

An Interpretation of American Imperialism

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An Interpretation of American Imperialism

I

THERE are few words whose mere employment is capable of throwing American listeners into such paroxysms of righteous or offended indignation as the words "American imperialism." This reaction is largely a reflection of the fact that "imperialism" is one of those words whose implicit domain of meaning is very large and even encompasses mutually contradictory elements as revealed by single user's notions of the world let alone different users' notions. In addition, the word conveys a strong connotation of ethically undesirable behavior to almost all users and readers.

Thus, many readers would not consider it worthwhile to go beyond the title of this paper; it being self-evident to them that the phenomenon to be interpreted does not exist at all or does not exist except for the Mexican- and Spanish-American Wars and their consequences. To these potential readers "imperialism" means the building and maintaining of territorial empires in the British or Roman sense. Those insisting on this limitation stand on strong—although hardly unassailable—etymological grounds. While their ranks have perhaps narrowed somewhat in the past ten or fifteen years, they have included every President of the United States from the late nineteenth century through the present incumbent as indicated by the incessant use of the incantation "we seek no territory" in order to demonstrate their own and the nation's virtuous freedom from the sin of imperialism.

Those who would deny that even the Mexican- and Spanish-American Wars were imperialist believe—again implicitly—that a word with such strong moral connotations can only be applied to a specific situation after considering the moral stature and behavior of the participants and the moral consequences of their actions. Of course, there is a whole class of moral definitions of imperialism

This article was originally presented to the University Seminar in Economic History at Columbia University in April, 1971. The present version has benefited at several points from comments and letters received from members of that Seminar. Although the article is a long work for this JOURNAL, it is merely an outline of a larger work on which the author is engaged. In consequence the details of argument and evidence are often inadequately indicated.

as varied as the moral standards for judging behavior. Because many of us are anxious to apply or remove the opprobrium of the word to or from particular historical acts, an occasional moral definition of imperialism is the kind most of us are most often likely to use as a contradictory substitute for our more usual definitions.

Still other potential readers will be deterred by our title because of their conception of the word "imperialism" as the engine that pulls behind it a whole train of inseparable Marxist indictments and prescriptions. For these lost readers, the mere use of the word is objectionable and indicates the user to be naively ignorant, cunningly subversive or some combination of the two. And indeed, for yet another large class of readers who are the mirror image of those just discussed, the word "imperialism" is an engine that pulls behind it an inseparable train of theoretical propositions about capitalism and history.

Most scholars and laymen employ the word "imperialism" with less precision and consistency than is implied by any of the preceding types of definition. It is commonly a flexible, wide-ranging word made up of some combination of the elements just discussed, with the mix of components and their relative importance varying from user to user and context to context. Thus, *Webster's New World Dictionary of the American Language* offers the following definition of "imperialism," deftly combining the territorial concept with a few cars from the Marxist train: ". . . the policy and practice of forming and maintaining an empire in seeking to control raw materials and world markets by the conquest of other countries, the establishment of colonies, etc."¹ To this definition, which is essentially unchanged from the one offered in the First Edition of the same dictionary, a second definition is added, reflecting the increasingly common use of the word by Americans to describe the policies of their own country since the end of World War II: ". . . the policy and practice of seeking to dominate the economic or political affairs of underdeveloped areas or weaker countries."² Clearly here is a phrasing rather specifically designed to penetrate the protective hex of disclaimers of territorial ambition and restore the applicability of the word to all sinners.

¹ David B. Guralnik, ed., *Webster's New World Dictionary of the American Language* (Second College Edition; Cleveland and New York: The World Publishing Co., 1970), p. 704.

² *Ibid.*

It is, thus, more apparent than is usually the case that the formalities of scientific procedure must be adhered to. I must begin with a definition of imperialism. Like all definitions, it must and will be arbitrary. I need a definition in order to proceed at all. I seek one which will be most useful in what follows. A useful definition for my purposes should bear some relationship to what is ordinarily considered to be imperialism. It should unambiguously identify the historical phenomena to be interpreted, and it should not predetermine the validity of what seem to be interesting hypotheses. The limits of meaning of the word have been stretched to their present unseemly extremities by the continuous efforts of statesmen and scholars to substitute the magic of altered definitions for the fallibility of argument and evidence. For Lenin, *Imperialism: The Highest Stage of Capitalism* was a definition as well as a title. To this day, Marxist discussants frequently avoid dealing with questions about the imperialism of socialist states or even the imperialism of ancient Rome or Assyria on the grounds that such phenomena are not truly cases of imperialism as a matter of definition. Joseph Schumpeter's study begins with a definition that nearly bursts from being stuffed with theoretical conclusions and implications: "Imperialism is the objectless disposition on the part of a state to unlimited forcible expansion."³ Schumpeter is explicitly aware of the force of his definition at subsequent points in the essay when he mentions cases of purposeful military expansion; observes that these cases are at variance with his thesis in various respects; and then dismisses the possibility of pursuing them as contradictions of his hypothesis because they are by definition not cases of imperialism. To a far greater extent than is the case with Lenin or Rosa Luxembour, the logic of Schumpeter's entire essay springs wholly from his definition without regard for or need of historical evidence. The definition animates and illuminates the historical vignettes which follow; but, the vignettes do not really support any scientific propositions except that the defined set of imperialisms is not empty.

In the present case, I am interested precisely in questions such as whether imperialism is "objectless" or purposeful; and if it has identifiable causes or purposes, whether these are in some or all cases economic in the Marxist or some other sense; and more

³ Joseph Schumpeter, "The Sociology of Imperialism," *Imperialism, Social Classes* (New York: Meridian Books, 1955), p. 6.

generally, whether any pattern of causes, drawn from any part of the purview of historians, can be adduced for all or some cases of imperialism. Therefore, I require a definition which—unlike the Marxist, Schumpeterian and dictionary definitions—does not presume anything about the causes, purposes or motives for imperialism. Beyond being behaviorist in this sense, the definition must obviously include the cases I wish to study. The following definition serves these purposes: imperialism is activity on the part of any state which establishes or subsequently exercises and maintains qualified or unqualified rights of sovereignty beyond the previous boundaries within which such rights were exercised.

Of course, this definition is not without serious problems. The moralist in each of us will be disappointed. The definition does not distinguish between the German invasion of Czechoslovakia and the Japanese invasion of Manchuria at the beginning of World War II and the American invasion of the invaders at the conclusion of the War. The inclusion of “qualified . . . rights of sovereignty” is intended to disappoint the adherents of imperialism as the establishment of classical territorial empires and colonies. It extends the meaning of imperialism to include the establishment and exercise of such qualified rights as extraterritoriality for businessmen, missionaries, and soldiers; the establishment of customs receiverships or overseas military bases; the establishment of military alliances, which reduce the sovereignty of some of the allies; interference in the domestic affairs of nominally sovereign nations; etc. All of these things, of course, are aspects of what has come to be called American imperialism in the recent past. However, they are also the essential elements of what has long been referred to as Athenian and Spartan imperialism of the fifth century B.C. I intend the word “boundaries” in the geographic sense, since imperialism in an international context has always implied spatial expansion. However, the ambiguity of the unmodified word suggests the extent to which my own preconceptions and ultimate conclusions are firmly embedded in my own definition. For, as it stands, the definition could easily be interpreted to include cases of the extension of the rights of sovereignty by deepening and strengthening them within fixed geographic boundaries. Indeed, it is of some interest that the word “empire” means both the dominion of a ruler over other men and of a nation over other nations and that this coincidence of meaning is rooted in a coincidence in history.

Marxist readers will raise a more fundamental challenge to my definition. They will object that it is based on the absurdly frivolous formalities of bourgeois international law. They will argue that the sovereignty of Guatemala is no more comparable to the sovereignty of the United States than is the sovereignty of the factory worker as consumer to that of the factory owner. The realities of the sovereign power of states, they would argue, are determined by the realities of the control of their respective ruling classes over domestic and international resources. If the Marxist view of history is correct, then my definition of imperialism certainly distorts reality and deflects attention from real shifts of power to phantom transfers of power to imperial states from overseas investors, resident in the same imperialist state. However, the distortion would not have a fatal effect on any attempt to test hypothesis dealing with the causes of imperialist behavior. If the onset of imperialism in a specific case is mistakenly dated by the phantom transfer of power to the imperialist state rather than the original assumption of power by its foreign investors, nevertheless, the objective motive in both cases would presumably be revealed as the protection and maximization of the same economic interests.

More difficult issues are raised by the realities of economic and other kinds of international interdependence. Consider an American corporation with a factory located in Canada. Is it imperialism for the Americans to pass a law which they insist prohibits the Canadian factory from exporting goods to or consuming imports from China? Is it imperialism for the Canadians to insist on their right to compel such a factory not to abide by either restriction? Similarly difficult questions of the interpretation of our definition arise whenever complimentary factors of production and intermediate inputs are separated by national frontiers.

However, the most ambiguous cases of all arise from civil wars. Were Sherman's march through Georgia and the Nigerian destruction of Biafra examples of imperialism or merely extreme cases of the everyday exercise of sovereign rights by states within their own domain? The answer depends on the way in which the word "previous" in our definition is to be interpreted. Strictly speaking, the situation immediately prior to the defeats of the Confederacy and the Ibo nation was that each exercised a considerable degree of sovereignty over the territory which it claimed. Therefore, the destruction of that sovereignty and reimposition of the sovereignty of

the Union and Nigeria can be viewed as cases of imperialism. However, it is clear that the logic of these situations can be seized upon and pushed to extremities, so that it would, once again, appear that the mere exercise of sovereign authority by any state within its own boundaries is, in fact, an example of imperialism. After all, every state always contains economic, social, or geographic groups which resist some aspects of the state's authority. From time to time, this resistance results in partial nullifications of the state's de facto sovereignty. The state, by constantly struggling to maintain and reassert its full sovereignty over dissident elements, is, therefore, with each resurgence of its control, engaging in another round in an endless cycle of imperialist acts. I have pursued this line of reasoning primarily to illustrate the direction of bias in my definition. I do not seriously intend to treat civil wars or any lesser examples of the domestic exercise of sovereign power as examples of imperialism.

Finally, it should also be noted that our definition has deliberately been fashioned to include historical examples which encompass a variety of eras and states under a variety of political, social, and economic organizations. I have, therefore, embedded in my definition the notion that imperialism is not a phenomenon unique to any particular stage of history or type of social organization. This does not exclude either the possibility that imperialism will be found to be a phenomenon with a single explanation more general than these historical variations or the possibility that we will discover different explanations encompassing the imperialisms of different eras and states.

