congress on Mexican affairs.

After describing the Tampico flag incident in terms not justified by the Mayo report, the President declared that "had it stood by itself it might have been attributed to the ignorance or arrogance of a single officer. Unfortunately, it was not an isolated case. A series of incidents have recently occurred which cannot but create the impression that the representatives of General Huerta were willing to go out of their way to show disregard for the dignity and rights of this Government and felt perfectly safe in doing what they pleased. . . . A few days after the incident at Tampico an orderly from the U. S. S. *Minnesota* was arrested at Vera Cruz while ashore in uniform to obtain the ship's mail, and was for a time thrown into jail. An official dispatch from this Government to its embassy at Mexico City was withheld by the authorities of the telegraphic service until peremptorily demanded by our Chargé d'Affaires in person."² As Secretary Bryan had predicted, the Tampico affair had been supplemented by two other pretexts. The incidents referred to by the President as showing that Huerta was going out of the way to show disregard for the dignity of the United States, was reported four days before by Admiral Fletcher as follows:

"About 10 A. M. on April 11, while in the post office at Vera Cruz, a mail orderly from the *Minnesota* got into a discussion with a Mexican mail orderly of the 18th battalion. They could

¹ U. S. "Foreign Relations," 1914, p. 47f.

² *Ibid.*, p. 475.

not understand each other and the policeman, in order to avoid a possible disturbance, directed them both to come with him to the station. The police judge, upon hearing the statement of the police officer, at once told our mail orderly he was not at fault and would not be detained. The Mexican mail orderly was found at fault by the judge and was detained and turned over to the military authorities and was given proper punishment. The attitude of the Mexican authorities was correct; there is no cause for complaint against them and the incident is without significance."¹

Similarly, on April 12, when the cable referred to in the President's message was held up in Mexico City, Chargé O'Shaughnessy, in two separate cables, explained to the State Department that the incident was "really due to ignorance of censor."² President Wilson was kept in touch with every official communication from Mexico; nevertheless, he misstated the facts surrounding three trivial incidents in such a way as to rouse national excitement and asked Congress to approve his using "the armed forces of the United States in such ways and to such an extent as may be necessary to obtain from General Huerta and his adherents the fullest recognition of the rights and dignity of the United States."³ It may be stated at once that the salute of twenty-one guns was never obtained and the entire flag incident at Tampico was dropped. The use of armed forces in Mexico was the outcome of the policy announced the previous year that the administration would "seek the retirement of Huerta from the Mexican Government, and that the Government of the United States must now proceed to employ such means as may be necessary to procure the result."

11. *The Capture of Vera Cruz*

The President's message called forth a flood of patriotic oratory in Congress. The administration leader in the House, Oscar Underwood, connected the American flag with property

¹ U. S. "Foreign Relations," 1914, p. 465.

² Ibid., pp. 453-4.

³ Ibid., p. 476.

interests in Mexico, referred to the impending invasion of Mexico as war, and admitted that it had been coming for a long time. "War," he declared, "never comes from one incident, and never has. For more than a year we have been facing a state of turmoil, a state of disorder—I may not go too far if I say a state of anarchy—in the Republic of Mexico, that has threatened the lives and property of the citizens of the United States. . . . We have hoped from day to day that a peaceful settlement might be reached, but I will say to you . . . that peace without strife never comes to that nation that is not willing to protect its citizenship, sustain its property interests in a foreign country, and, above all other things, compel a decent respect to the flag of the Nation . . . the flag that makes it safe for an American to put his foot on foreign soil."¹ Before Congress could act on the President's message, however, matters quite remote from the three incidents mentioned in it induced him to order the immediate seizure of Vera Cruz.

At 2:30 in the morning of April 21 the President was awakened by a telephone call from Secretary of State Bryan who informed him that the German steamship *Ypirango*, carrying munitions, would arrive at Vera Cruz that morning about ten o'clock. Secretary of the Navy Daniels also got on the wire, and after consulting his two cabinet officers and his private secretary, President Wilson said: "Take Vera Cruz at once."² The *Ypirango* was carrying arms for the Huerta forces. On February 3, the embargo on arms to Mexico had been lifted so as to treat Mexico "as any other country would be which was torn by civil war."³ On April 21, by order of the President, the *Ypirango*, carrying arms for the de facto government of Mexico, was stopped. Marines and bluejackets landed at Vera Cruz, seized the cable office, post office, telegraph office, customs house, and railroad station, and on the following day American forces "commenced advance to take the entire city at eight o'clock under guns of war vessels."

