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**From Empire to Hegemony:  
The Dynamics of U.S. Relations with Cuba and Mexico,  
1930-1940**

**Carl Fournier**

**A Thesis**

**in**

**The Department**

**of**

**History**

**Presented in Partial Fulfillment of the Requirements  
for the Degree of Master of Arts at  
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## **ABSTRACT**

### **From Empire to Hegemony: The Dynamics of U.S. Relations with Cuba and Mexico, 1930-1940**

**Carl Fournier**

The history of U.S. relations with Cuba and Mexico has always been complicated by differing political, cultural, social, and economic systems in addition to geographic proximity. The major difference between the 1930s and the earlier and later periods was that the U.S. government decided to change the nature and practice of its relationship with Latin America in response to domestic American pressure and anti-American resentment in the region. The U.S. government ended its policy of political interference and armed intervention in the internal affairs of both Cuba and Mexico, but wanted to retain its large economic and investment stake in the two countries. It also responded to the dislocations produced by the Great Depression in all three countries: increased nationalism and political-economic polarization. The objective of this thesis is fourfold: to examine the dynamics of the U.S. relationship with Cuba and Mexico to determine what compelled the U.S. government to end the practices of "empire" in its relations with the two nations; 2) to investigate the exercise of "hegemony" in U.S. relations with the two countries to ascertain whether it was different from "empire"; 3) to study the internal political, social and economic developments of both Cuba and Mexico in the 1930s that allowed the U.S. shift

from empire to hegemony; and 4) to explain how the impact of the onset of the Second World War consolidated the American adoption of hegemony.

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## **DEDICATION**

**This thesis is dedicated to the memory of my father, Guy Fournier (1940-1999). Thank you for all the love and support you gave me. This thesis is a small token of my recognition and appreciation of everything you did for me. This work could never have been undertaken without your help. Walt Whitman said it best, "O Captain! my captain! our fearful trip is done". God bless and keep you, and farewell, old man.**

## TABLE OF CONTENTS

Introduction: From Empire to Hegemony: The Dynamics of U.S. Relations with Cuba and Mexico, 1930-1940.....	1
Chapter I: The Dynamics of U.S.-Latin American Relations during the 1930s: An Historiographical Essay.....	5
Chapter II: Nation Building and State Formation in Cuba and Mexico, 1860-1930.....	26
Chapter III: Dissolution of Empire: U.S. Relations with Cuba and Mexico, 1930-1933.....	61
Chapter IV: Experiments in New Deal Diplomacy: U.S. Relations with Cuba and Mexico, 1933-1936.....	79
Chapter V: Hegemony Consolidated: U.S. Relations with Cuba and Mexico, 1937-1940.....	100
Conclusion: From Empire to Hegemony: An Analysis of the Dynamics in U.S. Relations with Cuba and Mexico, 1930-1940.....	125
Bibliography.....	132
Statistical Appendix.....	144

## **INTRODUCTION**

### **FROM EMPIRE TO HEGEMONY: THE DYNAMICS OF U.S. RELATIONS WITH CUBA AND MEXICO, 1930-1940**

U.S. relations with both Cuba and Mexico have always been complicated by differing perceptions and values in politics, culture and economics.

Geography has also been a problem as both Cuba and Mexico are the two Latin American nations closest to the United States. Moreover, the U.S. has invaded both countries at one time or another during the past two hundred years.

In the 1930s the U.S. government decided to change its relationship with Latin America in general and with Cuba and Mexico in particular. There were four reasons for this change. The first was to counteract the growing power and attraction of Latin American nationalism in order to maintain U.S. economic and political interests in the region. The second was to abandon old practices and ideas in its relations that were counterproductive and to articulate new ones. The third was to allow the United States to participate in international affairs in response to isolationism at home and depression and war in the larger world. The fourth was to prevent Latin American connections with extra-hemispheric countries which would threaten U.S. security and interests in the region.

U.S. relations with Cuba in 1930 were complicated because the island had been an American protectorate from 1898 to 1902, and a client state since 1903. Cuba was nominally an independent nation, but its constitution contained the Platt Amendment which allowed the United States to intervene in Cuba if the government was unable to preserve life, liberty and property. The U.S. had intervened on four different occasions since Cuban independence in 1902. In 1930, the U.S. believed that the Cuban president, General Gerardo Machado, was able to protect U.S. interests and investments on the island. Machado was supported by the Cuban army. This belief in Cuban stability was tested during the 1930s as Cuba succumbed to political revolution which challenged U.S. imperial control. The U.S. concluding that imperial control was no longer a viable

option, allowed the removal of Machado, the old army leadership and eventually, the old political class. The abrogation of the Platt Amendment in 1934 was also a means to initiate a new political relationship between the two nations.

The U.S. was not as willing to abandon its economic control over the island. The conclusion of a Reciprocal Trade Agreement in 1934 with the United States undermined limited Cuban efforts at economic diversification and condemned the island to a monoculture system dependent on the growth and export of sugar and tobacco. Having eliminated the counterproductive aspects of its unequal relationship with Cuba, the U.S. emerged a net gainer as World War II erupted in Europe.

U.S. relations with Mexico in 1930 were also complex. The U.S. gradually abandoned the overt practices of imperialism in its relations with its southern neighbour. The occasional invasions of Mexican territory and U.S. government demands that the Mexican government show respect for U.S. investments and interests in Mexico were increasingly unproductive as the U.S. pursued better relations with Mexico. This change did not eliminate points of contention between the two nations as Mexico was in the process of consolidating and institutionalizing a revolution which began in 1910. The election of General Lazaro Cardenas in 1934 brought to power a new president and ruling group who wanted to make the promises of the Mexican revolution a reality for disadvantaged and disenfranchised Mexicans. U.S. relations with Mexico became confrontational in the aftermath of the Mexican government's expropriation of foreign oil interests in March 1938. The U.S. government demanded that Mexico compensate the international oil companies for their losses. This dispute on the economic front clouded U.S. diplomatic relations with Mexico, but did not sever them. In 1940 Cardenas was replaced by a man more conservative than his predecessor, who was willing to compromise with the U.S. on American terms rather than strictly adhere to Mexican ones.

The objective of this thesis is to examine the dynamics of U.S. relations with Cuba and Mexico during the 1930s and to demonstrate that internal

developments in all three countries and combined with a new international context permitted the U.S. to set aside the overt practices of "empire" for the flexible exercise of "hegemony". These internal developments included: economic protection for domestic markets in Mexico and the U.S., efforts at economic diversification in Cuba and Mexico and growth of the scope of state activities in the domestic economies of all three countries in response to the Great Depression. The international context included: increased Latin American resistance to U.S. interventionism and growing U.S. support for democratic governments in response to the rise of fascism and militarism in Europe and Asia.