II

The purpose of this section is to briefly outline the principal events in the history of the United States which appear to correspond to my definition of imperialism.⁴ The most obviously relevant examples have to do with the territorial expansion of the United States westward across the North American continent and to Alaska and Hawaii. I shall deal with the chapters of this experience in chronological order and in conjunction with other imperialist activity. However, a theme which is common to this entire expansion

⁴ Descriptions of virtually all of the events described in this section can be found in any standard history of the United States or encyclopedia. Only the exceptions to this rule have been documented.

should be briefly mentioned at the outset. For the first century after the adoption of the Constitution, the United States of America fought a nearly continuous war against different Indian tribes of the North American continent. The consequence of these wars was a continuous expansion of the *de jure* and *de facto* boundaries of the Federal government's sovereignty and a corresponding usurpation of the sovereign rights of the Indian nations. The ubiquitous economic and cultural consequences of this prolonged continental struggle have received considerably less attention from historians than they deserve. Since the present account is synthesized from secondary sources, I shall reluctantly have to confine my treatment of this significant aspect of American imperialism to this undeservedly brief mention.

From the very beginning of the Federal republic, there was an acute American interest in the Caribbean. For nearly a century, this interest was more often expressed in speeches and writings than in concrete actions. The remarkable Haitian revolution provided the context for some of the earliest exceptions to this rule. The revolution began in 1791 as a struggle of slaves against their masters. It was, therefore, necessarily also a struggle of Haitians against French rule. In the decade and a half before their struggle ended, the black revolutionaries of Haiti engaged in successive and successful military combat with the armies of England and France, the Spanish speaking population of what is now the Dominican Republic and a rival force of Haitian mulattoes.

The period of intense American involvement begins with the landing of English forces in 1798. Prior to that time, the Americans had presumably maintained the same trade relationships which had always prevailed before 1791. The English army was the first force in the history of the Haitian revolution which attempted to interrupt that trade. The primary initiatives were taken by American merchants and seamen who continued to trade with the black revolutionaries, supplying them with armaments as well as the usual staples of West Indian trade. This provoked the armed response of the British. The United States extended official diplomatic recognition to the Haitian revolutionaries and protected its own commerce with a barrage of diplomatic notes and the occasional presence of armed frigates. These policies were continued during the attempted French reoccupation of Haiti under General Leclerc beginning in 1802. However, it is apparent that individual Ameri-

can merchant seamen carried on an extensive trade with the French as well as the Haitians.

The first, and to-date the greatest geographic extension of American sovereignty was the Louisiana Purchase in 1803. Although momentous in its consequences, the purchase was swift and simple in its execution, involving only the signing of the treaty and its ratification without serious debate or opposition. Whatever military force was used to persuade the French to part with Louisiana, was brought to bear on them by the British fleet and the Haitian rebels.

The purchase still left open the centuries-old ambiguity concerning the West Florida boundary. After unsuccessful negotiations with Spain, the United States moved militarily to settle the question by occupying all of the territory which it claimed in two successive steps in 1810 and 1813.

Our chronology now comes to the war of 1812. The war was in many ways the opposite of the Louisiana Purchase. Its motivation and execution were extraordinarily complex and difficult to describe. Its results, in terms of expanding America's imperial domain, were minimal. In one sense, the war begins with the West Florida campaign of 1810 and the battle of Tippecanoe in 1811. For one of the purposes of the war was to secure and expand American sovereignty over territories which were disputed or nominally ruled. Although there was much talk in the United States about expanding American boundaries into Canada, neither the hostilities nor the peace treaty of Ghent altered the prewar status of England and the United States on the North American continent. Nor did the war or the peace have any direct bearing on the questions of the rights of neutral nations and the impressment of seamen—two issues which had been widely cited as purposes of the war by the Americans. On the other hand, the war did mark a period of decisive defeat for the Indian tribes at the southern and northwestern extremities of American settlement. The battles begun in 1810 and 1811 were brought to more decisive and victorious conclusions in 1813 with Jackson's successful campaigns in West Florida and thence across the Gulf Coast to New Orleans, and by Harrison's drive into Canada in pursuit of the British and Tecumseh. For a history of imperialism, the treaties which Harrison imposed upon the Indians, in 1814 and 1815, are of far greater importance than the treaty of Ghent. All in all, the de facto results of the campaigns led by Jackson and Harrison were to increase the degree of effective

American sovereignty between the Appalachians and the Mississippi.

The immediate post-war period is marked by Jackson's ferocious campaigns against the Seminoles, both before and after the purchase of Florida in 1819. The settlement of Mississippi, Louisiana, and Arkansas was also characterized by violent attacks against the resident Indian tribes by United States government troops.

The early 1820's marked the beginning of a prolonged period, during which there was little activity which falls within our definition of imperialism. The proclamation of the Monroe Doctrine in December, 1823, is an approximate demarcation of the end of the first period of frenetic American imperialism. The Doctrine itself was not so much an act of imperialism as a declaration of imperialist intentions, purporting to set limits on the acceptable forms of the exercise of sovereign power in those parts of the western hemisphere which were not, in fact, subject to the sovereignty of the United States. The administrations of John Quincy Adams and Andrew Jackson encompassed twelve years of rapid expansion in western settlement. Attendant on this movement of population, there was a constant series of conflicts with the Indians. However, there were few major campaigns, involving large numbers of troops. The Texas revolution marks the beginning of a new period of American belligerence—first in attitude, but ultimately in fact. Still, the administrations of Van Buren and Harrison were characterized by the absence of any overt acts of imperialism.

The presidency of James K. Polk in the mid-1840's must certainly be reckoned with as the next major period of American imperialism. Elected on the slogan "Fifty-four Forty or Fight," his subsequent negotiations with Britain over the Oregon boundary can be interpreted as extending the area of effective United States sovereignty through the realistic threat of the use of force. Indeed, subsequent to the settlement of the boundary dispute, considerable United States military force was employed for the balance of the 1840's to crush the resistance of Indians in the Oregon territory.

After Polk's election, the United States annexed Texas. Immediately thereafter, envoys were sent to Mexico with an offer to purchase large additional tracts of Mexican territory stretching from Texas through California. When the Mexicans refused to cede their claims to Texas or sell the desired territory west of Texas, the United States initiated hostilities which concluded with the military

occupation of Mexico City. Mexico was then forced to cede the claims and sell the territory, which she had not been willing to yield before the war. Thus was the greatest addition to American territory, except for the Louisiana Purchase, accomplished by force of arms.

American rhetoric and politics continued to be dominated by the ideology of Manifest Destiny after the end of the Mexican-American war. However, the only overt imperialist acts of any significance were the naval expeditions of Admiral Matthew Perry to Japan in 1853 and 1854. Perry led a heavily armed fleet into Japanese territorial waters, from which he refused to withdraw. Under threat of naval bombardment, the Japanese were persuaded to alter their policy of rigidly limited commercial, cultural and political contact with the outside world. In the late 1840's and early 1850's, there was also a series of flare-ups in the perpetual Cuban revolt against Spanish rule. These produced a corresponding increase in the perpetual American interest in securing hegemony over Cuba. The official indication of this concern was the effort of the Pierce administration to purchase Cuba from Spain. A more dramatic indication of the expansionist sentiment within the Government was the Ostend Manifesto, issued by the American ambassadors to Britain, France, Spain, and Belgium in 1854. The Manifesto explained the value of Cuba to the United States and indicated that Spain's refusal to sell might provoke the United States to taking Cuba by force. When news of the Manifesto reached the United States, it was immediately repudiated by the Secretary of State.

The next major expansion of American sovereignty was, once again, accomplished by the purchase of territory, in this case, remote and thinly populated Alaska from the Russians in 1867. From this point on, the chronicle of American imperialism becomes a matter of more complex and relatively less clear-cut developments.

Once again, from 1868 to 1878, a bitter and inconclusive Ten Years War for Cuban independence creates the context for American actions. An entire book could be written about the peculiar use in the American language of the word "filibuster" from the 1840's through the 1880's. A filibuster was literally a freebooter, or adventurer, or unauthorized privateer—which of itself meant little more than an authorized pirate. Perhaps, the earliest examples would be the Americans who fought with and supplied the Haitian rebels at the beginning of the nineteenth century. More frequent

cases of filibusterers arise in the late 1840's and early 1850's. The most famous case is certainly the large party aboard the ship "Virginus," captured by the Spanish navy, while flying an American flag, off the coast of Cuba in 1873. The Spanish executed fifty-two of those aboard this ship, including the captain, who were in the process of carrying arms and men to the rebels in Cuba. The "Virginus," with the help of some filibustering members of Grant's cabinet, very nearly successfully served the purposes which the "Maine" served twenty-five years later. These efforts were barely frustrated by Hamilton Fish, as he had frustrated the intrigues of other members of Grant's cabinet two years before, in an attempt to acquire the Dominican Republic.

American expansion in the Pacific was more successful. At the same time that Alaska was purchased, Seward had firmly established the United States' territorial claim to the Midway Islands. Since these tiny atolls were unpopulated, their annexation by the United States is, perhaps, not an example of imperialism in and of itself. However, the establishment of a naval base at Midway was the first in a long series of steps to deploy American naval power in the Pacific and elsewhere, so that it could be used to contravene the sovereignty of other nations. Units of the American fleet participated with other Western powers in yet another exercise of battleship diplomacy against the Japanese in 1868. In 1872, a United States naval commander obtained the permanent right to establish a United States naval and commercial base at Pago Pago in Samoa. In 1875, Seward's proposal for a reciprocity treaty with the Kingdom of Hawaii was realized, and that date marks an acceleration in the increasing presence of American commerce and naval power in the Hawaiian Islands.

Major American interest in the last decades of the nineteenth century remained in the Western hemisphere. In Chester Arthur's administration, additional reciprocity treaties were signed with Mexico, Spanish Cuba and Puerto Rico, the British West Indies, Santo Domingo, Colombia, and El Salvador. These treaties have dubious standing as imperialist acts. However, they are indicative of a vastly increasing official American concern for American commercial advantages overseas. The early 1880's also see the beginning of the publication of consular reports on trading and investment opportunities in foreign countries. Perhaps the most significant event in the Arthur administration is the beginning of the construction of

a modern American fleet of warships. From the nadir of naval strength in the early 1880's, the size and power of the American fleet grew at an accelerating pace for the next thirty-five years.

The Arthur administration was also involved in more distant controversies. Its entire three and a half years were punctuated by a continuous angry diplomatic confrontation with Germany over the respective spheres of influence which the two countries could exercise in Samoa. Both countries frequently threatened the use of force to emphasize their arguments. The United States also became involved in the struggle among Belgium and Britain and France over the Congo.