¹ U. S. "Congressional Record," v. 51, p. 6937.

² Tumulty, "Wilson as I Know Him," p. 152.

³ U. S. "Foreign Relations," 1914, p. 447.

Mexicans in Vera Cruz resisted what they termed "the unlawful landing of American marines," for no war had been declared. Many of these were civilians defending their homes, as indicated by an order issued by Admiral Fletcher declaring that "such firing by irregulars not members of an organized military force is contrary to the laws of war; if persisted in it will call for severe measures."¹ At the same time the Huerta general at Vera Cruz announced he did not intend to fight, but would leave with all his soldiers, tearing up the track behind him.

The capture of Vera Cruz cost the United States the lives of seventeen marines and bluejackets. It cost Mexico the lives of two hundred men, women and children. Its ostensible object was to obtain satisfaction for the affront to the American flag at Tampico. The satisfaction was never again requested. Its actual object was the removal of Huerta and the installation of the Constitutionals. It was President Wilson's way of teaching Mexico "to elect good men." While the firing was still going on at Vera Cruz, John Lind, the President's confidential agent in Mexico, declared in a public statement: "We have no quarrel with the revolutionists, therefore, while Huerta is blocked away from supplies, the revolutionists will push forward steadily and irresistibly. The end should not be far off, so far as Huerta is concerned."² On the same day the wife of the American Chargé d'Affaires at Mexico City wrote that "With the taking of Vera Cruz, through whose customs a full fourth of the total imports come, Huerta is out a million pesos a month, more or less. We are certainly isolating and weakening him at a great rate. 'Might is right.' We can begin to teach it in the schools."³

Despite the aid which the American Government gave to the Constitutionals by seizing Vera Cruz, Carranza considered the act a violation of Mexico's sovereignty. He had already notified William Bayard Hale, another of President Wilson's confidential agents, that "No foreign nation can be permitted

¹ U. S. "Foreign Relations," 1914, pp. 477-81.

² "New York Sun," April, 23, 1914.

³ O'Shaughnessy, *supra*, p. 290.

to interfere in the interior matters of Mexico.”¹ Now, on April 22, he notified the State Department that although “the individual acts of Victoriano Huerta will never be sufficient to involve the Mexican nation in a disastrous war with the United States,” yet “the invasion of our territory and the stay of your forces in the port of Vera Cruz, violating the rights that constitute our existence as a free and independent sovereign entity, may indeed drag us into an unequal war. . . . I interpret the sentiment of the great majority of the Mexican people, so jealous of its rights and so respectful of the rights of foreigners, and invite you only to suspend the hostile acts already begun, to order your forces to evacuate all places that they hold in the port of Vera Cruz, and to present to the Constitutionalist Government . . . the demand on the part of the United States in regard to acts recently committed at the port of Tampico.” In the face of Carranza’s nationalist stand, the United States did everything in its power to prevent the Constitutionalist Government from supporting Huerta. Special agent Carothers worked on Villa, and through him the Constitutionalist Government was notified by the State Department that the object of the extensive military activity of the United States on the border would be “governed entirely by the attitude of General Carranza, General Villa and their associates.” As a result, Villa was prevailed upon to apologize to the State Department for Carranza’s protest. It seemed as if the United States was to have a free hand in regulating Mexico’s affairs by force.²

12. *Ordering a Government for Mexico*

Interference by the United States in the affairs of one Latin-American state always tends to unite all of Latin America in a common fear. It was with this in mind that Huerta declared that “Mexico is defending not only her national sovereignty but that of all Latin America as well.”³ On April 25 the representatives of Argentina, Brazil and Chile offered

¹ O’Shaughnessy, *supra*, p. 55.

² U. S. “Foreign Relations,” 1914, pp. 484-8.