To understand the concepts of "empire" and "hegemony", a few words on the author's interpretation of the terms are necessary. In the American experience, empire was indirect U.S. political control through compliant or sympathetic native elites, unconditional support for private U.S. investors and investments in the region and limited armed intervention in a number of Latin American and Caribbean nations, in order to prevent internal disorder, financial bankruptcy and/or alliance with extra-hemispheric powers. Empire of the American variety allowed the United States to exercise political and economic power without the complication of controlling territory. Hegemony was the subtle transfer of political and economic control to native elites, directly or indirectly supported by the U.S. These elites were allowed to pursue domestic political/economic development so long as it did not conflict with U.S. interests, investments and prerogatives. Lastly, it marked the curtailment and not the elimination of U.S. armed interventions in its relations with Latin America.

This thesis is divided into five chapters. The first investigates the historiography of U.S.-Latin American relations during the 1930s. The second examines U.S. relations with Cuba and Mexico, in a time of empire, from 1860 to 1930. This chapter traces the internal development of both Latin American countries in their internal economic, political, cultural and social spheres. Chapters three to five study U.S. relations with the two countries from 1930 to

1940 as all three nations adjusted to the problems of the Great Depression, internally and internationally. This analysis is undertaken in order to understand how and why the U.S. changed some of its practices in its relations with both countries. The thesis will conclude with an examination of these changes and their impact on U.S. relations, with Latin America in general, and Cuba and Mexico, in particular.

# **CHAPTER I**

## **HISTORIOGRAPHICAL ESSAY ON THE DYNAMICS OF U.S.-LATIN AMERICAN RELATIONS DURING THE 1930s**

### **INTRODUCTION**

The history of United States-Latin American relations has generated a wide-ranging and diverse historiography. The majority of these studies have examined relations between the two sub-regions by using the diplomatic-international relations approach. Others have dealt with questions of U.S. cultural perceptions and economic needs in Latin America by studying the implementation of U.S. cultural norms and liberal capitalist values. The question of ideology has assumed a crucial importance in this area of inquiry. A number of scholars have analyzed the place of Latin America within U.S. strategic thought and practice. The studies in this chapter examine U.S.-Latin American relations in the 1930s using both diplomatic history and cultural studies approaches.

United States relations with Latin America have a complex and tension-filled history. During the 1930s, President Franklin D. Roosevelt, his secretary of state, Cordell Hull, and a number of their advisors wanted to re-fashion the nature and practice of U.S. relations with Latin America. Hull devised the "Good Neighbor Policy" to resolve contentious issues in inter-American relations, to build hemispheric solidarity and to enhance U.S. economic interests in the region. His actions occurred at the same time that various Latin American elites

began to challenge their political and economic inequality in relations with the U.S.

Relations between the U.S. and Latin America were never conducted between equals. A strong sense of superiority pervaded official U.S. attitudes and evoked an equally strong feeling of inferiority among Latin American officials, who were frequently told by Washington that their peoples required assistance in their social, political and economic development. These perceptions influenced interactions and relations between the northern colossus (*El colosso del Norte*) and its southern neighbours.<sup>1</sup>

The historiography of United States-Latin American relations directly reflects the tension between the two actors. In his Good Neighbour policies, Roosevelt announced an end to U.S. armed intervention in Latin America without recognizing that intervention is not always related to the use or threat of armed force or coercion. Four historiographical approaches and corresponding methods will be examined so as to understand the nature of relations between the two parties in this period. These approaches focus on United States economic diplomacy and strategic objectives in Latin America; U.S. policy making in relation to domestic American bureaucratic and political needs; the diplomacy and ideas of President Roosevelt himself; and the cultural values which guided and underpinned the U.S. course of action. These approaches will

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<sup>1</sup> This expression was articulated by many Latin American intellectuals, artists and writers during the last quarter of the nineteenth century. Such a sentiment continues in slightly modified form to the present day.



be examined through the discussion of key monographs that illustrate the nature and methods of studies that examine U.S. relations with Latin America.

### U.S. ECONOMIC DIPLOMACY AND STRATEGIC POLICY IN LATIN AMERICA DURING THE 1930s

The work that is most favourable to the United States in its relations with Latin America in the 1930s is Bryce Wood's The Making of the Good Neighbor Policy (1961). For Wood, the key aspect of the Good Neighbour Policy is that the U.S. government officially renounced coercion and armed intervention in Latin America and the Caribbean. The Good Neighbour Policy boasted three principles: nonintervention and noninterference; accommodation and collaboration; and pacific protection through reciprocity.<sup>2</sup> This policy led to the creation of better inter-American relations. The U.S. elimination of armed force in its relations with Latin America did not end its desire to find markets for its goods and capital in the region. The Good Neighbour Policy was therefore a tacit *quid pro quo*: the U.S. would renounce armed interference and intervention in Latin American internal affairs in exchange for Latin American openness to U.S. capital and power. The renunciation of U.S. armed intervention and interference in Latin American internal affairs was sufficient to create a sense of reciprocity in many aspects of inter-American relations.<sup>3</sup> Wood's monograph is an example of the classic scholarship on the Good Neighbour Policy which holds that it was a

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<sup>2</sup> Bryce Wood, The Making of the Good Neighbor Policy (New York: Columbia University Press, 1961), Preface.

<sup>3</sup> Ibid., Part One.

positive interlude in U.S.-Latin American relations and that the policy created better relations in the hemisphere. Revisionist scholars challenged the positive interpretation of the Good Neighbour Policy and have questioned if the U.S. had changed its aims in Latin America, or had simply invented new methods to pursue old goals.