The first Cleveland administration heralds an escalation of imperialist activity on all fronts. In 1885, the United States participated in its first intervention in the affairs of a Latin American country in modern times. Nearly one thousand sailors and marines were landed to help Colombia suppress a rebellion in the Panama area. This intervention took place in the context of the loudly proclaimed, but unsuccessfully executed interests of the preceding administration in establishing exclusive American rights to a canal across the Isthmus and obtaining naval station concessions from countries bordering the Isthmus on both the east and west coasts. The Cleveland administration also successfully secured the renewal of the reciprocity treaty with Hawaii and obtained Pearl Harbor as another American naval base in the Pacific. It carried the argument with Germany over Samoa to a considerably increased level of acrimony. It sent Charles Denby as ambassador to China to aggressively pursue the open door policy and attempt to obtain concessions for American trade and investors. It tried with all its naval might and diplomatic bombast to "open" Korea in the same fashion that Japan and China had been opened previously.

The Harrison administration and Secretary of the Navy, Tracy, actively sought in the late 1880's and early 1890's to build a "first strike" American navy and to intervene in Haiti and Chile. The United States began by negotiating with one faction in the Haitian civil war for a naval base, certain commercial monopolies and the establishment of virtual protectorate status. When these overtures were rebuffed, the American Navy was instructed to assist in actively subverting the blockade which had been imposed against the other faction. With active American support and generous American supplies, the faction led by Hyppolite soon came to rule Haiti.

When this faction also refused the American overtures, the United States engaged in frequent shows of naval force and economic threats. However, actual force was never employed and the objectives sought were not gained.

Shortly after these events were concluded in 1891, a revolution broke out in Chile against President Balmaceda. The immediate Chilean issues had to do with the President's attempt to usurp authority vested in the congress. More generally, Balmaceda was pictured in Chile and America as representing American interests and the rebels were considered to represent British and German interests. There are two recorded incidents of overt American intervention to support Balmaceda. The first was the seizure by United States naval vessels of the rebel ship "Itata" off the coast of Chile and the confiscation of its cargo of munitions which had been purchased in California. The second was a communication from the United States fleet to the Balmaceda forces revealing the location of rebel ships. As in Haiti, the American effort failed, and the rebels ultimately triumphed.

While these events transpired in Latin America, the United States was also actively intervening in Hawaiian affairs. At the beginning of 1893, a group of Hawaiians who favored annexation of the islands by the United States and who had enjoyed a long and intimate relationship with the American ambassador launched a revolution against the Queen. A sizable force of armed American sailors disembarked at Pearl Harbor and presumably accounted for the swift and bloodless success of the revolution.

The business of promoting and defeating revolutions abroad had by now become a standard facet of American foreign policy. Early in 1894, a monarchist revolution, involving most of the Brazilian navy against a pro-American President, Peixoto, was on the verge of succeeding. The heart of rebel strength was a firm naval blockade of Rio de Janeiro. The United States fleet, acting under instructions from Washington, escorted American commercial vessels into the harbor and fired upon armed rebel ships in order to crush the blockade and the revolution and preserve the Peixoto government, the Republic, a three-year-old reciprocity treaty with America, and a newly established commercial beachhead in Brazil. In the early and mid 1890's, American interests in Honduras, Nicaragua and most especially in the Venezuela Boundary Dispute were vigorously and successfully advanced by diplomatic activity and the

deployment of ships and marines in Central America and South America. The Venezuela Boundary Dispute is of particular interest because of the clear forestatement of the Roosevelt Corollary by Cleveland's Secretary of State, Richard Olney, ten years prior to its formulation by Theodore Roosevelt in the following language: "Today, the United States is practically sovereign on this continent, and its fiat is law upon the subjects to which it confines its interposition."

Although this statement did not actually result in a significant alteration of the boundary of Venezuela with British Guiana, it was an extraordinarily accurate and honest description of the cornerstone of United States foreign policy in the western hemisphere for the next twenty, if not seventy-five years. Almost simultaneously with Olney's brusque message to Britain, the Cubans had launched yet another revolution for independence against Spain. In the spring of 1898, just as centuries of Spanish authority in Cuba were finally collapsing, the United States initiated hostilities against Spain, and a state of war was declared on both sides of the Atlantic. By early summer, all of Cuba was effectively occupied by American ground and naval forces. In August, Puerto Rico was also occupied by United States troops, and an armistice was signed.

The day after the signing of the armistice between United States and Spanish forces, the American fleet under Admiral Dewey sailed into Manila Bay and devastated the concentrated forces of the entire Spanish fleet in the Pacific. At the same time, Emilio Aguinaldo, leader of an unsuccessful Philippine independence movement in 1896, returned from exile and led a successful revolt against the crumbling Spanish forces. In the fall, Aguinaldo's forces proclaimed an independent Philippine Republic.

Meanwhile, the United States and Spain converted their armistice into a peace treaty at Paris in December, 1898. Under the treaty, Spain granted independence to Cuba. Spain also ceded the islands of Puerto Rico and Guam to the United States as war indemnities. Lastly, Spain sold the Philippine Islands to the United States for \$20,000,000.

As a result of these transactions, Aguinaldo led the Filipinos in a renewed war of independence against the newly arrived American colonialists. The war against the Philippines was a far more bloody and costly one than that against Spain. It lasted for six years (1899-1904)—although the back of Filipino resistance was broken with

the capture of Aguinaldo in 1901. The parallels with American involvement in Vietnam are astounding. American forces found themselves fighting the battles of a defeated colonialist predecessor. They fought in an unfamiliar climate, on an unfamiliar terrain, surrounded by largely unknown flora and fauna. The enemy was not a regular, uniformed army, but a civilian population, fighting from its own homes and fields, using captured Spanish and American weapons. Children, women, and the elderly were as likely to attack United States troops as were fighting-age Filipino men. These circumstances evoked the classical military responses. Villages, crops and livestock were destroyed. Entire populations were relocated and incarcerated when they were not massacred. The war in the Philippines also produced widespread dissent and revulsion in the United States. It was a principal campaign issue of William Jennings Bryan in 1900. The anti-war cause also attracted most of the new generation of muckraking intellectuals as well as such established luminaries as Mark Twain.

Meanwhile, American forces remained in Cuba contrary to the Congressional pledge made at the outset of the Spanish American War. American troops were finally withdrawn in 1902, after the passage of the Platt Amendment by Congress and its incorporation into the new Cuban Constitution and into a treaty between the new Cuban government and the United States. In addition to giving Cuba virtually protectorate status under the United States and incorporating a ninety-nine year United States leasehold on Guantanamo as a naval base, the Platt Amendment also reserved unusually wide latitude for United States intervention in Cuba, in order to preserve "political stability," or "democratic institutions," as well as American property.

For the next decade, the United States behaved as if the Platt Amendment had been incorporated into the constitution of every country in the Caribbean area. From 1902 through 1916, United States Marines landed approximately thirty times in the Dominican Republic alone.⁵ The purposes of these landings were to promote or defeat a coup d'etat, to protect American or European lives or property, or—most frequently—to seize the customhouse for a sufficiently long period to satisfy a Dominican obligation to American or other investors. These events are but the comic opera ex-

⁵ Selden Rodman, *Quisqueya* (New York: University of Washington Press, 1964), pp. 108-19.

treme of what had become a generally prevalent pattern of American behavior. In 1903, American vessels, sailors, and marines joined elements of the local population to proclaim the secession of Panama from a recalcitrant Colombia and its birth as an independent country. In 1906, United States troops reinvaded Cuba, exercising their Platt Amendment rights for the first time in order to defeat a domestic insurrection. In 1909, President Zelaya of Nicaragua was overthrown by a revolution, in which the preponderance of all the opposition forces were members of the United States armed forces.⁶ All of these are but examples among the hundreds of military incursions into every country in the area. Gradually, over the same period, American diplomats, bankers and businessmen came to exercise control over the key institutions of the smaller countries of Central America and the Caribbean. Central banks, railroads, custom houses, commissions charged with designing and executing fiscal policy and the maintenance of foreign relations all came increasingly under American domination.

In 1910, Mexico entered a prolonged period of revolution and internal struggle following the fall of the long-time dictator Porfirio Diaz. From 1912 through 1917, United States forces intervened several times in substantial numbers in attempts, often successful, to alter the course of the revolution. Most notable were the landing at Vera Cruz in 1914, which was instrumental in overthrowing Huerta, and General Pershing's campaign against Pancho Villa in 1916-1917.

1916 also marked a new escalation in the nature of United States military involvement in the Caribbean area. In that year, United States military forces invaded and occupied Haiti, Nicaragua, Panama, Cuba, and the Dominican Republic. The invading forces, in every case, were considerably larger than the small expeditions of previous years. Their role was not so much to tip the balance in favor of one internal faction or another, but to establish government by military occupation. The duration of these occupations was six to eighteen years. In almost every case, the occupying forces were involved in prolonged and serious combat with native guerilla elements.

Meanwhile, American interests in the Pacific continued to expand

⁶ Scott Nearing and Joseph Freeman, *Dollar Diplomacy* (New York: Arno, 1966), pp. 151-54; there is a more thorough treatment in an unpublished paper by a former student of mine, Stephen Mark, "The Conquest of Nicaragua," 1969.

as well. In 1898, in the heat of the war, America finally annexed the Hawaii which it had created five years earlier. After the war, from its new bases in Hawaii, the Philippines, Samoa and Guam, the United States circulated the Open Door Notes and vigorously pursued the Open Door Policy through the early 1920's. The vigorous pursuit of the Open Door Policy implied the maintenance of an American military presence in the Western Pacific. It also implied American participation in the defeat of the Boxer Rebellion and the subsequent imposition of new commercial arrangements and indemnities upon China, as well as other multinational and unilateral military actions designed to protect and expand the rights of foreign missionaries, businessmen, property holders, and citizens in China. It also led the United States government to offer its services as mediator in the Russo-Japanese War and to make vigorous official representations on behalf of American financial consortiums, desirous of participating in the development of Chinese railroads.

Whatever the American self-image at the time or since, United States participation in World War I must be viewed as a major exercise in imperialism. The Americans were a decisive component in the arrayed forces of the victorious Allies. They participated in the subsequent massive redrawing of the boundaries of Europe and transfer of colonial territories throughout the world, embodied in the Versailles Treaty. At the end of World War I, the United States also joined Britain and France in the ill-fated Archangel expedition against the Bolshevik revolution.

In the 1920's and early 1930's, United States forces withdrew from the five Caribbean and Central American countries which had been occupied in 1916. They left behind an American built and administered infra-structure, American written constitutions, modelled in every detail after the United States Constitution, and American-trained armies which quickly came to power by extra-constitutional means. The famous dictatorial regimes of Batista in Cuba, the Somozas in Nicaragua, and Trujillo in the Dominican Republic were all results of the American military legacy, and all received considerable economic, diplomatic and military support from the United States over the ensuing three decades.

