INTRODUCTION

This book is about Great Britain, the United States and Mexico. For all three, 1910 marked in some sense the end of an era, and in the three years that followed, they were to be linked in such a way as to force the two Great Powers to reconsider their relationship, and the third power to develop influence upon events beyond its natural expectation. This is the story of those events. To explain how they came about, it is helpful first to recall the condition of each country at that time.

In Great Britain[1] the end of an age is clearly defined by the death of King Edward VII in May, and in the politics of the new age Mexico did not loom large. With the largest majority since the Great Reform Bill, and more than half its term still to run in the parliament elected in 1906, the Liberal government of H. H. Asquith found its measures consistently blocked in the House of Lords. The principle of limitation had been accepted by them since 1894. It was only now that the Chancellor of the Exchequer became the leader of those who sought to make use of it. The 'People's Budget' of 1909 became the opening action in a social revolution, for it established the bargaining power of the forces seeking the liberation of women, the right to industrial organization and the security of the welfare state.

It was the second of the two General Elections of 1910 which was to give to this internal reform the added dimension of international significance. It confirmed that the Irish Nationalists could demand independence as a price of their support for the means to grant it; the government that had just granted dominion to South Africa being willing in principle to do so. It marked the end of the dominance of Chamberlainite 'imperialism' as a bipartisan policy. The fall of Balfour in 1911 and his replacement as leader of the

[1] It is assumed here and throughout that the reader will normally have a basic working knowledge of Great Britain and the United States. For those unacquainted with the political history of Great Britain during this period, general reliance may be placed on George Dangerfield, *The Strange Death of Liberal England, 1910–1914* (London, 1936, reprinted New York, 1961), and Colin Cross, *The Liberals in Power, 1905–1914* (London, 1963). Barbara Tuchman, *The Proud Tower* (London, 1965), is a more recent work in the field of social history, not cited here.

Unionist party by the Scots-Canadian, Bonar Law, was a consequence. Together these factors accelerated the growth of fanaticism among the Unionists. Spurning the chance, which the further weakening of the Liberals' position by by-election losses gave them, to make a counter-offer to the Irish, they chose the path of extremism, and initiated in their support of Sir Edward Carson and the Orangemen of North-east Ulster a policy of appealing to armed force. In this, they were to be successful, and by 1914 the country was on the point of civil war.

That they chose to do this in a Europe of hostile alliances made up a complex task for any Foreign Secretary. Not only did these alliances exist, and the annual manœuvres of the Great Powers make clear the likelihood of conflict, but the dissolution of the Ottoman empire gave rise to continual opportunities for provocation or the taking of offence. The basic fact in British diplomacy was that Britain's own security was at stake. Security depended on the Home Fleet and, after the opening of the Anglo-French Naval Conversations in 1911, on mutual agreement with the French for a common defence against a naval attack. An attack might come at any time. The First Sea Lord, when Winston Churchill was at the Admiralty, never went more than twenty minutes from a telephone. And though it could only come from one direction, the provocation might occur anywhere. Avoiding this eventuality was, however, the concern of the Foreign Office. There, until the outbreak of the First Balkan and Italo-Turkish Wars of 1912, actual attack was held to be potential rather than immediate, and planning to meet it contingent rather than actual.

As Foreign Secretary, Sir Edward Grey was well qualified to maintain this policy. The task demanded from him personally a degree of integrity proof against the unrestrained parliamentary and press attacks of the day, the confidence of the Prime Minister, stability of purpose, and discernment and detachment in the making of diplomatic moves or responses. All these Grey possessed in a high degree. They enabled him to maintain those elements of the country's policy which he had inherited while making adjustments to changing circumstances with which his opponents have since found themselves substantially in agreement.

The basic element in the situation was the Entente with France, inherited from Balfour. This was the main line of defence against the German system of alliances. To it, in 1907, Grey concurred in the addition of the Entente between France and Russia, to which, on account of its autocratic government, many of his colleagues were opposed. The second element was the maintenance of the Anglo-Japanese Alliance of 1902, an offensive and defensive alliance against any hostile attack, intended on the British side as their safeguard against war in the Pacific or Indian Oceans. At its first revision in 1905 the Alliance was modified to exclude the eventuality of war between Japan and the United States. Good relations with the United States were considered by Grey to be not just a strategic necessity to conserve Britain's naval strength for the North Sea, but a positive end in themselves. He was fully aware that feeling there was by this time actively hostile to both Japan and Russia, traditionally friendly to France, but outspokenly active on behalf of Germany, and always liable to be swayed by dramatic outbursts of feeling in sympathy with the Irish cause.