³ “World’s Work,” v. 28, p. 130.

to mediate the conflict between the United States and Mexico in order "to prevent any further bloodshed."¹ This offer was accepted by Huerta and the United States, and representatives of both governments met the mediators at Niagara. However, while the negotiations toward the conference were still in progress, General Funston, commanding United States army forces, formally took over Vera Cruz from the navy on April 30, and declared himself military governor of the city. American troops took control of the general treasury, the customs house, the civil courts, and the post office, in compliance with instructions from the Secretary of War and by direction of the President.²

The conference which met at Niagara did not attempt to settle the three incidents which President Wilson used as a pretext for invading Vera Cruz. At the very beginning of the conference President Wilson stated his object, which was the elimination of Huerta and the placing in power of the Constitutionalists. A message to the American delegates stated that "the elimination of Huerta by one process or another, is now clearly inevitable, the only question remaining being the method, the occasion and the circumstances of his elimination. . . . The object of our conferences now is to find a method by which the inevitable can be accomplished without further bloodshed. By the inevitable we mean not only the elimination of Huerta but the completion of the revolution by the transfer of political power from Huerta to those who represent the interests and aspirations of the people whose forces are now in the ascendency."³ In a number of messages to the American delegates, President Wilson made it clear that the United States would insist on a complete acceptance of its programme by Mexico. "It would . . . be futile," his message of May 27 said, "to set up a provisional authority which would be neutral. It must, to be successful, be actually, avowedly and sincerely in favour of the necessary agrarian

¹ U. S. "Foreign Relations," 1914, p. 489.

² *Ibid.*, pp. 496-7.

³ *Ibid.*, pp. 505-6.

and political reforms, and it must be pledged to their immediate formulation. . . . And it will be impossible for the United States to withdraw her hand until this Government is finally satisfied that the programme contemplated will be carried out in all respects.

"We are putting these conclusions bluntly, not in the form, of course, in which we wish you to present them to the Mediators, but flatly for the sake of clearness.

"The case lies in our mind thus: the success of the Constitutionalists is now inevitable. The only question we can now answer without armed intervention on the part of the United States is this: Can the result be moderated; how can it be brought about without further bloodshed; what provisional arrangement can be made which will temper the whole process and lead to the elections in a way that will be hopeful of peace and permanent accommodation? If we do not successfully answer these questions, then the settlement must come by arms, either ours or those of the Constitutionalists."¹

Backed by this threat—that unless Mexico accepted the programme of the United States peacefully, it would be forced upon her by arms—the American delegation at Niagara proposed to the mediators and the Huerta representatives (1) that a Constitutionalist be made provisional president of Mexico, (2) that the election board shall contain a Constitutionalist majority, (3) that the land and naval forces of the United States shall remain in Mexico for an indefinite time, and extend to the elections. This was tantamount to controlling Mexico's elections through armed force, as the United States had done in Santo Domingo and Nicaragua. Not only did the Huerta delegates turn the proposal down, but representatives of Carranza who met the American delegates at Buffalo declared that the mediators "ought to stop attempting to settle internal affairs of Mexico . . . that they would not accept as a gift anything which the Mediators could give them, even though it was what they were otherwise seeking . . . that no one would be satisfactory that was appointed by the Medi-

¹ U. S. "Foreign Relations," 1914, p. 510.

ators, even if it was Carranza himself, because anything that came from the Mediators would not be accepted by their party or by the Mexican people." ¹

The Niagara conference accomplished nothing. With American troops in control of Vera Cruz, Huerta's strategic base, the forces of Carranza and Villa seized Tampico, through which they received arms and ammunition. As they continued their advance southward, Huerta was forced out. He resigned on July 15 and left Mexico, without ever having been called upon again to make amends for "insulting the dignity of the United States flag." Within a few weeks, Carranza was installed as first chief of Mexico at the capital, and both parts of President Wilson's avowed programme of teaching Mexico to elect good men seemed to have been carried out.

13. *American Oil Backs Carranza*

Huerta was opposed and Carranza was assisted, not only by the United States Government, but by the United States oil interests as well. Mr. Doheny made this quite clear in his testimony before the Senate Committee in 1919.

The British oil interests and the British Government were lined up on one side and the American oil interests and the American Government were on the other. "It was a well known fact that the British assisted in the sale of a large amount of Huerta bonds and they were distinctly favourable to the Huerta Government at that time. Our Government had shown its animosity to Huerta and its desire to support his opponents. So that our action was in line with our own Government and that of the British was in line with the supposed sympathies of the British Government." ²

In the course of his testimony Mr. Doheny made good his assertion, at least in so far as the American oil interests were concerned. When President Wilson refused to recognize Huerta, the Doheny interests stopped paying him taxes, thus depriving him of an important source of revenue.

¹ U. S. "Foreign Relations," 1914, p. 538.

² U. S. Congress, 66:2; "Sen. Doc." v. 9, p. 284.

The Chairman. At that time were you paying taxes to the Huerta Government on your oil shipments?