The 1920's, and most especially the 1930's, represent a hiatus of sorts in the tumultuous level of United States imperialist activity. World War II, like World War I, must be considered as a massive

imperialist effort under our working definition. The War resulted in the establishment of a United States military presence and/or occupation authority in many parts of the world, where such presence remains to this day: South Korea, Japan, Okinawa, Britain, Germany, Italy, the Middle East, and North Africa. In the aftermath of the war, the victorious powers (principally the United States) once again redrew political boundaries and arbitrated internal political disputes.

I shall assume that readers are generally familiar with the history of the post-World War II period. I shall, therefore, merely list some of the events which fall within the scope of this study. Among the countries, where overt American intervention has occurred during the past twenty-five years, are Greece, Iran, Lebanon, the Congo, Cuba, the Dominican Republic, Colombia, Guatemala, Panama, Bolivia, China, Korea, Thailand, Laos, Cambodia, Indonesia, and Vietnam. The indirect or clandestine effect of the Military Defense Assistance and military foreign aid programs have been even more pervasive than these overt interventions. Since the end of World War II, sizable military missions have been maintained by the United States in most of the countries of the world. Approximately 100,000 officers of foreign armies have received prolonged military and political training in the United States. Countless times as many military personnel have received American training overseas. Over \$100 billion worth of armaments have been supplied from the American arsenal to other countries throughout the world.

Finally, it should at least be mentioned that the International Monetary Fund, the International Bank for Reconstruction and Development, the United States foreign aid programs, and the major international commodity agreements all contain, in principle or in practice, elements of American infringement upon the sovereignty of other nations.

III

This is a brief survey of the body of evidence which we seek to analyze. The most thoroughly articulated and widely believed analytical model, which is available to apply to this evidence, is the Marxist explanation of imperialism. It, therefore, seems appropriate to begin by comparing the predictions of a Marxist analysis with the realities of the American experience. Before that can be

done in any meaningful fashion, it is necessary to reformulate the Marxist analysis in the form of a hypothesis which is testable with available data. I must, therefore, ask the indulgence of Marxist and non-Marxist readers alike for the oversimplified and freely translated version of the Marxist analysis of imperialism which follows.⁷

In Marxist theory, capitalists exploit their position as the owners of the means of production to extract a surplus value above and beyond the stored and direct labor content of the goods and services which are produced in a capitalist economy. This surplus is the difference between the labor value of national product and the market value. Labor value is determined by the prevailing wage of labor and, for our purposes, it is not important whether this "subsistence" is biologically or socially determined, nor whether it increases over time, so long as its rate of increase is less than the rate of increase of real product per worker. The dynamic process, which leads to imperialism, begins when the flow of surplus value to capitalists exceeds their consumption requirements. It is assumed that capitalists, by their very nature, seek to reinvest this surplus in additional capital. It is again immaterial to the present analysis whether the capital, which is accumulated, is in the form of working or fixed assets or, for that matter, whether we analyze it in terms of real or financial assets. As capital accumulation proceeds over time, the stock of capital per worker increases, and the flow of real product per worker increases. Therefore, so long as the "subsistence" wage does not increase at the same rate, there will be an increase in the absolute and relative flow of surplus value per worker. In terms of the conventional accounts of western economics, the proportion of national income, accounted for by property income, should increase, and the proportion, accounted for by the income of labor, should decrease.

⁷ I am indebted to Edward Nell for demonstrating to me that the word "Marxist" in this section should really be "Leninist." The force of Professor Nell's point is not merely that Lenin and subsequent "Marxist" writers developed a theory which was not explicit in the works of Marx; but, that much of Marx's historical writing contained an analysis consistent with later sections of this paper and in conflict with the Leninist view of imperialism. A distinction similar to Nell's and an analysis sometimes parallel to my own is contained in a book which appeared a few weeks after this paper was first presented: George Lichtheim, *Imperialism* (New York: Praeger Publishers, 1971). I persist in employing the term "Marxist" since that is the common self-appellation employed by all of the writers whose views are here under attack. This usage has propelled the apocryphal dictum attributed to Marx—"I am not a Marxist."—into widespread credence and citation.

As capital per worker increases, the law of diminishing returns dictates that sooner or later, each increment of capital will produce progressively smaller increments of product. Therefore, at some point, the marginal rate of addition to capitalists' surplus value per unit of additional capital will begin to decrease. That is to say, the marginal rate of profit will decline, and ultimately, the average rate of profit will decline. At the same time, since the proportion of national income accruing to capitalists is increasing, the proportion of national product being purchased by capitalists for investment purposes is also increasing. However, unlike wage earners who must expend their subsistence earnings on necessary consumption, capitalists are under no compunction to spend the flow of surplus value at the same rate that it accrues to them. Both the timing and the composition of investment expenditures are considerably more volatile than is the case with consumption expenditures. At any point of capitalist development, the flow of investment expenditures may be less than or greater than the flow of surplus value accruing to capitalists. Capitalists have the ability to utilize banks and other financial institutions as well as official government institutions in order to create the purchasing power with which to finance investments in excess of their profits. Such a state of affairs corresponds to a period of cyclical expansion in capitalist economies. The excess purchasing power created by the capitalists bids resources away from consumers and creates a period of rising prices, general scarcity and higher surplus values. Conversely, if capitalists choose to spend less than their profits on new investments, aggregate demand is less than aggregate product, and a cyclical downturn ensues. There is a general deflation of product prices and wages. The absolute and, under plausible assumptions, the relative size of capitalists' profit decline.

As the share of surplus value in national income increases, so do the frequency and severity of cyclical downturns or, to use the Marxist term, "crises." The increasing frequency and severity of crises is exacerbated by the falling average and marginal rates of profit and the additional downward bias imparted to profit rates by the crises themselves. The situation is alternatively described by Marxist and semi-Marxist writers as a growing surplus of production in search of a market or a growing surplus of savings in search of investment opportunities. For purposes of the Marxist analysis, a solution to one problem is essentially equivalent to a solution to

the other. By the logic of the case, less-developed foreign countries appear to offer such solutions. Since capitalist industrialization has not yet taken place or advanced to the same stage as in the capitalist metropolis, the level of capital per worker in the underdeveloped country is low. It follows that the marginal increment of product per worker to each increment of capital per worker is large relative to the mother country. Therefore, the marginal and average rates of profit are large. Therefore, underdeveloped countries provide a more attractive outlet for the surplus savings of the advanced capitalist economy, and those surplus savings return to the mother country to absorb surplus product which is then exported to the underdeveloped country. If, in fact, "subsistence" wages have been increasing during the development of the advanced country, then the wage differential adds an additional advantage to investment in the underdeveloped country.

There are, however, impediments to the smooth implementation of this international solution to the domestic problems of an advanced capitalist society. In the first place, both the preindustrial ruling class and the prospective proletariat of the underdeveloped country will, in the Marxist view, resist the domination of the ruling class of the advanced capitalist country and the imposition of capitalist social organization. Furthermore, in a world where there is more than one advanced capitalist country, the capitalists of different countries will be competing for the privilege of exporting their surplus savings and produce to underdeveloped countries. Therefore, the implementation of this international solution requires the use of force to subdue resistance in the underdeveloped country and to protect it as a preserve for investment and exports from other advanced countries. In the Marxist view, the source of this force is the apparatus of the state in the advanced country, since the state is nothing but an instrument at the service of the capitalist ruling class. This, in its brief essentials, is the Marxist analysis of capitalist imperialism.

Further detail is added to the analysis by the additional Marxist propositions that the process of capitalist development is accompanied by the concentration of capital and the flow of surplus value in fewer and fewer hands and the growth of oligopolies or monopolies in all major capitalist industries. The historical inevitability of this process of concentration is established in the Marxist literature by introducing additional assumptions justified by the philo-

sophical approach of dialectics (competition generates monopoly), or by analogy to other disciplines (the evolution of species), or by induction from the observed course of developing capitalist economies. Once the propositions are accepted they add considerable momentum to the Marxist expectation that imperialism will be the practice of advanced capitalist societies.

In fact a prevalence of monopoly power would indicate many of the same economic motives for imperialism to the classical or neo-classical economic analyst as are deduced by the Marxist. Both agree that monopoly power would increase the share of property income or surplus value in national income. In fact both agree that monopoly profit *is* surplus value; that the presence of monopoly is sufficient to prevent the domestic investment of all surplus value and thus to prevent the attainment of full employment or the maximization of welfare or the minimization of profit. Furthermore, monopolies are necessarily in need of protection from potential competitors beyond the sphere of their monopoly. Therefore, any effort to profitably increase production or invest surplus abroad necessarily implies attempting to extend the sphere of protected operation so as to preserve the firm's market monopoly or resource monopsony.

We are now ready to ask what testable propositions are implied by this analysis. First, the model implies that before, during, and after the onset of active imperialism, we should expect to see investment increasing as a proportion of national product, and property income increasing as a proportion of national income in the imperialist country. Second, we should expect to see the stock of capital per worker increase, the average and incremental ratios of property income to capital decrease and the frequency and severity of cyclical crises increase. Third, approximately at the same time as the onset of imperialist activity, or possibly with some lag, we should expect to see the proportion of savings invested abroad, the proportion of national product exported abroad, the proportion of national wealth held abroad or representing claims against foreigners all increase. Finally, we should see some increase in the degree of economic concentration before the onset of imperialism and no decline thereafter.

In some cases, these propositions are more easily stated than tested. We shall now turn to an attempt to test them against the American experience which we have described. First, we must

decide which aspects of the American experience that we have described are appropriate for the Marxist model. Clearly, the conquest and purchase of the continent from Indians, the French, and the Mexicans presents rather special problems from the Marxist point of view. There was no significant population on the western frontier which could be converted into an industrial proletariat in the pre-Civil War period. The primary effect of expansion across the continent was to add to the nation's stock of land which in turn was a primary resource for an essentially agricultural nation in the pre-Civil War period. Therefore, imperialism after the Civil War must necessarily be the focus of any test of the Marxist model. In the post-Civil War period, the United States was predominantly and increasingly an industrial nation. Furthermore, most of the places which were the object of American imperialism were, in fact, underdeveloped and populated areas which did not merely become domains for an extensive growth of an agricultural American economy. We are, thus, concerned with data relating to two waves of American imperialism, one beginning in a tentative fashion before the Civil War and reaching a climax between 1898 and 1918; the second beginning in World War II and accelerating at least until the very recent past.