The United States too were undergoing a process of change. For them, it reached a turning point in June 1910.[1] The days of Theodore Roosevelt, of drama and energy in the White House, of the New Nationalism in power though as yet without a name, were over. William Howard Taft, lawyer, former Governor of the ex-Spanish territory of the Philippines and former Secretary of War, had then been President for over a year. In that year he had failed to secure Republican promises of a lower tariff and taken an imprudent stand in lending his authority to the Payne–Aldrich bill. Further, in the Ballinger–Pinchot clash he had taken the part of Ballinger, his Secretary of the Interior, against the spokesmen for conservation of natural resources. These were the first steps, in the eyes of progressive Republicans, towards abandoning Roosevelt's policies and allowing himself to become the

[1] The author is particularly indebted in this passage to Eric F. Goldman, *Rendezvous with Destiny, a History of Modern American Reform* (New York, 1960, revised edition abridged by the author); and would particularly recommend as guides to the political history of the United States in these years George E. Mowry, *The Era of Theodore Roosevelt and the Birth of Modern America* (New York, 1958), and Arthur Stanley Link, *Woodrow Wilson and the Progressive Era 1910–1917* (London, 1954).

prisoner of the 'old guard', the big-business element within the Republican party. Taft refused to acknowledge the good intentions of the 'insurgents'. The return of the ex-President in June 1910 from his celebrated safari became the stimulus for the crystallization of their opinion around his leadership. Roosevelt's ideas, however, had advanced further in the time than Taft's had come to differ from his own while in office. The natural 'progressivism' of Taft in turn became his greatest liability when ebbing support made him increasingly dependent upon the conservatively minded. In this state of tension the mid-term elections of November 1910 resulted in a substantial victory for the Democrats and the end of years of Republican dominance.

Nevertheless, the full impact of the internal crisis had yet to be felt. Only in 1911 was there to be an open break between the two men, and the termination of the battle for control over the House of Representatives by the limitation of the power of the Speaker. Meanwhile, the results of diplomatic moves gained unusual significance from the tense situation.

Taft had inherited a policy of 'disciplining' the smaller Caribbean countries, the unhealed wound in Colombia resulting from Roosevelt's part in the secession of Panama, and a tradition of fear and hostility in Latin America which, outside Mexico, was then of recent growth. He began a policy of rapprochement by exchanging state visits on the frontier with President Díaz of Mexico in 1909, becoming the first President of the United States to set foot outside its boundaries during his term of office. He showed himself willing to come to a settlement with Colombia, though without making any apology for his predecessor, and for the time being nothing came of it. He had continued the Rooseveltian policy, though without military action, in securing the compliance of the smaller countries with their obligations. As far as Mexico was directly concerned, however, the rapprochement begun by the exchange of the visits was to be extended into a project to secure reciprocal trade treaties (known as 'Reciprocity', for short) with that country and with Canada. All this should be seen in a context in which the United States saw itself as having no major immediate preoccupation and able to engage in a general

'tidying up' of relations with other countries. Outside Latin America two aspects should be mentioned here. An Immigration Treaty with Japan in 1911 was designed to reduce tensions in California and the Pacific States, where Republican 'insurgency' was strong. And a proposal for Arbitration Treaties with Great Britain and France was being advanced in what was considered a clear climate to eliminate the last vestige of possibility that wars could occur between them. In the very first of these negotiations, therefore, they excluded that possibility.

It is clear, then, that Anglo-American relations were generally in a healthy state.[1] Controversy over the rights to off-shore fishing off the coast of Newfoundland was of importance in Maine and New England but not an emotive issue, and it was already clear that it could and would be resolved. The Panama Canal was still three years from completion and the question of the tolls to be charged still lay in the future. Canadians suspected that Reciprocity was viewed by many Americans as a first step to annexation, but they had not yet had the provocation to reject the treaty by their rejection at the polls of the Laurier government. In England ex-President Roosevelt had been acclaimed. He had attended the funeral of King Edward, been awarded an honorary degree by the University of Cambridge, and spoken at Guildhall in praise of British imperialism.

This speech, which had unofficially been shown to Grey before delivery, departed from diplomatic form without being at all undiplomatic. In its praise of British achievement in India and Egypt it offended many Americans but was well received in Britain. It could not, however, be received with complacency, since its theme was that the British grip had relaxed since Cromer's time. This was, and is, a matter of opinion. What is significant about the incident is the way in which it illustrates that by 1910 the idea was clearly accepted on both sides of the Atlantic that the

[1] The definitive work on the history of Anglo-American relations for all periods is Harry Cranbrook Allen, *Great Britain and the United States: a history of Anglo-American relations, 1783–1952* (London, 1954). Three major studies cover aspects of the critical period out of which the better relationship which is the basis of this study emerged. They are: William L. Langer, *The Diplomacy of Imperialism 1890–1902* (New York, 1951); Alexander E. Campbell, *Great Britain and the United States 1895–1903* (London, 1960); Lionel M. Gelber, *The Rise of Anglo-American Friendship* (New York, 1938).

possession of colonies entailed the practice of a coherent policy called 'imperialism'.