Mr. Doheny. Up to that time we had been paying; but . . . as soon as our Government turned its back on Huerta and refused to recognize him, we refused to pay him any more taxes."¹

Mr. Doheny's company went further, however, and when the Constitutionals under General Aguilar came into the Tuxpan field with a demand for \$10,000, this amount was paid, under protest, but "with the knowledge and consent and after consulting John Lind, the United States presidential representative in Mexico."² This transaction might be explained on the ground of duress, were it not for the fact that on at least three other occasions the Doheny interests contributed to the support of the Constitutionals.

On the first of these occasions Mr. Doheny met a Constitutionalist representative (Felicitas Villareal) in the Hotel Belmont, New York, and gave him \$100,000 in cash "for the purpose of helping to finance their needs."³

On the second occasion Mr. Doheny sent a representative to see Carranza and told him "to assure General Carranza of our friendship toward the cause of the Constitutionals and of our refusal to pay taxes to Huerta . . . and to tell him that if they needed fuel oil of any sort we would be glad to furnish them the fuel, keeping an account of it."⁴ The oil furnished on this basis totalled \$685,000. While this amount was ultimately set off against the taxes which the Doheny interests were paying Carranza, the open oil credit proved of great importance to the Constitutionals at a critical period in their operations.

The third instance in which Mr. Doheny's group assisted Carranza is shrouded in mystery. A check for \$3,466.86, drawn by the Huastica Petroleum Co., was paid to Dr. Henry Allen Tupper at a time when Dr. Tupper was actively advocating the recognition of Carranza. Mr. Doheny admitted these

¹ U. S. Congress, 66:2; "Sen. Doc." v. 9, pp. 276-7.

² *Ibid.*, p. 277.

³ *Ibid.*, p. 278.

⁴ *Idem.*

facts, but did not know the use to which the money had been put.¹

By way of summarizing the results of these excursions into Mexican politics, Mr. Doheny said: "This is merely one of a hundred or more incidents which show the checkered career of a company doing business outside of the boundaries of its own country, and is given merely for the reason that it shows the attitude of our Company toward the Constitutionalist forces when they were in need of help. So far as we know, every American corporation doing business in Mexico extended sympathy or aid, or both—and we extended both—to Carranza from the time that President Wilson turned his back on Huerta."²

Here is no equivocation and no effort to side-step the issue. Mr. Doheny tells frankly and specifically how and when he put both cash and credit behind Carranza. He says, furthermore, that in his opinion, many other American firms did the same thing. Whether, as Mr. Doheny asserts, the American interests in Mexico followed the lead of the United States Government, or whether, as Mr. Wilson, Mr. Bryan and others asserted, the United States Government was subject to constant pressure from the vested interests seems to be a matter of opinion. Both sides find no difficulty in agreeing that they were cooperating to control the internal political life of Mexico.

14. "Confiscation" and the Constitution of 1917

Carranza received active assistance from the American Government and from the United States oil interests in his effort to take the Mexican Government out of the hands of British-supported Huerta. But there was an element in the situation which neither Mr. Wilson nor Mr. Doheny seem to have understood—the Mexican Revolution.

In its earlier phases, the Mexican Revolution appeared merely as a struggle between Mexican political leaders who had, as their objective, an increase in their personal power. By the

¹ U. S. Congress, 66:2; "Sen. Doc." v. 9, pp. 292-3.

² Ibid., p. 279.

time that Carranza appeared on the scene, however, the Revolution had entered a different phase. It was no longer a case of Carranza versus Huerta, but Carranza, Zapata, Villa and other advocates of land reform, versus Huerta, the landlords, the Federal Army and the machinery of the Federal Government. Although Carranza was himself a landowner, he adopted the slogan of land reform. The peons who supported the revolution wanted land and peace. The Constitutionals promised both. By 1914, therefore, in so far as the masses in Mexico were concerned the revolution had ceased to be purely personal and political, and had entered a social stage. It is impossible here to discuss the Mexican Revolution¹ but it is necessary to note that a Constitutional Convention met on December 2, 1916, and that, on February 5, 1917, the new constitution was promulgated.² From the standpoint of foreign investors, the most important doctrine embodied in this constitution was that the sub-soil rights of Mexico (minerals, fuels, etc.) belonged to the Mexican people. The essential elements in this doctrine are stated in Article 27.