American data on savings and investment are in reasonable accord with the Marxist hypothesis for the nineteenth century. We have no direct measure of property income, let alone capitalist property income as a proportion of income generated in the capitalist sector. However, the rate of domestic savings would be a good index of property income, if the Marxist model is correct. According to Gallman's figures, domestic investment as a proportion of gross national product and domestic savings as a proportion of gross national product each increase fairly steadily from 1840 through the end of the nineteenth century and approximately triple from 9 percent of GNP in 1840 to 28 percent at the end of the century.⁸ So far, the data fits the Marxist model. Furthermore, according to Gallman's figures, the rate of increase of GNP per capita was decreasing erratically over the same sixty years.⁹ This does not necessarily prove that the marginal and average rates of profit in the

⁸ Robert E. Gallman, "Gross National Product in the United States, 1834-1909," *Output, Employment and Productivity in the United States after 1800*, Studies in Income and Wealth, XXX (New York: National Bureau of Economic Research, 1966), 11.

⁹ *Ibid.*, p. 9.

Marxist sense were also declining, but it is at least consistent with such a hypothesis.

It is difficult to determine what the appropriate analogue for the Marxist concept of the rate of profit might be in the available statistics. The most readily available information concerns the rate of interest, dividend yields, and prices of common stocks. There is some theoretical presumption that the interest rate at least ought to bear some long-term positive relationship to the rate of profit. Theoretical difficulties arise in connection with the question of whether or not interest rates and/or profit rates should be adjusted for changes in purchasing power. In a period of declining prices, Marxist capitalists would be subject to the following pressures: a decline in the monetary value of their stock of fixed and working capital, and a decline in the monetary value of their flow of surplus value. If all prices fell at the same rates, then the real position of capitalists would be unaffected by a period of deflation. However, if the deflation were to be accompanied by an additional decline in the level of real GNP, caused by a failure of aggregate demand, then the capitalists would have the same share of a smaller pie and their position would be impaired. In this case, the real rate of profit would also be less, corresponding to the underutilization of the existing stock of capital.

In any case, prices and the nominal rate of interest declined steadily and dramatically in the United States from the post-Civil War period to the end of the nineteenth century, as they did throughout the world. Macaulay's geometric index of long-term railroad bond yields declines from 8.2 percent in January, 1870, to 5.8 percent in 1880, 4.5 percent in 1890, and 3.9 percent in 1900.¹⁰ Dividend yields on common stocks and the yields on other classes of bonds show a similar pattern of decline.¹¹ The Warren and Pearson Wholesale Price Index declines from a peak of 193 in 1864 to a trough of 81 in 1889.¹² The Bureau of Labor Statistics Wholesale Price Index shows a further decline from 56.2 in 1890 to 46.6 in 1897.¹³ In both cases, the decline of agricultural prices (wage goods) and industrial prices are

¹⁰ Frederick R. Macaulay, *The Movements of Interest Rates, Bond Yields and Stock Prices in the United States since 1856* (New York: National Bureau of Economic Research, 1938), pp. A108-09.

¹¹ *Ibid.*, Appendix A. See also: U. S. Bureau of the Census, *Historical Statistics of the United States, Colonial Times to 1957* (Washington: G.P.O., 1960), pp. 654-56; hereafter cited as *Historical Statistics*.

¹² *Historical Statistics*, p. 115.

¹³ *Ibid.*, p. 117.

roughly equivalent. Macaulay, Irving Fisher, Keynes and others have noted the extent to which fluctuations in the nominal rate of interest can be explained by a lagged function of the level or rate of change of prices. The net effect of this analysis is to suggest that nominal rates of interest can be broken into "real" and price expectation components. In this analysis, the "real" component shows no secular trend. Such other scattered evidence as we have on the rate of private profit over the past hundred years does not conclusively suggest a secular trend up or down.

We can get to the Marxist notion of a falling rate of profit more directly by going to the factors which cause it in a Marxist analysis. Table 1 displays long-term trends in the stock of capital per worker, Net National Product per worker, the first differences of these two series and the ratios of the series and their first differences. Column (1) indicates that the stock of capital measured in 1929 prices and divided by the labor force grew throughout the period 1869-1955, although the rate of growth decelerated sharply after 1929 and there

TABLE 1
NET CAPITAL PER WORKER AND INDICES OF THE AVERAGE AND MARGINAL RATES OF PROFIT 1869-1955 (IN 1929 PRICES)

Time Period	Net Capital per Member of the Labor Force (1)	Change in Capital per Worker (2)	Net National Product per Member of the Labor Force (3)	Change in NNP per Worker (4)	(3)/(1) (5)	(4)/(2) (6)
1869-1889	\$2,553		\$772		.30	
		\$1,200		\$285		.24
1889-1909	3,753		1,057		.28	
		1,630		337		.21
1909-1929	5,383		1,394		.26	
		707		338		.48
1929-1955	6,090		1,732		.28	

Sources: Col. 1: Simon Kuznets, *Capital in the American Economy* (New York: National Bureau of Economic Research, 1961), pp. 64-5. The figures given are averages of Kuznets' ratios of the capital stock net of retirements, depreciation and military goods to the labor force. The years averaged are the first, last and mid-points of the first three periods and 1929, 1939, 1946, 1955 for the final period.

Col. 3: *Ibid.*, p. 73. The figures are Kuznets' computations of the ratio of the arithmetic average of Net National Product in each year in the period to the geometric average of the stock of capital for the period dates given above. I have selected Kuznets' NNP and capital stock figures excluding the military.

is some indication of a gentle deceleration in the previous sixty years.¹⁴ Column (3) summarizes the now familiar result that National Product per worker increased at a rather steady rate equal to slightly more than 1.5 percent a year and gradually descended from period to period. These data are consistent with the Marxist model or indeed with almost any other.

The test of the Marxist model is whether or not the growing stock of capital per worker is accompanied by an increased rate of exploitation, or share of profit in National Income, as well as a decline first in the marginal rate of profit and then in the average rate. The latter is crudely measured by Column (5), which is merely the output/capital ratio. To capture the Marxist concept of profit rates we should subtract wage payments from the numerator. Thus, much depends on the behavior of wages over time. If, as most American economic historians believe, the shares of labor and capital in National Income are roughly constant, then, Column (5) multiplied by the constant share of capital is equal to the profit rate, and Column (5) itself is a perfect index of the profit rate. If, the extreme Marxist assumption of a fixed level of subsistence wages were correct, then the true course of the average profit rate would be sharply upward over time as distinct from the flat to slightly downward trend of Column (5). For example, in the first case, if the fixed share of capital were 30 percent, the average rate of profit would vary between 7.8 percent and 9.0 percent over the entire period. If, on the other hand, a fixed real wage of \$475 in 1929 purchasing power had prevailed over the whole 86 years, the average rate of profit would have risen steadily and sharply from 12 percent in 1869-1889 to 21 percent in 1929-1955. The truth is no doubt closer to the first case, but, in any event, within the limits established by the two cases.

Column (6), the ratio of the change in output/worker to the change in capital/worker, is a satisfying index of the concept of the marginal rate of profit under almost all circumstances. In the

¹⁴ Simon Kuznets, *Capital in the American Economy* (New York: National Bureau of Economic Research, 1961), p. 65. All of the trends distinguished in Table 1 would not be materially affected by substituting Kuznets' calculations of gross capital stock or Gross National Product. I have selected the series which seemed conceptually most suitable. All of Kuznets calculations have subsequently been refined by Gallman, Lebergott and others. These refinements also have no material impact on the trends of the six columns in Table 1. I have used Kuznets' original calculations because of their conceptual suitability and their comparability over the entire period.

case of constant shares for labor and capital the true marginal rate of profit would again be Column (6) multiplied by the share of capital. In the case of fixed wages, Column (6) would represent precisely the marginal rate of profit. In either of these limiting cases it is a perfect index. We must conclude that the marginal rate of profit declined very slightly from the late nineteenth century through the early twentieth century and then increased dramatically after 1929 to a level which was at least double the rate of the preceding sixty years.

To summarize our findings up to this point, we have found that investment and savings were a rising proportion of national product and income through the nineteenth century (although they are a constant or slightly declining percentage since). This is consistent with the Marxist hypothesis for the first wave of imperialism, but not the second. The evidence on the rate of profit suggests that there has been essentially no secular trend in the real average rate. In fact, if by some redefinition of the measurements it could be established that the level of real wages had seriously lagged the growth of output per worker, then the logic of the numbers would imply that the average rate of profit had been sharply rising and was still significantly below the marginal rate. As for the marginal rate, although it may have declined slightly around the first wave of late nineteenth-century imperialism, we cannot avoid the conclusion that it has moved dramatically higher in the mid-twentieth century. Thus these statistics are neutral at best and often sharply in contradiction with the Marxist expectations for a period of growing capital per worker and imperialist activity.

Turning to the question of crises, the nineteenth-century American experience is again consistent with a Marxist viewpoint. The American economy did suffer increasingly serious cyclical departures from the full utilization of its resources in the period from the Civil War to World War I (or, giving proper weight to the Great Depression, to World War II). The 1870's were dominated by a serious depression and the 1890's by an even more serious one. Even the recovery periods of the 1880's and the first years of the twentieth century were marked by serious economic reverses. Marxists and Keynesians can, of course, agree that the proximate causes of these cyclical fluctuations were fluctuations in investment and, more specifically, in railroad investment. Fishlow's figures indicate that the real addition to railroad capital in the 1890's was lower than

in the 1880's.¹⁵ Walter LaFeber and others have seized upon the terrible economic difficulties of the 1890's as a convenient explanation for the accelerated pace of United States imperialist activity in the decade.¹⁶ A closer analysis would seem to indicate, however, that the fluctuations in American investment in the late nineteenth and early twentieth centuries were caused not so much by the inertia of the swelling surplus of capitalists as by the sensitivity of the American economy, and particularly the railroad sector, to economic fluctuations in Europe. Moreover, the second great period of American imperialism, covering the quarter century since the end of World War II, corresponds to a period of unprecedentedly full use of resources and rapid domestic economic growth.

Thus far, the test of the Marxist model against American experience must be considered inconclusive or negative. We have yet to consider the most directly relevant statistics, those dealing with American foreign trade and international capital accounts. Here, the results are rather decisively unfavorable for the Marxist hypothesis. Gallman gives us estimates of average GNP for ten-year periods, ending every five years from 1878 through 1908.¹⁷ If we take averages of the annual gross export figures for the United States for the same decades and express them as percentages of GNP, we arrive at the following figures for the decades ending 1878: 6.2 percent; 1883: 7.2 percent; 1888: 6.6 percent; 1893: 6.3 percent; 1898: 6.4 percent; 1903: 7.2 percent; 1908: 6.8 percent.¹⁸ This is hardly a decisive increase. Moreover, after World War I, when the fruits of imperialism should be plucked, the figures are lower and trending downward. In the early 1920's, exports average a mere 6 percent of GNP, declining to 5 percent by the end of the decade. In the 1930's exports are but 3 percent of GNP. Since World War II they have fluctuated around 4 percent of GNP.¹⁹ These statistics can only be called a decisive contradiction to the Marxist interpretation. An analysis conducted in terms of the surplus of commodity exports over imports is no more favorable from the Marxist point of view. The first decade in which there is any surplus at all is that ending

¹⁵ Albert Fishlow, "Productivity and Technological Change in the Railroad Sector, 1840-1910," *Output, Employment and Productivity in the United States after 1800*, Studies in Income and Wealth, XXX (New York: NBER, 1966), p. 611.