The misleading quality of this assumption was nowhere better illustrated than by the British possessions in the Americas. In the years immediately following the enunciation of the Monroe doctrine (1823) these had been expanded in a desultory manner. The Falkland Islands had been abandoned by Spain and had been settled by the Admiralty as a base for repairs and a coaling station. Most of the Caribbean islands had been acquired from other European powers as diplomatic counters in return for concurrence in various European wars, as was British Guiana. The pirate settlement of Belize had been removed as a danger to commerce by its re-establishment as the colony of British Honduras, it having become as much independent of Spain by its own efforts as Mexico or Guatemala. All these changes had been accepted, not always with pleasure, by successive United States governments.

In the 1840s and 1850s, then, there arose a new self-consciousness in the United States, where unplanned expansion gave way in 1846–9 to the deliberate acceptance of 'Manifest Destiny'. This was signified in the revitalization that accompanied it of the words written for President Monroe. Concern was shown about the settlement of the boundaries and status of British Honduras. Opposition was voiced to the extension of British protection to the local ruler of the Mosquito Coast of the Republic of Honduras, and in 1860 the protection was withdrawn. The fact that this withdrawal took place in 1860, however, scarcely acts as proof that it was done by way of British acceptance of the Monroe doctrine, and in fact it was not.[1]

Thereafter, on the other hand, the doctrine that neither Britain nor any other European power should seek to extend her possessions on the American continents came to be tacitly accepted. In turn, United States diplomacy advanced to the position of demanding open acceptance. In 1895 Richard Olney, as Secretary of State, made the most extreme exposition of this case in his 'Twenty Inch Gun' Note: the note that asserted the right of the

[1] For the enunciation, growth and expansion of the Monroe doctrine, see: Dexter Perkins, *A History of the Monroe Doctrine* (Boston, 1955).

United States to enforce compulsory arbitration of the dispute over the boundary of British Guiana with Venezuela. Significantly, much of the exasperation over this incident on the British side arose from surprise that there was a boundary dispute at all, that there was a Venezuelan case to be met, and that the United States could be so obtuse as not to realize that Britain was already in full concord with her fellow Anglo-Saxons on their rightful place in the world.[1]

Then, in 1898, the United States, having subdued a continent, turned to expansion overseas. A deliberate choice was made of the path of imperialism, and in Britain it was welcomed as such.[2] In turn, it obscured for the United States the lessons of the much longer period of British expansion that had preceded it.

British governments of the mid-nineteenth century had thought in terms of trade, rather than of territory. They represented the interests of a country which was still the world's largest manufacturing centre. They had only to leave its economy open to the world, and in default of other, nearer influences it tended to pull the economies of less developed areas into complementarity with it. In due course technical advances enabled other countries to develop their natural resources, as in Germany and Japan, but even the rise of German industry did not remove the dependence of agricultural Denmark on the British market. This relationship held good for certain Latin American countries, for Chile during the nitrate boom or for Argentina after the invention of the refrigerated ship.[3] The growth of the United States did not substantially alter it.

It did, however, affect deeply the economies of Central America, whose tropical agricultural products became marketable for the first time. In turn, these countries were enabled to develop import trade, and a growing volume of trade tended to become centred on the United States. This developed a reciprocal interest in the Caribbean area which led the United States governments to regard it as their sphere of influence. Since no great

[1] Campbell, pp. 40, 44.
[2] Reflected, for example, in Kipling's adjuration to 'take up the White Man's Burden'.
[3] Cf. George Pendle, *Argentina* (London, 1961), p. 83, for statistics of British investment in Argentina in 1939.

British interest had developed in the area as a trading concern, and could not be encouraged to do so,[1] this view was not easily challenged until after 1900.

The problem that then arose was twofold. On the one hand, the United States had developed a new interest in the Caribbean based on the annexation of Puerto Rico, the extension of a protectorate over Cuba, and the construction of the Panama Canal. On the other, this strategic interest made them conscious of potential sources of foreign intervention, of which the most important were European investments. The largest sector of investment in South America at the time was in communications and public utilities and was well rewarded and comparatively stable. In the Caribbean it was in the bonds of the short-lived governments. If they fell or were replaced, it implied suspension of debt service and frequently repudiation. Nor could the money be easily recovered, since it had seldom been reinvested in productive activities.[2]

It was difficult enough to recover debts where money had been so invested. For reasons of national security, investment in business was normally subject to clauses restricting the right to legal remedy, either by enforcing recourse to the national courts, or by demanding the surrender in a 'Calvo clause' of the right of recourse to a foreign government.[3] In the course of ensuring that their rights were made known, European subjects were frequently, accidentally or otherwise, deprived of life, liberty or property. The regular duties of foreign diplomatic personnel in the area included negotiating compensation for such losses and ensuring that domestic remedies were available as far as possible.