"The ownership of lands and waters within the limits of the national territory is vested originally in the Nation." These are the opening words of Article 27. The right of the Nation to transmit title to private persons is then asserted, but "the nation shall have at all times the right to impose on private property such limitations as the public interest may demand as well as the right to regulate the development of natural resources. . . . In the Nation is vested direct ownership of all minerals or substances which in veins, masses, or beds constitute deposits whose nature is different from the components of the land." A later section of the same article vests the title to water rights in the Nation.

While this assertion of the title of the nation or state to the land of the state is a commonplace in the laws of most modern countries, who embody it in the doctrine of the right of eminent domain, the application of the principle to silver, copper,

¹ Ross, "Social Revolution in Mexico." Beals, "Mexico," p. 53 ff.

² U. S. Congress, 66:2; "Sen. Doc." v. 10, pp. 3123-52.

gold, and especially to oil created consternation among the foreign investors in Mexico. Abstractly the people of Mexico are sovereign. That is, they have the right to regulate their own affairs free from outside interference. Practically the essential resources of Mexico are in the hands of foreign capitalists (principally Americans) whose business it is to make what they can out of the resources and people of Mexico. Therefore, when the Constitutionals, who had won the economic and diplomatic support of the United States, proposed the passage of Article 27, Secretary Lansing addressed a communication to Charles Parker, representative of American interests, containing a protest against the proposed Article 27, which was then before the Constitutional Convention.¹ The Lansing note pointed out that the article was, in effect, confiscatory, and urged the necessity of its modification.

This note was one of a long series of communications in which the United States State Department opposed, first the passage of Article 27 by the Constitutional Convention, and then its enforcement by the Carranza Government. On February 19, 1918, Carranza issued a decree imposing a petroleum tax under Article 27, and the United States State Department replied on April 2 with a "formal and solemn protest of the Government of the United States against the violation or infringement of legitimately acquired American property rights involved in the enforcement of the said decree."² The controversy dragged on until, on August 12, 1918, Secretary Lansing asked Carranza to "suspend all operation of said decrees in order that the American Government may examine carefully and consider their provisions, purpose, and results as affecting rights and properties of American citizens."³ To this protest Carranza replied on August 13 that the enforcement of the decrees did not admit of further delay. He also called the attention of the State Department to the fact that the decrees were a part of the fiscal legislation of the Mexican Government, and as

¹ U. S. Congress, 66:2; "Sen. Doc." v. 10, p. 3121.

² *Ibid.*, p. 3155.

³ *Ibid.*, p. 3158.

such were not the legitimate subject of diplomatic representations. Following this, on August 17, the Acting Secretary of State for Mexico pointed out, in a carefully prepared note, that any sovereign state has the right to decide its own fiscal policy, and that so long as this policy does not discriminate against the property rights of the citizens of any particular nation, it is not the legitimate subject of diplomatic representations. Furthermore, that the nationals of any state must expect to abide by the laws of the country in which they invest. The Acting Secretary wrote:

"The criterion of the Mexican Government in this matter is not an innovation in international law, but the simple application of the principle of the equality of nations, frequently forgotten by strong governments in their relations with weak countries."¹

Carranza evidently had these and similar negotiations in mind when he said to the Mexican Congress on September 1, 1919: "Unfortunately the Mexican Government has received suggestions more or less vehement from the United States Government when it has tried to make reforms that may injure American citizens. These suggestions deliberately destroy our liberty for legislation, and nullify the rights we have to progress in accordance with our ideas. The argument used by the American State Department, as well as by the American press has been that our duties are confiscatory. The Mexican Government hopes the Northern Republic will respect the sovereignty and independence of Mexico. . . . The revolution has implanted reforms making for the welfare and progress of the Mexican people. The Government is attempting to respect and consolidate existing rights, but absolutely cannot accept the principle that the liberty of Mexicans to govern according to their own necessities should be limited."²

Throughout this correspondence, the American State Department was frankly defending the American investors in Mexico,

¹ U. S. Congress, 66:2; "Sen. Doc." v. 10, p. 3161.

² DeBekker, "Plot Against Mexico," pp. 235-272.

and as most of the correspondence had to do specifically with the oil tax decrees, the correspondence centres around oil. The Mexicans, on the other hand, were insisting upon the right to levy taxes in accordance with the provisions of their own constitution. The diplomatic power of the United States was therefore being brought to bear against the enforcement, in Mexico, of the Mexican constitution and of Mexican law.