Lloyd C. Gardener's Economic Aspects of New Deal Diplomacy (1964) is an early example of the 1960s revisionist approach to U.S. foreign relations. His monograph examines United States economic relations with Latin America, Asia and Europe. He is not as willing as Wood to believe that U.S. designs in Latin America were limited to platitudes of good will, inter-American solidarity and nonintervention. He examines the economic details of U.S.-Latin American relations rather than studying ideas of hemispheric solidarity and strategic needs. Gardner views the Roosevelt administration's approach to relations with Latin America in the context of the actions and initiatives of previous administrations. What made his presidency unique, in Gardner's opinion, was the plan to initiate and create a network of bilateral economic agreements in the region. The U.S. government hoped that this system would stand as a model of economic cooperation and development as the rest of the world fractured into national autarky and colonial trading blocs as a result of the Great Depression.<sup>4</sup>

Drawing on ideas and the approach articulated by William Appleman Williams, Gardner asserts that the primary focus for the American state was to

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<sup>4</sup> Lloyd C. Gardner, Economic Aspects of New Deal Diplomacy (Madison: University of Wisconsin Press, 1964), Chapters 1-3.

secure and expand markets for U.S. goods and capital in a time of economic depression. The main proponent of this viewpoint was Cordell Hull, Roosevelt's internationalist secretary of state. Hull's internationalism was part of his belief that freer trade created international prosperity and reduced the possibility of war.<sup>5</sup>

Gardner's work stresses that U.S. relations with Latin America were initially motivated by economic needs. U.S. policy evolved and integrated a new goal of challenging the power and attraction of Latin American nationalism into its economic relations with the region. The U.S. feared that nationalist sentiment in Latin America would make common cause with extra-hemispheric nations like Germany or Italy. U.S. economic policies were motivated by self-interest coupled with a genuine desire to resolve contentious issues in inter-American relations.<sup>6</sup> Gardner concluded that U.S. economic relations with Latin America were based on imperialist methods. David Green's monograph engaged this idea more fully than either Gardner or Wood.

Green's book, The Containment of Latin America: A History of the Myths and Realities of the Good Neighbor Policy (1971), takes Gardner's ideas and approach further. For Green, Roosevelt's policies in Latin America were built on the curtailment of armed force and coercion by the United States in its relations with Latin America. In its place, the U.S. would use subtle economic and political

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<sup>5</sup> Ibid., Chapter 6.

<sup>6</sup> Ibid., Chapter 10.

means to create a united hemisphere under its control.<sup>7</sup> Green asserts that the U.S. viewed both Great Britain and Germany as threats to its ideal of hemispheric unity, but the two countries were perceived differently. Germany was both a military and an economic threat (to be overcome by any means necessary) and Great Britain was an economic threat (to be overcome by absorbing its Latin American markets into U.S. ones). The important aspect of inter-American relations for the U.S., according to Green, was to contain the various forms of Latin American political and economic nationalism.<sup>8</sup>

For Green, U.S. actions were motivated by imperialist needs, not only to create a hemisphere that could provide both security and a market for its goods and capital, but also to create a hemisphere under its exclusive control.<sup>9</sup> This imperialism was challenged by Latin American elites and populations who were becoming assertive and forceful in nationalist sentiment and expression. Green's monograph focused on inter-American economic/strategic relations. Green's study influenced Dick Steward, who utilized the theme of American imperialism in his examination of inter-American trade during the 1930s.

Steward's book, Trade and Hemisphere: The Good Neighbor Policy and Reciprocal Trade (1975), analyzes one of the more important aspects of inter-American economic/strategic relations during the 1930s, the reciprocal trade program. The program was developed with the intention of creating a multilateral

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<sup>7</sup> David Green, The Containment of Latin America: A History of the Myths and Realities of the Good Neighbor Policy (Chicago: Quadrangle Books, 1971), Introduction.

<sup>8</sup> Ibid., pp.37-58.

<sup>9</sup> Ibid., Epilogue.

trade network in the middle of a depression stemming from the collapse of the international economic system in 1929.<sup>10</sup> Various U.S. officials believed that increased inter-American trade would restore domestic economic prosperity. They also believed that America's good fortune could also be tied to the revival of Latin American economic well being. This was to be achieved through the conclusion of reciprocal trade agreements with a number of countries. Steward is more willing than Green or Gardner to believe that idealism was a part of U.S. policy-making. The U.S. secretary of state, Cordell Hull, was an idealist in that he wished to harmonize American economies into a mutually beneficial cohesive trading network. He believed that freer trade, through reduced tariffs, could create economic prosperity in countries as divergent as the United States and Guatemala.<sup>11</sup>

In his monograph, Steward is as willing as Green to ascribe to U.S. motives imperialist designs. Unlike Green, he asserts that this policy was created around an inherent paradox. The paradox was that U.S.- Latin American policy was designed to create an inter-American trading bloc, and at the same time, open the hemisphere to a more complete form of U.S. control. Hull achieved limited success with his program. The program could never have completely succeeded was because of three related factors: a nationalist U.S. public; a skeptical president who did not believe in the efficacy of reduced tariffs; and a low level of U.S. investment in the region, which did not increase

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<sup>10</sup> Dick Steward, Trade and Hemisphere: The Good Neighbor Policy and Reciprocal Trade (Columbia, Missouri: University of Missouri Press, 1975), pp.8-9.

<sup>11</sup> Ibid., Preface.

substantially until World War II. For Steward, the aim of U.S. trade policy was to create a substitute for the devastated international trade system during the grim years of the Great Depression. After 1937, the U.S. government was more concerned with the integration of the region along strategic lines to counteract the growing power of Germany and Italy.<sup>12</sup> Steward emphasizes the paradox between U.S. "benevolent" ideals and the practice of imperialism in U.S.-Latin American relations. Robert F. Smith examined the paradox even more closely to understand the historical roots of U.S.-Latin American relations.

In an essay entitled, "The Good Neighbor Policy: The Liberal Paradox in United States Relations with Latin America" Robert F. Smith is as critical as Steward of U.S. relations with Latin America. Unlike Steward, Smith is more interested in the contradiction between U.S. ideals and practice in its relations with Latin America than the limited contradictions between trade policies and practices.<sup>13</sup> For Smith, the 1930s saw the consolidation of old practices and the creation of new ideas in inter-American relations. The Good Neighbour Policy was a new chapter in an old story of the U.S. desire to make the hemisphere into a sphere of influence under its control.<sup>14</sup> The U.S. was interested in consolidating its hegemony in the Caribbean and Central America, and extending its power into South America. The U.S. pursued these aims at the same time as it worked to re-create its image in Latin America, in order to make

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<sup>12</sup> *Ibid.*, Chapter 9 (pp.242-269).

<sup>13</sup> Robert F. Smith, "The Good Neighbor Policy: The Liberal Paradox in United States Relations with Latin America", in Watershed of Empire: Essays on New Deal Foreign Policy, eds. Leonard P. Liggio and James J. Martin (Colorado Springs: Ralph Myles, 1976), pp.65-91.

<sup>14</sup> *Ibid.*, pp.65-68.

the integration of the Americas more acceptable to Latin Americans and to eliminate points of contention in its relations within the hemisphere.<sup>15</sup>

Smith's essay reaffirms the various criticisms found in the revisionist approach to U.S.-Latin American economic-strategic relations. He particularly attacks the American emphasis on the creation of economic and trade networks and the desire to strengthen security requirements so as to prevent extra-hemispheric intrusions into inter-American affairs. Smith views the Good Neighbour Policy as camouflage designed to conceal old strategic needs and economic objectives by putting forward a benevolent image of U.S. aims without abandoning the old imperialist goals. The policy was developed in an ad-hoc and improvised fashion, and it lacked internal coherence and cohesion. Moreover, he argues, the United States responded to events on a global Latin American basis, rarely engaging in a careful, nation-by-nation analysis. The Good Neighbour Policy, Smith contends, was actually based on the ideas of Franklin Roosevelt's predecessors, rather than concepts original to his presidency.<sup>16</sup> Smith's article raises the question of the place of Latin America in U.S. strategic thought and policy during the 1930s. The next section examines the scholarship on this question very closely.