¹⁶ Walter LaFeber, *The New Empire* (Ithaca: Cornell University Press, 1963).

¹⁷ Gallman, "Gross National Product . . ." p. 26.

¹⁸ *Historical Statistics*, pp. 537-8.

¹⁹ *Ibid.*, p. 542; *Economic Report of the President* (Washington: G.P.O., 1971), pp. 197, 298.

in 1883, and the average surplus is 2 percent of GNP. The next surplus appears for the decade ending in 1893 and is .4 percent. The next surplus for the decade ending 1903 is 2.7 percent, and for the decade ending 1908, the surplus is 2.25 percent.

By this measure too, the economic benefits of imperialism appear to be negative. In the 1920's, the surplus of merchandise exports averages slightly more than 1 percent of GNP and in the 1930's .6 percent. The same .6 percent figure has prevailed in the post-World War II period. Even if we take the aggregate surplus on goods and services, it amounts to only 1 percent of GNP in the 1950's and .75 percent in the 1960's.²⁰

It follows from these flow figures that a balance sheet accounting of the United States international position will also yield unimpressive results in terms of a Marxist analysis. Until the end of World War I, the United States was a net international debtor. The level of net indebtedness rose rapidly from the Civil War until 1890, when it stood at slightly less than three billion dollars. For the next quarter century, the level fluctuated erratically between three and four billion dollars, before being dramatically reversed during the war years. Net United States claims against foreigners rose to a peak of \$8.6 billion in 1929, and then declined until the onset of World War II. Net private claims against foreigners were \$2.8 billion in 1946, \$18 billion in 1956, \$25 billion in 1966 and slightly higher since.²¹

In the post-World War II era, a new dimension has been added to American international accounts. The gross claims of the United States government against foreigners have been consistently greater than the total net private claims against foreigners. On the other hand, the growing mass of private and public claims of foreigners against the United States in the form of short-term dollar deposits do not appear in most international investment accounts. This reflects the de facto role of the United States as a world bank. As a percentage of aggregate national wealth, United States gross private claims against foreigners increased from 1.7 percent in 1900 to a peak of 3.9 percent in 1929. In the 1930's, the percentage declines to about 3 percent and has since been gradually increasing to about 3.5 percent. Net claims against foreigners also reached a

²⁰ The sources of these statistics are cited above in footnotes 18 and 19.

²¹ *Historical Statistics*, pp. 565-6; *Survey of Current Business* (Washington, D.C.: G.P.O., 1970).

peak in 1929 at about 1.9 percent of national wealth. In the post-World War II period, they have stabilized at about 1.2 percent of national wealth.²² Both the relative magnitudes and the lack of trend in these figures would seem to decisively contradict the Marxist predictions for a major capitalist country entering its second century of modern imperialist activity.

We are, thus, forced to reject the Marxist model as an explanation for United States imperialism. The evidence does not provide any support, either for the proposition that United States imperialism was a response to a growing need in the economy to export surplus product and invest surplus savings, or that United States imperialism had the result of making such increased exports and foreign investments possible.

However, these aggregate trade and investment statistics conceal as much as they reveal. In actual fact, the onset of major United States imperialist activity in the 1890's was accompanied or promptly followed by a major expansion of United States overseas investments. Gross United States claims against foreigners were approximately \$700 million in 1897, \$2½ billion in 1908, \$3½ billion in 1914, \$7 billion in 1919 and \$17 billion in 1929.²³ These funds were about evenly divided between direct and portfolio investments. From the 1890's through the present, over 70 percent of United States direct investment has been in other Western Hemisphere countries. Canada and Mexico have always accounted for the largest portions, with Cuba and Chile also playing important roles, especially in the 1920's. Over 80 percent of United States direct investment has always been in non-West European portions of the world.²⁴ Statistics on the distribution of portfolio investment are almost nonexistent for the late nineteenth and early twentieth centuries. However, a casual examination of the activities of major investment bankers and of the financial press indicates that a significantly high proportion of portfolio investment was in the obligations of Western Hemisphere governmental bodies and transportation or utility companies.

²² *Historical Statistics*, p. 151. See also, Kuznets, pp. 118-41. The national wealth measure, basically due to Raymond Goldsmith, includes reproducible tangible assets, land and net claims against foreigners. For years subsequent to 1956, I have extrapolated Goldsmith's estimate by subtracting the cumulated differences between Gross and Net National Product, adding cumulated gross investment and construction and multiplying the new total by the ratio of the respective GNP deflators.

²³ *Historical Statistics*, pp. 565-6.

²⁴ *Ibid.*

At the same time that the United States was a net investor in Western Hemisphere and other underdeveloped countries, it was, anomalously, a net importer from those countries. The value of the predominantly manufactured exports from the United States to the underdeveloped world did not equal the value of imports (primarily agricultural and mining products) from the underdeveloped countries. Thus, from the 1890's through 1929, the United States was a net supplier of funds to the underdeveloped world on both current and capital accounts. These funds helped finance the net import surplus which the same underdeveloped countries experienced in their trade with Western Europe. United States accounts were balanced by an equally anomalous relationship with Western Europe. In this trade, the value of United States exports (primarily wheat and other raw materials) exceeded the value of United States imports (primarily manufactured goods). In addition, the United States remained a significant net borrower from Europe through 1914.²⁵

These results are hardly consistent with the Marxist view of the foreign economic relations of a great imperialist power. Moreover, if we classify West Europe, South Africa, Canada, Australia, and Japan as industrial countries and the rest of the world as underdeveloped, over 60 percent of United States direct and portfolio investments are in the developed world, and over 75 percent of United States exports and imports represent trade with the industrialized world. These percentages are essentially unchanged from World War I through the present.²⁶

We must now ask whether these statistics suggest any other economic causes or consequences of American imperialism. We can certainly say that the policy of the United States government toward such countries as Cuba, Mexico, Hawaii, and China during the period from 1890 to 1929 was in large part motivated by a desire to protect the existing interests of United States investors. Conversely significant, United States investment often followed a United States military presence. In Cuba, for example, American investments increased from tens of millions of dollars prior to the

²⁵ Matthew Simon and David E. Novack, "Some Dimensions of the American Commercial Invasion of Europe, 1871-1914," *THE JOURNAL OF ECONOMIC HISTORY*, XXIV (Dec., 1964), 591-605. Also unpublished papers by the same authors presented at the 1963 Purdue Conference on the use of Mathematics in Economic History. *Historical Statistics*, pp. 550-53.

²⁶ *Historical Statistics*, p. 566 and sources cited for p. 565.

Spanish-American War to hundreds of millions by World War I and over a billion dollars since. The Philippines, Panama, Nicaragua, Haiti, and the Dominican Republic were also recipients of significant American investment funds subsequent to their military occupations. However, we have already seen that the investments being protected or made possible were and are a relatively trivial portion of the total wealth of the United States capitalist class. An economic interpretation can only be sustained, if the costs of pursuing an imperialist policy were and are equally trivial. The costs of the War in the Philippines, World War I, World War II, the Korean War, and the war in Indochina have not been trivial. Since the end of World War II, United States expenditures on military preparedness or activity have been significant in every year and have averaged considerably more than half of the gross value of all United States investments overseas.

There is a widely-held and little-studied theory which holds that advanced industrial countries become disproportionately large consumers of raw materials. The maintenance of a high and growing level of industrial output is vitally dependent on a rapidly growing supply of industrial raw materials. According to proponents of this view, it is to obtain control of these raw materials, rather than export or investment outlets, that industrial countries establish imperial spheres of influence. Attempts to apply this analysis to the United States can only be said to reflect the paranoid misconceptions which Americans have of their own country's economic position. The United States has perhaps the richest natural resource base of any country in the world. Ample land and climatic diversity make it many times over self-sufficient in all basic foodstuffs. The United States has the world's largest, lowest cost coal reserves and can literally carry them to Newcastle at a profit. It is richly endowed with water power and—until very recently—has always maintained more than ten times its current consumption in proven petroleum reserves. It has large endowments of almost every metal, mineral, and plant required by an industrial economy.

The exceptions to this generalization are trivial. The United States has insufficient deposits of nickel; but, adequate supplies are available in Canada alone. Aluminum production must be sustained with bauxite obtained outside of the United States. Platinum is largely obtained from abroad. Most tropical plants such as coffee, tea, and bananas do not grow in the United States. These are

merely consumer luxuries. Rubber was an important factor of industrial production; but was easily synthesized, when the need arose. Indeed, stainless steel can be made without nickel and high performance alloys without platinum. Other lightweight metals or plastics can be substituted for aluminum. Coal or nuclear fuels can be used in place of petroleum or petroleum itself produced in vast quantities from shale. Substitution and synthesis might increase costs. However, even if costs were increased by 100 percent, the aggregate effect would be negligible, since the United States has expended less than 1 percent of its GNP on the importation of industrial raw materials over the past century.²⁷ Compare this with the costs of maintaining an imperialist policy.

IV

We conclude that there is no vital economic self-interest of the American capitalist class or the American economy in the aggregate which has been, is, or could be served by imperialist policies. Much of America's imperialist behavior can still be explained by the fact that *individual* economic interests can be decisively advanced by a government policy whose costs or consequences are relatively unimportant to the disinterested parties. Thus, in the late nineteenth century and most of the twentieth century, the American consul in a given Latin American port would, more likely than not, be the Grace Line agent. He is charged by his government with responsibility for protecting American citizens, property and interests. But, the principal United States citizen is himself, and the principal American property and interests those of his company. If a local disorder or labor dispute or political insurrection threatens any of these, he will, quite naturally, call upon whatever American force is locally available. If sufficient force is available, the economic and political costs of employing it will hardly be noticeable in the United States.

Let us carry the argument a step further. Suppose the matter involves a whole country such as Guatemala. Decisions must then be made, not by a part-time American consul, but by those with full responsibility for American policy in the area. The Ambassador, his commercial and military attaches, the Central American desk in the

²⁷ This calculation is based on the "crude materials" category of imports; *Historical Statistics*, pp. 544-45; *Economic Report of the President* (1971), p. 300.

