Foreign Policy for a World Power, 1890-1914 (Overview)

By 1900, the United States had claimed its place as a world power through the Spanish-American War. As the new century began, the country governed subject territories in Puerto Rico, Hawaii, Guam, the Wake Islands, and the Philippines. U.S. troops also occupied Cuba.

U.S. businesses reached beyond the country's borders. During the first decade of the new century, the Coca-Cola Company, Quaker Oats, AT&T, the Standard Oil Company, Du Pont, General Electric, and Ford Motor Company seized the opportunity for international sales. After finding international markets, they built factories abroad, taking advantage of lower labor costs in foreign countries. Then they asked for U.S. protection of their investments and interests.

Foreign countries invested heavily in Central America. U.S. investors focused on banana plantations and mining, as well as railroads, with little money in government bonds. By 1913, U.S. investments in Central America totaled about $93 million. British investment in Central America peaked at about $115 million in 1913. About $75 million of that total represented railroad holdings, mostly in Costa Rica and Guatemala. The other $40 million was in government bonds, which were worth little or nothing.

The Roosevelt Corollary to the Monroe Doctrine

From its earliest days, the United States claimed a special interest in the Western Hemisphere. The Monroe Doctrine, issued in 1823, warned European powers to keep their hands off Latin America.

In 1902, Britain, Germany, and Italy mounted a naval blockade of Venezuela. They wanted to force the government to repay its debts. All the countries involved eventually agreed to settle the matter by arbitration. The United States stood back and did nothing, but U.S. citizens were clearly uneasy with the appearance of European military forces in "their" hemisphere.

In 1904, President Theodore Roosevelt issued a corollary to the Monroe Doctrine, saying that the United States would act as a police officer to keep order in the region. He intended both to keep European military forces out of the hemisphere and to protect U.S. and European investors, exerting whatever pressure or control on Latin American governments that might be necessary to these ends.

In 1905, the Dominican Republic owed $40 million in debts to European lenders. In order to prevent the European nations from using military force to collect their debts, Roosevelt used U.S. power. The United States basically took over collection of Dominican customs taxes, declared that $20 million of the debt was unjustified, and began repayment of the rest.

Building a Canal

The United States needed a canal through Central America, in order to save shipping time and costs. Colombia had the best location for a canal, and the United States negotiated a deal. It would pay Colombia $10 million for a three-mile-wide strip of land and would make annual rental payments of $250,000 yearly, beginning in 1912. Colombia's Senate turned down the deal, and Roosevelt exploded in rage, calling its members "foolish and homicidal corruptionists."

Roosevelt considered seizing the land for the canal by military force but soon found an easier way. The province of Panama seceded from Colombia. A U.S. gunship stood off shore, protecting the Panamanian rebels. They formed a new republic under the protection of the United States. The new country of Panama and the United States agreed on a canal treaty within days. The new treaty had similar terms except that the Canal Zone would be five miles wide, instead of three, and the United States would guarantee and maintain the independence of Panama.

Revolutions

While Roosevelt welcomed the revolution that separated Panama from Colombia, he opposed most other revolutionary activity. So did his successors in office, William Howard Taft and Woodrow Wilson. The U.S. presidents sent troops to put down revolutions in Nicaragua and Haiti, using U.S. military forces to set up new governments in those countries and maintaining military occupations for years. U.S. military interventions were frequent throughout the hemisphere.

Dollar Diplomacy

President Taft preferred using "dollar diplomacy" to control Latin American countries. In Honduras, for example, U.S.-based banana companies virtually ran the government. Taft supported expanded U.S. investment in South and Central American countries, the Caribbean, and the Far East. He ordered Secretary of State Philander Chase Knox to protect U.S. investments, sending in military troops if necessary.

On the World Stage

As a world power, the United States did not limit its involvement to the Western Hemisphere. In 1905, President Roosevelt brought Russia and Japan to the negotiating table to end their war over control of Korea and Manchuria. Roosevelt agreed to Japanese annexation of Korea in return for Japan giving up any claim to China, Hawaii, and the Philippines. Roosevelt won the Nobel Peace Prize for settling this dispute.

In 1906, Roosevelt's negotiating powers were tested again. This time, he mediated a dispute between the Alliance powers—Germany, Austria-Hungary, and Italy—with the Entente—France, Russia, and Britain—over control of Morocco. The United States backed France and ended the dispute.

No longer an upstart, the United States had taken its place as a world power alongside its former colonial ruler.

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A Canal Needed and Built

With those footholds in place, an old idea resurfaced—a canal across Central America to connect the two oceans. President Theodore Roosevelt offered Colombia $10 million for a 50-mile strip across the Isthmus of Panama. When Colombia refused the offer, rebels within the country organized a revolt and established a new government. The United States provided military support for the new Panamanian government, which gladly accepted the $10 million offer, and work on the canal proceeded. Nine years later, a canal connected the trade routes of the Pacific with the trade routes of the Atlantic.

An Empire Dismantled

No sooner had the United States acquired an overseas empire than it set in motion a process to transform it. The Hawaiian Islands were made a territory in 1900. Puerto Rico was given limited self-government in 1900 and full territorial status in 1917. The Philippines began partial self-government in 1902 and gained home rule in 1916.

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