#### STRATEGIC REQUIREMENTS IN UNITED STATES-LATIN AMERICAN RELATIONS IN THE 1930s

Irwin Gellman's book, Good Neighbor Diplomacy: United States Policies in Latin America, 1933-1945 (1979), examines the United States' political,

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<sup>15</sup> Ibid., pp.65-70.

<sup>16</sup> Ibid., pp.79-82.

economic and strategic approaches to Latin America through an examination of bureaucratic policies within the U.S. government. For Gellman, U.S. policy towards Latin America was built on the ideal of creating a united hemisphere based on inter-American cooperation and agreement on common hemispheric political, economic and strategic matters. He agrees with the revisionist historians who claim that President Roosevelt's ideals were based on the practices of his predecessors. What set his presidency apart, though, was his belief that inter-American relations could stand as a model for better international relations with the rest of the world. The Good Neighbour Policy, for Gellman, was based on a variety of ideas and assumptions that coalesced into a general overall policy.<sup>17</sup>

The Good Neighbour Policy was successful, according to Gellman, because the rhetoric matched the practice. U.S.-Latin American relations improved as the United States replaced coercion, compulsion and the use of force with cooperation, assistance and nonintervention. For Gellman, isolationist sentiment at home, hostility in Europe and aggression in Asia led Roosevelt to focus his diplomatic energies on Latin America. His efforts were rewarded at the Pan American Conference on Inter-American Peace and Security in Buenos Aires, Argentina in December 1936. His pledge of nonintervention consolidated the hemisphere on political and economic lines. The consolidation on strategic lines took on a multilateral character during the years leading up to World War

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<sup>17</sup> Irwin F. Gellman, Good Neighbour Diplomacy: United States Policies in Latin America, 1933-1945 (Baltimore: Johns Hopkins University Press, 1979), pp.11-17.



II. For Gellman, Good Neighbour diplomacy was a success for all concerned.

The U.S. seized an opportunity to strengthen its relations with Latin America and to participate in international affairs to an extent that was not possible in either Europe or Asia. Latin America won a pledge of U.S. nonintervention in its internal affairs in exchange for granting the U.S. its political and economic cooperation in both peace and war. The United States also conceded that Latin America's problems should receive international, rather than merely regional attention.<sup>18</sup>

Two other monographs employ the same approaches as Gellman. The first is Cole Blaiser's The Hovering Giant : U.S. Responses to Revolutionary Change in Latin America, 1910-1985 (1985). Blaiser's book deals with the question of revolution, and how the U.S. responded to revolutionary activity and movements in Latin America from 1910 to 1985. His approach emphasizes the consistency in the U.S. response to revolution in the region, and shows that it was based on strategic considerations, as well as access to markets and natural resources.<sup>19</sup> American policy-makers believed that revolutionary unrest in Latin America was provoked by extra-hemispheric powers, rather than factors internal to the region. In the second study, Latin America and the Transformation of U.S. Strategic Thought, 1936-1940 (1984), David G. Haglund argues that the U.S. worked to isolate the American hemisphere from events in Europe and Asia in the late 1930s. Isolationist in its foreign policy, the U.S. sought to make the

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<sup>18</sup> Ibid., pp.59-67.

<sup>19</sup> Cole Blaiser, The Hovering Giant: U.S. Responses to Revolutionary Changes in Latin America, 1910-1985, rev.ed. (Pittsburgh: University of Pittsburgh Press, 1985).

hemisphere a single bloc under its control.<sup>20</sup> The outbreak of World War II in September 1939 in Europe led the U.S. to alter the emphasis in its relations with Latin America from unilateral isolation to a multilateral strategic defense network against incursions by either Germany or Italy. Haglund's book raises important questions about the nature of Franklin Roosevelt's method of diplomacy and his ideas on international relations. The next section shall examine this area of inquiry more closely.

### THE DIPLOMACY OF FRANKLIN ROOSEVELT

The issue of Franklin Roosevelt's approach to international relations is treated broadly and deeply in three important books: Robert Dallek's Franklin D. Roosevelt and American Foreign Policy, 1932-1945 (1979), Wind Over Sand: The Diplomacy of Franklin Roosevelt (1988) by Frederick W. Marks III and Irwin F. Gellman's more recent Secret Affairs: Franklin Roosevelt, Cordell Hull and Sumner Welles (1995). Akira Iriye's *The Globalizing of America, 1913-1945*, the third volume in the series The Cambridge History of American Foreign Relations (1993), will also be discussed since it offers an important perspective on Roosevelt's Latin American policies.

Dallek's book provides a general examination of U.S. foreign policy during the Roosevelt administration from 1933 to 1945. He asserts that Roosevelt's ideas about foreign relations and diplomacy were established before he became president. His ideas developed further in the White House even though the main

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<sup>20</sup> David G. Haglund, Latin America and the Transformation of U.S. Strategic Thought, 1936-1940 (Albuquerque: University of New Mexico Press, 1984).

concepts remained unchanged due to his social background and his experience in the Woodrow Wilson presidency, in which he served as assistant Secretary of the Navy.<sup>21</sup>

Dallek points out that Roosevelt was the only child of New York aristocrats, allowing him to observe the world first hand through travel and education from a very young age. Roosevelt's education at Groton and at Harvard consolidated his recognition of the importance of international affairs, which placed him in a minority among his countrymen. His internationalism was initially imperialist with a strong paternalist tone. He believed in the backwardness of non-whites and "underdeveloped" nations that required the tutelage of advanced nations like the U.S.<sup>22</sup> Under new influences, his outlook evolved to the point that, by the end of his life, he rejected imperialism and became less racially focused.

In the presidency, Dallek asserts, Roosevelt was a confirmed internationalist who had to temper his views, both to conform to the isolationist ideas in the U.S. and to advance his own career. In international relations, according to Dallek, Roosevelt was an idealist who desired to create a better world, but was enough of a realist to recognize that he could not lead alone. This duality manifested itself in his creation of the Good Neighbour Policy. Dallek is part of the consensus which locates the main features of this policy in its promises of good will and non-intervention by the U.S. government coupled with

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<sup>21</sup> Robert Dallek, Franklin D. Roosevelt and American Foreign Policy, 1932-1945 (New York: Oxford University Press, 1979).