15. *Oil Producers versus Mexico*

The United States State Department was not left to fight the battle alone. Mr. Doheny, in the course of his testimony, stated the situation in these cogent words: "I will skip over this matter of the direct dispute between the oil men and our Government on the one hand with the Mexican Government on the other."¹ At the same point in his testimony Mr. Doheny declares that the oil companies refused to comply with the decrees of the Mexican Government "with the consent and approval and at the suggestion of our own State Department."

Nor did the oil companies stop with a mere refusal to obey the laws of Mexico. They organized and began a campaign to overthrow the Mexican Government. There were three phases of this campaign: first, subsidizing counter-revolution in the Mexican oil fields; second, a publicity campaign against Mexico, carried out in the United States; and third, a formal demand upon the Peace Conference, then sitting in Paris, that Mexico be denied a place among the nations that were entitled to join the League of Nations.

16. *Counter-Revolution in the Oil Fields*

After the promulgation of the Constitution of 1917 the oil producers began the payment of regular monthly sums to a local landowner named Pelaez, who held title to properties leased to the Mexican Eagle Oil Co. Pelaez "has an organized force of some numbers, and has held possession of a large

¹ U. S. Congress, 66:2; "Sen. Doc." v. 9, p. 267.

portion of the country for the last two years. I think his force was organized at about the promulgation of the Constitution in 1917 and in opposition to that constitution."¹

L. J. DeBekker notes that he was told at the American Embassy in Mexico City that "the oil men paid Pelaez, for guarding their interests, \$200,000 a month. . . . I was surprised to learn from the spokesman for the oil interests next day that they would like to see Pelaez President of Mexico, because he was their friend."²

The Association of Oil Producers in Mexico made a vigorous reply to this article in which they declared that "Pelaez's troops are operating in the oil fields only . . . for the reason that the Government is attempting to confiscate their oil values." In the same letter, the Oil Producers state that in 1916 Pelaez had made a demand for monthly payments, and that these were finally made with the full knowledge and with the advice of the State Department.³

At the Senate hearings on September 11, 1919, Mr. Doheny testified as follows:⁴

The Chairman. Has our State Department been aware of the fact that you have been making payments to Pelaez?

Mr. Doheny. Yes; not only aware of it, but so far as they could, without giving it in writing, they have approved of it.

At another point in the testimony:

Senator Brandegee. Are you now having to pay tribute to anybody for protection at the present time?

Mr. Doheny. We are paying tribute to Pelaez.

Senator Brandegee. At what rate now?

Mr. Doheny. I do not know the rate.

Senator Brandegee. Do you know the total payment to all of the companies?

Mr. Doheny. The total payment to all of the companies is less than \$30,000.

¹ U. S. Congress, 66:2; "Sen. Doc." v. 9, pp. 279-280.

² "Nation," v. 109, p. 37.

³ *Ibid.*, pp. 108-109.

⁴ U. S. Congress, 66:2; "Sen. Doc." v. 9, p. 289.

For more than two years, therefore, according to their own testimony, the oil producers had been maintaining a private army under Pelaez, at a cost running into hundreds of thousands per year, because the Mexican Government, in its enforcement of the laws, was "attempting to confiscate their oil values."

17. *Mexican Policy from 1910 to 1919*

During the years from 1910 to 1919—that is, after the importance of the Mexican oil fields had been established beyond the possibility of doubt, Mexico was in constant turmoil. The Mexican Revolution cannot be laid to the discovery of oil, but the attitude of the United States toward the various revolutionary governments was profoundly affected by the presence of American investors in the Mexican oil fields. From the earliest days, when Diaz was showing his friendship to the Cowdray interests, through the exclusion of Mexico from initial membership in the League of Nations, responsible officials of the United States Government as well as representatives of the American oil companies were playing an active part in Mexican politics.

The officials of the United States Government, from the President down, were at times openly partisan in the favoritism which they showed to those factions that were willing to promote American interests in the oil fields. This partisanship took various forms, all the way from diplomatic protests against the violation of American property rights in the oil fields to the military seizure of Vera Cruz, in an openly avowed effort to destroy the power of one of the Mexican factions that was known to favour the British oil claims.