State Department, and other relevant government agencies will certainly be involved. What conception of American interests are these decision makers likely to act upon? For most of the twentieth century, the overwhelming American economic interest in Guatemala was held by the United Fruit Company. Its investments in Guatemala were a significant part of that nation's wealth and a significant part of United Fruit Company's total assets. Most permanent American residents in Guatemala were employees of United Fruit Company. Obviously, American government employees would move largely in the company of employees of United Fruit. Moreover, a significant number of Americans with the interest, the experience, and knowledge to serve their country in Guatemala would be the very same employees of United Fruit. Above and beyond these natural tendencies, United Fruit had vital economic interests to protect. The size of those interests was sufficient to justify the expenditure of considerable resources to *assure* that American government policy and those responsible for making it were sympathetic to United Fruit's interest. Conversely, the vast majority of other Americans of all classes and occupations had only the most peripheral interest in their government's policy toward Guatemala. The human or economic or moral costs of overthrowing the Arevalo government in 1954 were invisible to most Americans. But, the positive economic benefits for the United Fruit Company were extremely important.

This is a pattern of causation for imperialistic activity which has been repeated thousands of times. The members of the Grant cabinet who sought to annex the Dominican Republic stood to reap direct economic benefits for themselves and their associates. Secretary of the Navy Tracy's belligerent attitude toward Haiti was largely in defense of the economic interest of his business associate who was also an important campaign contributor.²⁸ Secretary of State Knox was himself a major stockholder in the firm which was the chief beneficiary of the overthrow of the Zelaya government in Nicaragua in 1909.²⁹ Americans with investments in Cuba made an important contribution toward getting the United States into the Spanish-American War.

There is an important additional dimension to the nature of

²⁸ LaFeber, pp. 128-30.

²⁹ Wilfred Hardy Callcott, *The Caribbean Policy of the United States, 1890-1920* (Baltimore: Octagon, 1942), p. 279.

individual economic interests in imperialist policies. The ownership of United States foreign assets is highly concentrated by comparison with the ownership of domestic assets.³⁰ The largest domestic corporations and individual fortunes are disproportionately invested in foreign assets, and this has always been true. For example, the Standard Oil Company of New Jersey, the largest non-financial American corporation in terms of assets, holds over half of those assets outside the United States. Thus, this one company alone accounts for nearly 10 percent of United States foreign assets. Similarly, the largest individual family fortune in the United States, that of the Rockefellers, is heavily concentrated in assets held outside of the United States, and represents a significant fraction of all such assets. The Mellons and the Guggenheims are two among many other major American fortunes, primarily based overseas. This concentration clearly increases the ability of foreign investors to advance their interests. A single individual with wealth of \$1 billion has proportionately greater opportunity to influence his government's policy than 100,000 individuals with wealth of \$10,000 each. The billionaire might dominate significant charitable or educational institutions or portions of the mass media or law firms or financial or industrial operations. Through these institutions, his views can be articulated and disseminated. A vast army of individuals can be groomed to fill important government posts. The billionaire himself can even run for Senator or President. One could make a fairly persuasive argument that the skillful use of such power has enabled the Rockefellers alone to virtually dominate the United States State Department for the past forty years. Galbraith and others have argued that the State Department has been dominated by a not much larger group of interests.

Increased wealth produces longer time horizons and diverse interests expand horizons in many other directions. Thus, great concentrations of foreign assets produce an elevation of specific interests into general ideological and policy postures. Perhaps the

³⁰ The following discussion contains distinct echoes of the Marxist analysis linking imperialism to monopoly. I did not pursue this aspect of the Marxist model in the previous section for want of a satisfactory measure of the incidence of concentration over the past century. It does appear that there was a significant increase in concentration after the beginning of the first wave of imperialism [Ralph L. Nelson, *Merger Movements in American Industry, 1895-1956* (Princeton: Princeton University Press, 1959)]. During this century there does not appear to have been a major shift. In this section I speak of micro-monopoly motivations which are parallel to the macro-monopoly behavior contemplated in the Marxist model.

most remarkable example of this process are the studies sponsored by the Rockefeller Brothers Fund, collectively titled *Prospect for America* and produced in 1958 by a panel including A. A. Berle, Jr., Chester Bowles, Arthur Burns, Lucius Clay, Henry Kissinger, Dean Rusk and Edward Teller.³¹ The reports deal with foreign policy, military policy, foreign economic policy, domestic economic and social policy, domestic education and "The Power of the Democratic Idea." They constitute a fairly complete blueprint for the implementation and management of a Pax Americana in the second half of the twentieth century. Many of those who helped write the reports have since had opportunities to implement them. Among the more remarkable proposals was the implication of Henry Kissinger's military security panel that the United States should spend approximately \$100 billion a year in the late 1950's and early 1960's to increase its military might, construct civil defense shelters, and create the ability to fight "limited" guerilla wars.³²

Before leaving the question of individual economic interests, two other peculiarities should be mentioned. Much United States overseas investment, especially in underdeveloped countries, appears to be the result of attempts to extend or evade monopoly or monopsony power. Thus, even though United States and Canadian reserves of iron ore were many times more than ample to support United States iron and steel production at the beginning of the twentieth century, Bethlehem Steel was forced to seek ore in Chile, Peru, Brazil, and Cuba, because of U.S. Steel's monopoly of North American iron ore deposits. Thus, the Guggenheim interests sought control of non-ferrous metal deposits all over the world, in order to become a significant factor in the world-wide supply of those metals. The most interesting case is oil, which accounts for approximately three-quarters of all United States direct investment in underdeveloped countries and a very large proportion of United States direct investment in developed countries. For reasons which we need not examine here, the international oil industry became highly concentrated early in the twentieth century and has been dominated since then by eight major firms of which six are American. The primary problem of these firms has been to maintain their collective control over the raw material which has proved to be em-

³¹ *Prospect for America: The Rockefeller Panel Reports* (New York: Doubleday & Co., 1961).

³² *Ibid.*, pp. 92-256.

barrasingly abundant. Throughout the twentieth century, proven world reserves have increased as rapidly or more rapidly than world-wide consumption. The profitability of the major international companies has depended on their ability to control the supply of crude petroleum, the price of crude petroleum and the apparatus for refining and marketing the products. A prime necessity has, therefore, been to obtain discretionary control over the development of petroleum resources throughout the world. The major companies have frequently called upon their governments to use the force of law or the force of arms, in order to control the production and international shipment of crude petroleum by non-members of the cartel and to influence less-developed countries to yield control of their petroleum resources to the major international companies. For most of the twentieth century, the primary value to the international companies of owning crude petroleum resources was the accompanying ability to keep those resources in the ground and off the market. In the post-World War II era, the position of the international majors has been somewhat eroded, first, from the aggressive attitude taken by the Italian state oil monopoly; second, from aggressive challenges by a half dozen newer American companies; and third, by the increasing organization, militance, and hostility of the crude producing countries.

The other peculiar special interest which deserves separate mention is that of United States investment bankers, especially those specializing in foreign loans. The underwriter of a security issue has different interests in general from the ultimate purchaser of the issue. The art of underwriting syndicates, developed to sell the debt of the Federal government during the Civil War, had already been perfected into essentially the present day form by the 1890's. The modern underwriter is no longer an investment banker in the sense of committing the firm's own capital to an investment, but rather the proprietor of a network for distributing and retailing securities. The capital which is delivered to the issuer is in practically all cases supplied by the ultimate purchasers. The underwriter's profit or commission is a share of these proceeds as a compensation for his retailing function. While the ultimate purchaser must necessarily be concerned with the credit worthiness of the issuer, the purposes to which the funds will be applied and the economic viability of such projects, the underwriter is primarily concerned with increasing the volume of securities which he retails.

Obviously, this can only be done in the aggregate by decreasing the quality of these issues from the point of view of the ultimate purchasers. So, American investment bankers, from the 1890's through the 1920's, aggressively encouraged the flotation of foreign bond issues in the New York market. Like their British and French counterparts, they cared little whether the funds were used for economic investments or such other purposes as financing current government or balance of payments deficits, financing the personal consumption of heads of state or the purchase of military hardware. This policy, in turn, gave investment bankers a vested interest in maintaining those foreign regimes which were the most generous issuers of debt. It also gave them a residual subsequent interest in preserving their good name and integrity by encouraging United States government actions to prevent defaults. Since 1929, and especially since World War II, credits for most of these purposes have been supplied to countries all over the world by the United States government directly or the I. M. F. and the I. B. R. D.

An economic interpretation of imperialism is, thus, resurrected for those innumerable cases where relatively inexpensive government initiatives have produced relatively important benefits for special foreign investor interests. However, these interests do not appear sufficient to explain American involvement in major and costly imperialist efforts such as the war in the Philippines and the war in Indochina. Nor do they explain other actions which carried equally grave potentials such as intervention in the Dominican Republic or the Bay of Pigs invasion.

V

There is another special interest group of considerable power and influence which contributes an explanation of these phenomena. If we view the professional military establishment as an independent institution, rather than the mere tool of the capitalist class or even the government, additional light is shed on the problem of imperialism. If military bureaucrats are anything like bureaucrats in universities, labor unions, other branches of government, business enterprises, and similar large organizations, then we would expect their primary objective to be increasing the size and importance of their organization. Hence, the most obvious advantages of establishing a new overseas naval base might well be that another

flag is stuck in the map on an admiral's wall, another base commander is added to the Navy's organizational chart, and another duty station is created which may be used to reward or punish, accelerate the promotion of or sidetrack various individuals, working their way up through the Navy hierarchy. There are obvious comparable advantages to be gained from increasing the size of the military's personnel and stock of armaments as well as maximizing the flow of expenditures to acquire and sustain these forces. In order to justify maintenance or increases in the military's force levels, inventory of overseas bases, etc., it is necessary for the military to demonstrate that these assets can be or, better yet, must be employed to serve useful or vital functions. The primary purpose of military organizations is to fight wars. There is, therefore, an observable eagerness on the part of the United States military establishment, or any other, to exercise the abilities for which it was organized and, in so doing, prove the wisdom of the nation in building and maintaining its military establishment.

These are general observations whose applicability to the American experience is of little significance until the end of the nineteenth century. Beginning in the 1880's, the Navy did supply much of the ideological impetus for imperialist policies. It established institutions whose primary function was the development of the theoretical underpinnings for the construction of the New Navy and its use throughout the world as the foundation for an American empire. In the early 1880's, the Naval Advisory Board and, at the end of the decade, the Naval Policy Board espoused and lobbied in Congress for the virtues of a large, aggressively deployed Navy. These views were best articulated by Admiral Mahan who was himself the dominant member of the Naval War Board in the late 1890's. In the Benjamin Harrison administration, Secretary of the Navy Benjamin Tracy became the first cabinet member with military responsibilities to exercise an important (perhaps decisive) role in the conduct of United States foreign policy. The building of the New Navy also established the now familiar patterns of allocating procurement contracts to those states and congressional districts where votes were needed. The custom of providing transportation, lodging and other benefits to Congressmen and influential decision makers out of the military's operating budget was also well established in the late nineteenth century, so also the maintenance of comfortable symbiotic relationships with suppliers.