<sup>22</sup> Ibid., pp.7-10.

a desire to advance U.S. economic objectives and strategic needs. Furthermore, Dallek believes, Roosevelt was aided by a very clear perception of what was important or unimportant in international relations, a virtue that was coupled with basic pragmatism. His lack of a definite ideology or program would prove to be a great weakness, is asserted in Frederick W. Marks's book.

In his monograph, Wind Over Sand: The Diplomacy of Franklin Roosevelt (1988), Frederick W. Marks, III takes issue with Dallek's approach and methods. For Marks, there is little evidence that Roosevelt was a better diplomat than his presidential predecessors. Marks agrees that Roosevelt had traveled a great deal as a child and a young man, and that he had knowledge of French, German and to a lesser degree, Spanish. Marks, however, claims that international travel and knowledge of other languages can either widen one's horizons or confirm native assumptions and biases and in Roosevelt's case, he contends it was the latter rather than the former.<sup>23</sup>

Marks devotes one chapter to inter-American relations. Roosevelt was committed in rhetoric to the improvement of U.S.-Latin American relations; in practice, his words did not match reality. U.S. actions in the 1930s in Latin America laid the foundation of contemporary foreign aid programs that failed to address the pressing development issues of Latin American nations, but prevented the region from falling under the sway of extra-hemispheric U.S. rivals like Germany or Italy. Roosevelt attacked and vilified dictators in Asia or Europe,

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<sup>23</sup> Frederick W. Marks, III, Wind Over Sand: The Diplomacy of Franklin Roosevelt (Athens, Georgia: University of Georgia Press, 1988), Introduction.

but he accommodated dictators in Latin America, such as Fulgencio Batista (Cuba) and Anastasio Somoza (Nicaragua).<sup>24</sup> The Reciprocal Trade Agreements program, initiated by Secretary of State Cordell Hull, was not a success. It continued to promote economic monoculture and undermined the limited plans of Latin American elites to undertake internal economic diversification. Moreover, the Americans who were diplomatically posted to Latin America, according to Marks, continued to be political appointees like Josephus Daniels in Mexico who did not know the language or culture of the host country. The professional diplomats, like Hugh Gibson in Brazil, believed that a Latin American posting was a demotion in status, compared to a better post in either Europe or Asia.<sup>25</sup>

Dallek and Marks studied Roosevelt as a statesman and a diplomat. The question remains: what kind of foreign policy did Roosevelt create and what were its strengths, weaknesses and limitations? Irwin F. Gellman's monograph, Secret Affairs: Franklin Roosevelt, Cordell Hull and Sumner Welles (1995), examines the foreign policy of the United States during the Roosevelt era using a bureaucratic study approach. The relationship between Roosevelt, Cordell Hull, his secretary of state, and Sumner Welles, assistant (later the under) secretary of state, established the basic U.S. foreign policy framework. According to Gellman, Roosevelt was determined to be his own secretary of state, and Hull was appointed because of the power and respect he enjoyed in

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<sup>24</sup> Ibid., pp.217-250.

<sup>25</sup> Ibid., pp.247-248.

Congress and amongst an important Democratic constituency. Welles was tied to the president by family friendship and by a common class background and education (both had attended Groton and Harvard), and Roosevelt needed his skill as a professional diplomat, especially in inter-American relations.<sup>26</sup> Gellman contends that Roosevelt organized his foreign policy team in such a way that he could direct foreign relations as he saw fit. This reduced the importance of the State Department in key foreign policy decisions and created a White House-centered foreign policy. Foreign policy making, says Gellman, was complemented by a coterie of personal presidential advisors answerable only to Roosevelt and not to Hull.<sup>27</sup> Moreover, Roosevelt's basic inability to trust even his own subordinates and aides ensured that many of his ideas were never adopted or implemented.

Akira Iriye, in The Globalizing of America, 1913-1945 (1993), examines the international framework in which Roosevelt and his foreign policy team operated. He argues that U.S. officials tried to maintain an internationalist posture during the 1930s, but retreated into regional diplomacy and isolationism. The Great Depression after 1929 broke the back of the international economic system. The collapse of the system led to the pursuit of self-sufficiency (autarky) and regional diplomacy in international affairs. This dichotomy, according to Iriye, was exemplified in U.S.-Latin American relations, in which the United States used two methods to bind the region ever more closely within a U.S.-led

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<sup>26</sup> Irwin F. Gellman, Secret Affairs: Franklin Roosevelt, Cordell Hull, and Sumner Welles (Baltimore: Johns Hopkins University Press, 1995), preface.

<sup>27</sup> Ibid., chapters 1-2.

hemispheric system. The first was to create an economic incentive for cooperation with U.S. goals. This was in the form of reciprocal trade agreements with a number of Latin American countries. Iriye points out that this program did not advance economic prosperity or even expand trade, but it did deepen economic links.<sup>28</sup> The second method was to create an inter-American strategic defense network that would discourage intervention by an extra-hemispheric power. It was in the 1930s that the U.S. government began seriously to recognize the importance of geopolitics in its international relations. It also acknowledged the place of culture in its diplomacy.<sup>29</sup> Iriye's emphasis on culture differentiates him from other scholars, who have seen international relations as either economically or strategically based.

#### CULTURAL DETERMINANTS OF U.S. FOREIGN POLICY

Iriye's analyses have been influenced by the methods and approaches of the cultural anthropologist Clifford Geertz and the philosopher Michel Foucault. Iriye argues that the core values, cultural practices and ideology of a society will determine its foreign relations and diplomatic practices. In an article in Diplomatic History (1979), entitled "Culture and Power: International Relations as Intercultural Relations", Iriye outlines his approach.<sup>30</sup> A nation is a cultural system in which the principal values, beliefs, ideals, and ideology of a society are used to support and legitimate diplomatic activities in the world arena. These

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<sup>28</sup> Akira Iriye, "The Globalizing of America, 1913-1945", volume 3 of The Cambridge History of American Foreign Relations (New York: Cambridge University Press, 1993), pp.147-48.

<sup>29</sup> Ibid., p.160.