The American investors, on the other hand, played an even more active part in Mexican politics; refusing to pay taxes to one faction, and providing open oil credits for the rival faction; subscribing large amounts of money to the cause of the Constitutionalists as against the Huertistas; paying a monthly stipend to the leader of a band of brigands as a means of protecting the oil companies against the necessity of paying taxes

to the constituted authorities; carrying on a publicity campaign in the United States looking to intervention in Mexico; following the President of the United States to the Peace Conference and there persuading him that Mexico must not be given an equal footing with other nations in the League. Mr. Do-heny, the leader of the American investors in Mexico, testified to these exploits with an adventurer's love of good sport, and speaks as though it were a matter of course that the Federal Government should give its aid to foreign investors.

The State Department has placed itself on record, again and again, as the avowed partisan of the American oil interests in Mexico, going so far as to insist that the Constitution of Mexico be modified in such a way as to allow American investors an extended opportunity for making profits out of the exploitation of Mexican resources.

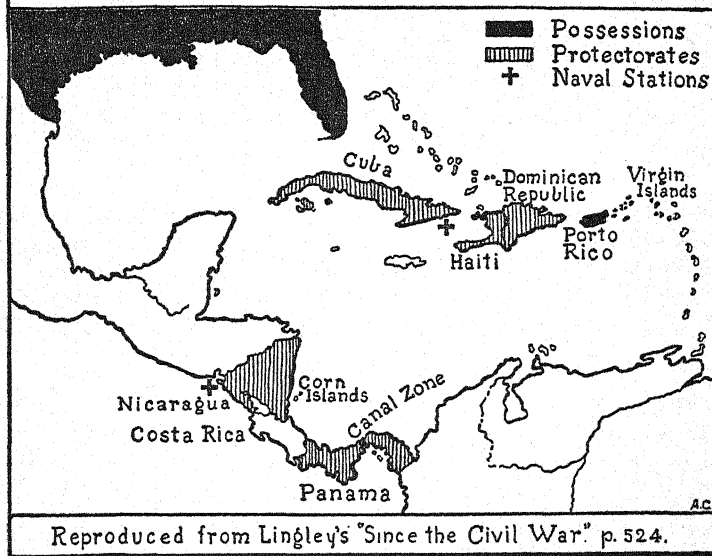
Evidence might be cited in far greater detail. Enough has been presented, however, to prove that the United States Government and the United States investors have both taken a part in the "regulation" of Mexico's internal politics during the decade ending with 1919.

18. *Political Domination of Weak Nations*

The political regulation employed by the American interests, private and public, in the control of Latin-American internal affairs, is in reality political domination and the denial of the right of self-government. This fact is now admitted by standard historians. For example, Prof. Wm. R. Shepherd in a recent article makes an ironical reference to the erstwhile libertarian ideals professed by the United States.

"Moreover there are certain pleasant terms in international parlance the use of which an honest consistency would have to make us forego. 'The twenty-one independent republics of the New World,' the 'equality of sovereign states in this hemisphere,' the 'self-determination of small nations,' even 'Pan-Americanism' and similar expressions, would have to fall somewhat into desue-

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tude, except as ornate trappings for state occasions. And yet, if it be true that several of the Caribbean countries are in fact no longer independent and belong almost, if not quite, in the category of the British crown colonies, so far as their relationship to the United States is concerned, the inconsistency in employing misnomers would seem already obvious." ¹

Prof. Albert Bushnell Hart is more outspoken.

"In addition the United States between 1906 and 1916 obtained a protectorate over the neighboring Latin American states of Cuba, Haiti, Panama, Santo Domingo and Nicaragua. Altogether, those five states included 157,000 sq. miles and 6,600,000 people." ²

At least one modern American history presents a map of the Caribbean with American protectorates (including the above countries) indicated by a special marking.³

The Cuban treaty of 1904 contained the germ of the idea which has since been applied to considerable portions of the Caribbean area. Under this treaty it is impossible for Cuba to enter into any foreign alliance or to make any important changes in internal policy without the acquiescence of the United States.

If the principle of political regulation may be stated in a sentence, it is that:

Weak neighbouring countries in which there are important American investments must expect to have their internal affairs dominated by the United States Government whenever such a domination seems advantageous to American interests. This principle is "the present form of Monroeism," evolved and supported by "the authors and representatives of the imperialist movement: McKinley, Roosevelt and Lodge; by the representative of dollar diplomacy: Taft; by the representative of the tutelary, imperialist, financial and biblical mission: Wilson." ⁴

¹ Blakeslee, "Mexico and the Caribbean," p. 202.

² Hart, "New American History," p. 635.

³ See reproduction, facing p. 120.

⁴ Pereyra, "El Mito de Monroe," p. 12.