In the event of repudiation of national debts, however, there was no intermediate level on which discussion could be con-

[1] Consuls' reports throughout the period reiterate the same charges.
[2] Herbert Feis, *Europe the World's Banker 1870–1914* (New Haven, Conn., 1930), ch. I.
[3] The Calvo clause was devised by an eminent Argentine lawyer as a practical device to prevent the practice by the Great Powers of the collection of debts by force of arms, which was formally denounced by the Argentine government in the Drago doctrine (1898). Countries were advised to enforce by internal law the incorporation of the clause in all contracts made with foreigners, and most Latin American states did so. By it, the foreigner renounced resort to his own government and accepted forfeiture of his rights in the event of doing so. E. M. Borchard, 'Calvo and Drago Doctrines', *Encyclopedia of the Social Sciences*, III.

ducted. These cases became direct challenges to the survival of successor governments, and they were resisted as such. With the new strategic concern of the United States, this rapidly became the prime interest of American diplomacy. In 1903 President Roosevelt indicated his displeasure at a joint British, French and German naval expedition to recover debts from Venezuela. He could do no more, as he lacked the means to enforce his will. With the expansion of the United States fleet already under way, in the following year he felt himself able to proclaim a warning. He did not, however, warn the Great Powers not to recover their debts, even by forcible means. Instead he warned the Caribbean republics not to incur them unless they were prepared to have the United States constrain them to comply with their obligations. The warning gained strength from interventions in the Dominican Republic and Cuba.[1]

It was clear in Britain, at least to the staff of the Foreign Office, that if this was to be the attitude of the United States, it was not one with which British governments could legitimately quarrel. For some years, at least since 1895, they had taken the attitude that the hegemony claimed by the United States implied reciprocal obligations. In this spirit, the Caribbean Fleet was reduced to one squadron.[2] From a strategic position this was certainly the only possible decision. But from the position of the investors, represented by the Council of Foreign Bondholders, there appeared to be no guarantee that the United States would maintain their interests satisfactorily. When the Taft administration adopted the policy of the conscious use of United States financial power to forestall the need for dependence on British capital—the policy that became known as 'dollar diplomacy'—they voiced a warning. The United States had asked for participation in the Chinese Loan of 1909 and subsequently in the financing of a railway in Manchuria. The Council objected that there were only two

[1] This calculated use of force was the policy which became known as that of the 'Big Stick'.

[2] Practical calculations were relevant here. The necessary concentration on maintaining the naval supremacy of the Home Fleet in the Channel prevented Britain from embarking on a race for supremacy either in the Caribbean or in the Far East, where naval primacy passed to the Japanese.

countries in the world in 1909 which owed money to their members and had refused to make a settlement. One was Guatemala, where revenues originally apportioned to the British loan had been reappropriated to a later American one. The other was the United States itself, or, rather, nine of its Southern states (for which, in international law, the Federal government was solely responsible). The implications were inescapable, and it is of interest to note that, though the Guatemalan debt was settled some years later, the debt of the United States is still extant at the time of writing.[1]

The position in Mexico was unlike that in the Central American states for both the United States and Great Britain. It was intimately bound up with the character of that country's régime, and the régime was in turn bound up with the country's proximity to the United States.

The history of Mexico has been a troubled one.[2] In its modern form it is largely the creation of the Spanish conquerors and settlers who made of New Spain the northern third of the Empire of the Indies. It was they who first developed ordered government outside the Valley of Mexico and the 'Core' region of high tableland which was under Aztec–Toltec rule in 1519. They established outposts in the two other regions found in part within the modern limits of the republic: the *tierra caliente*, or fever-ridden marshland and swamp round the coast, stretching southwards into the jungles of Yucatán (where the Maya civilization had collapsed before their arrival), and the deserts of the north. These they dotted with towns far to the north, through the dry hills and plains of Coahuila, Durango and Chihuahua; over the Río Grande into Texas, over the Río Colorado into California.

These three regions, tableland, jungle and desert, make up modern Mexico, but the country of today is less than half the area of New Spain in 1810, when on 16 September the village priest Manuel Hidalgo del Castillo proclaimed its independence in the name of the Indians who lived there before the Spaniards came.

[1] Corporation of Foreign Bondholders, *Fortieth Annual Report of the Council . . . for the year 1913* (London, 1913).

[2] The standard history of Mexico in English is Henry Bamford Parkes, *A History of Mexico* (London, 1962). The specialized literature in English, however, is scanty.