<sup>30</sup> Akira Iriye, "Culture and Power: International Relations as Intercultural Relations" Diplomatic History 2:1 (Winter 1979), 115-128.

cultural values are largely intrasystemic (internal to the system). International relations are intercultural because each nation has its own values, ideology, cultural practices and orientation and must interact with other nations in the extrasystemic arena (external to the system). There is also the question of what importance each cultural system places on the exercise of power and its connection to culture.<sup>31</sup>

Ideology is an important component of cultural values. According to Michael H. Hunt, it forms the main basis of U.S. foreign relations. Hunt's book, Ideology and U.S. Foreign Policy (1987), takes elements of Iriye's approach in order to examine the objectives and requirements (cultural and otherwise) of U.S. foreign policy-makers. Ideological needs and values, Hunt argues, not economic requirements and strategic priorities, have dictated U.S. foreign policy, especially with Latin America. American policy makers believed that Latin Americans were unable to govern themselves adequately and therefore required strong government in order to save them from their own worst excesses, including disorder, lawlessness and lack of stability. The definition of what constituted an excess would be defined by the U.S.<sup>32</sup> The question of race was also an important part of U.S. relations with Latin America, according to Hunt. Racial inferiority was held to be a source of economic underdevelopment and the lack of proper government and society.

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<sup>31</sup> Ibid., 115-117.

<sup>32</sup> Michael H. Hunt, Ideology and U.S. Foreign Policy (New Haven: Yale University Press, 1987).



Two other studies of inter-American relations draw upon the cultural methods developed by Iriye and Hunt: Ambassadors in Foreign Policy: The Influence of Individuals on U.S.-Latin American Policy, edited by C. Neale Ronning and Albert Vannucci (1987), and Jules Benjamin's, "The Framework of U.S. Relations with Latin America in the Twentieth Century: An Interpretative Essay", in Diplomatic History (1987). Benjamin's article analyzes the ideological-cultural system embedded in American reactions to Latin America during the twentieth century. At the heart of the system, Benjamin finds that American concepts of race and political-economic development have profoundly influenced United States relations with its southern neighbours. Two divergent themes have influenced U.S. relations with Latin America in the twentieth century, says Benjamin: one is the assertion of the inferiority of Latin Americans in their social, political, economic and cultural systems and development and the other is the conviction that this inferiority could be overcome by employing the right mixture of rhetoric and practical assistance by the U.S. in order to develop Latin American societies along lines established by the U.S. and other "advanced" nations.<sup>33</sup>

Ronning's and Vannucci's book focuses on the role of U.S. ambassadors to Latin American nations. U.S. ambassadors are more than their country's diplomatic representatives. They are the representatives of their nation's values,

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<sup>33</sup> Jules Benjamin, "The Framework of U.S. Relations with Latin America in the Twentieth Century: An Interpretive Essay", Diplomatic History 11:2 (Spring 1987), 91-112.

priorities and objectives, both diplomatically and culturally.<sup>34</sup> U.S. ambassadors in Latin America have taken on a particular significance, because they have been important players in internal Latin American politics. This was best exemplified in Cuba, where the U.S. ambassador was more important politically than even the Cuban presidents prior to the 1959 revolution.<sup>35</sup>

The underlying assumption of authors contributing to Ronning's and Vannucci's book is that the examination of Latin America by historians and others can only be undertaken with an appreciation for the internal environment of the particular Latin American country, Latin America in general and the larger world setting. They also illustrate the power and personal limitations of individuals within a diplomatic framework.

## CONCLUSION

This chapter has examined the four main approaches which have characterized scholarly research on U.S.-Latin American relations in the 1930s. This author believes that all of these approaches must be employed to understand the dynamics of the unequal relationship between these two actors. This chapter has examined the broad scope of the U.S.-Latin American diplomatic relationship. Later chapters will examine separately the relations between the United States and Cuba as well as the United States and Mexico. Only by a study of U.S. relations with particular Latin American countries, rather

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<sup>34</sup> C. Neale Ronning and Albert P. Vannucci eds., Ambassadors in Foreign Policy: The Influence of Individuals on U.S.-Latin America Policy (New York: Praeger Books, 1987), introduction.

<sup>35</sup> Louis A. Perez, Jr., "In Defense of Hegemony: Sumner Welles and the Cuban Revolution of 1933" in Ronning and Vannucci eds., Ambassadors in Foreign Policy, pp.28-48.

than a regional approach, will the analysis of U.S.-Latin American relations be rendered more understandable.

## **CHAPTER II NATION BUILDING AND STATE FORMATION IN CUBA AND MEXICO, 1860-1930**

### **INTRODUCTION**

Cuba and Mexico underwent great changes from 1860 to 1930.

Cuba developed from a prosperous Spanish colony to a troubled American client state. Mexico evolved from a nation in name to a nation in fact as more of its citizens were integrated into national life. The elites of both nations tried a number of nation-building and state-formation schemes to legitimate their power and authority.

Economically, both societies adapted to the realities of the nineteenth-century global market by enhancing their export economies. Cuba became a monoculture economy that depended on the growth and export of sugar, while Mexico became dependent on a number of exports, such as silver, sugar, *henequen* (sisal) and oil. This chapter will analyze the factors that aided or impeded the process of nation-building and state-formation in Cuba and Mexico. It will study why Mexico was able to resist some of the more powerful forms of international imperialism and Cuba was unable to do so. Lastly, it will examine the relationship of both nations to the United States to understand why both societies evolved in the manner they did.

### **CUBA: FROM COLONY TO PROTECTORATE, 1860-1902**

Cuba was an unimportant part of Spain's colonial empire until the

early nineteenth century. Its economy was based on small-scale cattle and tobacco farming for domestic consumption. By 1820, the island had grown in importance due to three related events. The first was the revolution in the British North American colonies, which led to their independence in 1783 as the United States. The second was the revolution in the French colony of St. Domingue in the 1790s which led to the independence of Haiti in 1804. The third was the wars for independence in Spain's other New World colonies in the 1810s and 1820s. Unlike the other colonies, Cuba remained loyal to Spain and gained the distinction of being *La Isla Siempre Fiel*, the Ever-Faithful Isle.<sup>1</sup>

The nineteenth century saw great changes in every aspect of Cuban society. Large plantations growing coffee, tobacco and sugar for export, replaced small cattle and tobacco farms. The social system expanded and created a creole (island-born Cubans) landowner class who worked with Spanish merchants and colonial officials. Sugar production required large landholdings and a reliable labour force to be viable. This labour was supplied by importing African slaves. Under international pressure, in particular by the British government, the colonial government was forced to reduce the number of slaves imported into Cuba during the 1850s and 1860s; and began to create parallel forms of labour organization such as wage labour and contract labour. In 1867 the last slaves were legally imported into the island, but individual slave owners continued to smuggle slaves into the island despite the colonial

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<sup>1</sup> Hugh Thomas, Cuba: The Pursuit of Freedom (New York: Harper and Row Publishers, 1971), pp.93-155; Louis A. Perez, Jr., Cuba Between Reform and Revolution 2nd edition (New York: Oxford University Press, 1995), pp.70-82.