However, although the Navy's budget increased from \$13.5 million in 1880 to \$34.5 million in 1897, and from 5 percent to nearly 10 percent of the Federal budget, the total amount was an insignificant fraction of national production in the late nineteenth century by comparison with the ratios we have grown accustomed to more recently. Aside from Tracy's belligerence toward Haiti and Chile, the clearest nineteenth-century example which we have of the military behaving as an interest group unto itself, is the single-minded determination with which the Navy Department acted within the government in 1897 and 1898, to insure an ultimate confrontation with Spanish forces in the Philippines. Of course, military officers far from home had considerable latitude during the nineteenth century to respond to individual situations and determine the best methods of implementing their general instructions. Thus, there remains some uncertainty as to where the chain of command began for such actions as United States intervention in the Hawaiian Revolution (Tracy?) and similar brief military actions.

The size of the military establishment was permanently enlarged by the Spanish-American War, as it has been by every war in the nation's history. The enlarged military began to assume and promote itself for the assumption of enlarged functions. The occupation forces in Cuba under General Leonard Wood undertook to build or supervise the construction of sanitary facilities, highways and other transportation facilities, hospitals, schools, and other physical improvements. United States military forces also undertook to plan and promote the economic development of Cuba and to train technicians to operate the new society and facilities being built. These latter army functions extended from training a native police force to training a core of Cuban politicians and civil servants and assisting in the drafting of the Cuban Constitution.

All of these new-found functions were often repeated, especially in other Caribbean and Central American countries, during the first three and one-half decades of the twentieth century. It is of some interest that, while General Wood was in command of United States occupation forces in Cuba, he wrote a book on investment opportunities in Cuba, which was published by the War Department and widely distributed to American businessmen. Subsequently, while General Wood was military governor of the Philippines, he wrote an identical volume, dealing with those

Islands, which was published and distributed in the same fashion. These efforts suggest that the Army, far from being the instrument of United States capitalists, was, in fact, pursuing the expansion of its own empire for its own purposes. Private capital investments were sought after the fact of military occupation in order to provide an important additional justification for the military presence which was already established and to improve the likelihood of vigorous economic expansion in the areas being developed by the Army.

Since World War II, both the interests of the military as an independent bureaucracy and its ability to pursue those interests have become much clearer. In the immediate postwar period, there was a significant struggle between the Defense Department and the State Department over the question of military defense assistance to other nations. The Pentagon proposed in the first instance supplying "friendly" Latin American nations with World War II American weapons and establishing military aid missions to assist them in developing efficient establishments to employ the weapons. The alleged purpose was to assist Latin American nations in defending themselves against the threat of Soviet invasion. The State Department argued within the Truman administration and in Congress that the likelihood of a Soviet invasion of Latin America was nil; that the program would make a minimal addition to the ability of the United States to protect the Western Hemisphere; that the enlargement of Latin American military establishments would create an additional burden on economic development in Latin America and an additional threat to democratic institutions and political stability. Clearly, the State Department's analysis was correct. Nevertheless, the Pentagon prevailed in this and virtually every subsequent fight. Clearly, the State Department also feared that the military aid missions would become rival centers of authority to the United States embassies in Latin American countries, and that the Pentagon would become a rival source of foreign policy decisions to the State Department as a consequence. In this respect also, the State Department's forebodings have been borne out. It is doubtful that very many individuals in the Pentagon or the Congress genuinely believed that the effect of these military aid programs would be to significantly enhance the ability of Latin America to defend itself against a Soviet attack. Quite obviously, the military bureaucracy was interested in seizing an opportunity to significantly expand its functions and bases of operation and to

usurp additional portions of the State Department's traditional role.³³

This sort of motivation for the military was certainly not a new development in 1947. The ability to prevail with the Congress in a direct confrontation with the State Department was new. It reflected the fact that the military had grown to be the single most important economic force in the country. As indicated above, since the end of World War II, the military has spent every year an amount equal to more than half of the total accumulated value of all United States investments in all foreign countries. All of this power is concentrated in a single, highly centralized bureaucracy. Two measures of the pervasiveness of this economic influence can be obtained from examining the fifty largest firms on *Fortune's* 1969 list of the largest industrial corporations. Thirty-seven of them are also on the Defense Department's 1969 list of the one hundred largest defense contractors and eight of them sold over one-half of their total output directly or indirectly to the Defense Department. It is impossible to argue that the concentrated economic power of foreign investors enables them to have a significant impact on United States foreign policy and then not to concede that the far greater concentrated power of the military does not convey a proportionately greater ability to pursue its own interest in the conduct of foreign policy and not merely to serve the interest of foreign investors.

VI

The combination of individual economic interest and the self-interest of the military bureaucracy appears adequate to explain the vast majority of instances of modern American imperialism. However, the extreme cases are still somewhat dubious. The military, like the foreign investor, can obviously prevail when it has the inherent ability to act unilaterally or when the action it favors is of significant benefit to its own interest and involves relatively negligible costs for others. Extreme cases like the war in the Philippines or the war in Indochina are not so simple. The ability to act unilaterally clearly does not extend to actions involving high costs over a number of years. Furthermore, those economic,

³³ For the most thorough description and analysis of this episode see Edwin Lieuwien, *Arms and Politics in Latin America* (New York: Praeger, 1961), pp. 208-43.

political, and human costs have a wide impact on many sectors of society with no discernable direct interest in pursuing the objectives of the military or foreign investors. How, then, can we explain the failure of the vast majority of aggrieved parties to end the wars in the Philippines and Indochina?

I will offer here only a sketch of a hypothesis. Briefly stated, that hypothesis is that a major undergirding for United States imperialism has been an extension of successful domestic efforts at political, social, and economic reform. The spirit of '76 had much to do with American support for the Haitian rebels of the 1790's. The War of 1812 was, in part, fought because of American sympathy with the ideals of the French Revolution. The expansionists of the 1840's were the inheritors and, in many cases, had been the promulgators of the twelve years of domestic reform, previously carried out by the Jacksonian Democrats. Similarly, the triumphant abolitionists and radical Republicans engaged in an orgy of attempted expansionism in the late 1860's and early 1870's. Many of them reappeared, vigorously pursuing the same objectives, in the Benjamin Harrison administration. The imperialist sentiment of the 1890's has frequently been related to the ruling class's fear of rising unemployment and popular discontent (Coxey's Army, the Populists, etc.). However, one could equally well argue that, with the establishment of Civil Service, the Interstate Commerce Commission and passage of the Sherman Anti-Trust Act, the system had already taken the major steps necessary to cope with its domestic problems. Moreover, in the subsequent thirty years, those who were most vigorous in pursuing the course of domestic reform, were most vigorous in pursuing the course of foreign aggression (that is, Theodore Roosevelt, Woodrow Wilson). Once again, in the past twenty-five years, a prosperous, New Deal reformed United States has pursued an extremely aggressive policy abroad. And precisely those Democratic administrations, most committed to maintaining and expanding New Deal programs, have been most committed to imperialist policies in the rest of the world.

Why? Reform in America, or, if you will, the "left" in America or what has sometimes been described as the progressive or popular cause, has almost always advocated or relied upon an increase in the powers of the Federal government or, more specifically, the President at the expense of individuals, local governments, private economic interests and the Congress. From Andrew Jackson through

Lyndon Johnson, the cause of reform has been inseparable from the cause of increased Federal and Executive power. Jackson's hard line on nullification, the veto of the Second National Bank Charter, the Independent Treasury, the Emancipation Proclamation, the anti-slavery amendments to the Constitution, successive extensions of the rights of suffrage, the National Banking Act, the Interstate Commerce Commission, the Sherman and Clayton Anti-Trust Acts, the Federal Reserve Act, the successive agriculture programs of the 1920's and 1930's, Urban Renewal, Social Security and Civil Rights legislation are but a few examples.³⁴ It is also of some interest to note that, from earliest colonial times through the War of 1812 and on across the nineteenth century, the most vigorous proponents of military action against the Indians were always the poor on the frontier, rather than their richer countrymen to the East.

Thus, what might loosely be described as the "left" in America, developed over two centuries an ideology which maintained that the authority of the central government and, most specifically, the authority of the President, the only official elected by all the people, was morally superior and closer to the interest of "the people" than the authorities of Congress, local governments, private businesses, or individuals. Faith in this ideology was dramatically reinforced after those periods when new reforms were put into effect at some cost and sacrifice and actually accomplished their purposes. By and large, American society has been extraordinarily successful. This success can be measured not only by the high and rapidly growing levels of economic well-being, but by the comparatively wide and uniform distribution of national income across the whole population, and the comparatively high degree of individual freedom, liberty and mobility, enjoyed by significantly high percentages of the American population.

To Americans, the truth of these observations has usually seemed self-evident. The explanation has often been taken to be the nature of American institutions. That is to say, whatever it is Americans

³⁴ The result of these reforms is also to proliferate and enlarge the Federal bureaucracies responsible for administering them. They display the natural imperialist tendencies of all bureaucracies. In particular professional managers and planners quite naturally seek to incorporate and control originally exogenous parameters of their decisions. A similar derived motivation flows from the scientific management of large corporations or fortunes. For an identical analysis of the imperialist motivation of National Socialism (and by implication the U. S. S. R. or China) see Raymond Aron, *The Century of Total War* (Boston: Beacon Press, 1955), esp. p. 71.

have meant by such notions as free enterprise, democracy, checks and balances, etc. If it was reasonable to impose superior institutions on recalcitrant regions or classes or individuals—and that, after all, is the essence of the struggle for “reforms”—then, why was it not equally or almost equally reasonable to use the same beneficent Federal government and its increasing power to impose the same institutions on less fortunate countries in the rest of the world?

Analysts of American imperialism are fond of dismissing the ideological and moral arguments of American expansionists as mere window-dressing, while selecting their appeals to the national economic self-interest as genuine. We have seen that the economic arguments which may have been genuinely believed, were not objectively valid. In the case of Admiral Mahan or General Wood, economic arguments would clearly seem to be disingenuous attempts to gain allies for a policy whose primary purpose was to advance the interest of the military per se. What I am suggesting is that men like Albert Beveridge, Henry Cabot Lodge, William McKinley, Woodrow Wilson, William Seward, Richard Olney, Harry Truman, Thomas Mann, or Dean Rusk might have accurately expressed their true motivations in their most numerous and pompous ideological statements and might have used appeals to economic self-interest as disingenuously as did Mahan or Wood. In short, Hubert Humphrey might have really meant it when he said the purpose of American involvement in South Vietnam was simply “to take the Great Society to Southeast Asia.”

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