government's efforts to end the trade. In 1880 the Spanish government introduced a limited form of abolition. It freed slaves over sixty years of age and apprenticed slave children to various employers.<sup>2</sup> This limited reform measure proved to be ineffective. In 1886 the metropolitan government abolished the slave system entirely.<sup>3</sup>

The political system responded to the changes in the economic and social systems by balancing the needs of the *peninsular* merchant class (Spanish-born Cubans) with those of the creole landowning class (island-born Cubans). In the 1850s some creole landowners tried to agitate for annexation to the United States. This was in response to fears that the metropolitan Spanish government planned to abolish slavery. Annexationist sentiment came to naught when the United States abolished its own slave system during the U.S. Civil War. In the 1860s, the large sugar landowners called for their participation in the *Cortes*, the Spanish parliament. These appeals were refused as the Spanish government argued that the landowners, as slave holders, had no right to claim that they represented free men. Most *peninsulares* also did not think that the creoles were culturally Spanish enough to sit in the *Cortes*.<sup>4</sup>

The failure of these efforts did not trouble the large sugar landowners as

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<sup>2</sup> Thomas, Cuba The Pursuit of Freedom, pp.109-35; Perez, Cuba Between Reform and Revolution, pp.82-86; Rebecca J. Scott, Slave Emancipation in Cuba: The Transition to Free Labor, 1860-1899 (Princeton,N.J.: Princeton University Press, 1985).

<sup>3</sup> Perez, Cuba Between Reform and Revolution, pp.81-4; Hugh Thomas, "Cuba, c.1750-c.1860" in Leslie Bethell ed., Cuba: A Short History (New York: Cambridge University Press, 1993), pp.17-20; Scott, Slave Emancipation in Cuba, pp.127-197.

<sup>4</sup> Thomas, Cuba: The Pursuit of Freedom, pp.218-44; Perez, Cuba Between Reform and Revolution, pp.108-115.

their position in Cuban society was secure. They believed that a measure of reform was necessary, but too much reform could undermine their status and position. For the smaller landowners in Cuba, the failure of these efforts intensified their marginalization within Cuban society. They began to call for independence. On 18 October 1868, a number of small landowners met at Yara in Oriente Province and issued the famous *Grito de Yara* or Cry of Yara, calling for independence and urging all Cubans to unite and expel the Spanish from the island.<sup>5</sup>

This action initiated the Ten Years' War, Cuba's first war of independence. It was largely a guerrilla conflict centered in eastern Cuba and it destroyed the limited economic and political power of the smaller landowners. The Pact of *Zanjón* (1878) forced the Cuban rebels to lay down their arms and go into exile. This war created a group of leaders that would be influential in the Second War of Independence (1895-1898). These leaders included: Tomas Estrada Palma (later Cuba's first president), Calixto Garcia, Maximo Gomez (a Dominican), and Antonio Maceo (an Afro-Cuban). These men would be joined by Jose Marti, who became the conscience of the new Cuban independence movement during the 1880s and 1890s.<sup>6</sup>

Between 1878 and 1895 the United States became the new dominant economic power in the island's affairs. Prior to the Ten Years'

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<sup>5</sup> Aguilar, pp.26-31; Perez, Cuba Between Reform and Revolution, pp.121-26.

<sup>6</sup> Aguilar, "Cuba, c.1880-c.1930" in Cuba: A Short History, ed. Leslie Bethell, pp.26-8; Thomas, Cuba: The Pursuit of Freedom, pp.245-63.

War, Cuba had traded equally with Spain, Great Britain and the United States. In the 1870s, U.S. investors began to buy out British and Spanish interests on the island. They began to set up new sugar estates and reduced the Cuban landowners from a landed semi-aristocracy to a planter class who worked for U.S.-owned sugar mills (*centrales*) and corporations.<sup>7</sup>

Spain increased the political power it exercised over the island. The colonial government sponsored a large-scale immigration program to bring a greater number of Spaniards to Cuba. A large number of creoles began to call for autonomy, but not outright independence. They formed an Autonomist Party to serve this purpose. The colonial government responded by forming a pro-Spanish political movement.<sup>8</sup> The Cuban rebels led by Jose Marti, then in exile in the United States, organized themselves into the Cuban Revolutionary Party in 1892. The PRC called for complete independence for the island.<sup>9</sup>

By 1894-95, the post-Zanjón political-economic system was on the point of collapse. The political situation was stalemated as U.S. economic power grew and exerted an influence on other aspects of Cuban life and society. U.S. economic strength was enhanced by a reciprocal trade agreement, the Foster-

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<sup>7</sup> Louis A. Perez, Jr., "Toward Dependency and Revolution: The Political Economy of Cuba Between Wars, 1878-1895" Latin American Research Review, 18:1 (1983), 127-142.

<sup>8</sup> Perez, Between Reform and Revolution, pp.126-43; Thomas, Cuba: The Pursuit of Freedom, pp.281-97.

<sup>9</sup> Gerald Poyo, "The Evolution of Cuban Separatist Thought in the Emigre Communities of the United States, 1848-1895" Hispanic American Historical Review 66:3 (August 1986), 485-507; Louis A. Perez, Jr., Cuba Between Empires, 1878-1902 (Pittsburgh: University of Pittsburgh Press, 1983), chapters 2 and 3.



Canovas Treaty, signed in 1891 between the U.S. and Spain. The treaty allowed Cuban sugar to enter the U.S. market duty-free, and in exchange, Spain reduced Cuban tariffs on American manufactured goods imported into the island.<sup>10</sup> It was abrogated by the U.S. in 1894 in response to a domestic depression. The leadership of the PRC recognized the opportunity created by the downturn and unemployment amongst Cuba's poorer classes to launch a second war of independence against Spain in February 1895.<sup>11</sup>

The second war of independence began with the *Grito de Baire* or Cry of Baire in Oriente on 24 February 1895. The first fighting erupted in eastern Cuba, as had the outbreak of the first war of independence in 1868. On 19 May 1895 Marti was killed in a skirmish with Spanish colonial troops. His death eliminated the only man who was able fully to articulate the aspirations of the Cuban independence movement and to keep unity in the civilian and military wings of the struggle.<sup>12</sup>

During the first two years of the revolution the planter class was confused and disoriented. The planters had advocated autonomy within the Spanish empire and were fearful of the rebels' program and aims. By late 1896 they recognized that the island was not going to be pacified through force, and the rebels were not willing to give up their struggle for independence. The articulate representatives of this class began to transfer their loyalties from Spain to the

<sup>10</sup> Perez, Cuba Between Empires, pp.39-56; Philip S. Foner, The Spanish-Cuban-American War and the Birth of American Imperialism, 1895-1902 2 vols.(New York: Monthly Review Press, 1972), chapters 1-2.

<sup>11</sup> Perez, Cuba Between Empires, pp.90-108; Thomas, Cuba: The Pursuit of Freedom, pp.316-27; Foner, The Spanish-Cuban-American War, pp.14-35.

<sup>12</sup> Perez, Cuba Between Empires, pp.90-108; Thomas, Cuba: The Pursuit of Freedom, pp.316-27; Foner, The Spanish-Cuban-American War, pp.14-35.

United States, and to apply pressure on the latter to intervene in the war. The U.S. government was not willing to support either side at this time, but increasing domestic American pressure to protect investments on the island, coupled with U.S. public support for the cause of Cuban freedom and independence, would soon be impossible to resist.<sup>13</sup>

The United States declared war on Spain in April 1898, and within three months had decisively defeated Spanish forces in Cuba. Prior to the declaration of war, Congress debated and passed the Turpie-Foraker Amendment, which recognized the Cuban independence movement as the legitimate government of Cuba. In a second vote, this amendment was set aside on President William McKinley's request and replaced by the Teller Amendment. The Teller amendment stated that the U.S. was not bound to recognize any Cuban government until the island was "pacified" to Washington's satisfaction.<sup>14</sup> U.S. military authorities in Cuba soon came to regret the Teller Amendment's existence, because the situation on the island demanded more than "pacification." The Treaty of Paris signed between Spain and the United States established U.S. suzerainty over the island. For most Cuban nationalists the U.S. forces became an army of occupation, rather than an army of liberation.

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<sup>13</sup> Walter Lafeber, The New Empire: An Interpretation of American Expansion, 1860-1898 (Ithaca: Cornell University Press, 1963), pp.285-300; Jules R. Benjamin, The United States and the Origins of the Cuban Revolution: An Empire of Liberty in an Age of National Liberation (Princeton: Princeton University Press, 1990), pp.33-41; David F. Healy, The United States in Cuba, 1898-1902: Generals, Politicians, and the Search for Policy (Madison: The University of Wisconsin Press, 1963), pp.3-16; Louis A. Perez, Jr., Cuba and the United States: Ties of Singular Intimacy (Athens, Georgia: University of Georgia Press, 1990), pp.85-87.

<sup>14</sup> Healy, The United States in Cuba, pp.20-52; Foner, The Spanish-Cuban-American War, pp.230-310; Paul S. Holbo, "Presidential Leadership in Foreign Affairs: William McKinley and the Turpie-Foraker Amendment" American Historical Review 72:3 (July 1967), 1321-1335.

U.S. officials in Cuba were more interested in preparing the island for eventual annexation, rather than recognizing Cuban independence.<sup>15</sup>

The U.S. military occupation of Cuba lasted from 1 January 1899 to 20 May 1902. The American proconsul, General Leonard Wood, worked to build up the declining political power and prestige of the creole planter class and *peninsular* merchants to counteract the growing attraction of the Cuban independence movement. The planter class lacked the prestige or the will to carry out the leadership role that Wood assigned to it. Political power went by default to the Cuban independence party which had no effective leaders who could either create a sense of unity among Cubans or articulate an effective alternative to the U.S. imperial design.<sup>16</sup>

General Wood, initially, tried to persuade his superiors that the annexation of Cuba was the best way to ensure order and stability on the island and that this idea enjoyed the support of the planter class and merchants. By 1900, he believed that annexation was no longer a viable option because of the weakness of the planter class and the strength of the independence movement. He was fearful of turning the island over to an "ignorant rabble". He agreed to

<sup>15</sup> This new situation is described in five monographs. They are: Louis A. Perez, Jr., Cuba Between Reform and Revolution, pp.176-83; Jose M. Hernandez, Cuba and the United States: Intervention and Militarism, 1868-1933 (Austin: University of Texas Press, 1993), pp.30-58; Perez, Cuba Between Empires, pp.185-210; Healy, The United States in Cuba, chapter 4; Foner, The Spanish-Cuban-American War, chapters 15-17.

<sup>16</sup> Healy's The United States in Cuba, chapters 5-7 examines the Teller and Foraker Amendments and their circumvention by various U.S. officials in Cuba. Three articles by Louis A. Perez, Jr., analyzes the situation in Cuba as opposed to the perceptions and designs by U.S. officials. They are: "The Pursuit of Pacification: Banditry and the United States' Occupation of Cuba, 1899-1902" Journal of Latin American Studies 18:2 (May 1986), 313-332; "The Imperial Design: Politics and Pedagogy in Occupied Cuba, 1898-1902" Cuban Studies 12:2 (July 1982), 3-19 and "Insurrection, Intervention and the Transformation of Land Tenure Systems in Cuba, 1895-1902" Hispanic American Historical Review 65:2 (May 1985), 229-54.

hold elections for a Cuban constitutional assembly and municipal councils. Prior to the elections, he set high requirements for participation in the franchise: literacy and 250 dollars in property. Wood hoped that through these requirements Cubans would elect an assembly that contained a majority of the representatives of the "better classes" of Cuba. The results were disappointing for Wood as the majority of delegates elected to the Constitutional Assembly were former soldiers and officers of the Cuban independence army who were dedicated to the island's freedom.<sup>17</sup> The U.S. government now sought a solution located between annexation and total Cuban independence. It found its answer in the Platt Amendment, passed by the U.S. Senate in February 1901.

The Platt Amendment to the Cuban constitution gave the island a limited degree of political independence. It restricted any autonomous actions contrary to U.S. interests in economic matters, foreign affairs and the exercise of national sovereignty. The amendment would draw the island's economy into line with U.S. needs and objectives. The Cuban government was responsible for the preservation of life, liberty and private property. To ensure their preservation, the U.S. created a new Cuban army and a rural guard which would enforce law and order. The U.S. granted itself the right of armed intervention in the island's internal affairs should any Cuban government be unable to preserve the sanctity of contract, the right of private property and the maintenance of public order.<sup>18</sup>

The Cuban Constitutional Assembly reacted with great hostility to

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<sup>17</sup> A complete study of the composition and deliberations of the Cuban Constitutional Convention can be found in Philip S. Foner's, The Spanish-Cuban-American War, pp.534-558.

<sup>18</sup> Healy, The United States in Cuba, pp.150-67; Perez, Ties of Singular Intimacy, pp.109-12; Aguilar, "Cuba, c.1860-c.1930" in Leslie Bethell ed., Cuba: A Short History, pp.38-40.

the Platt Amendment. The U.S. Secretary of War, Elihu Root, informed members of the assembly that U.S. military occupation of Cuba would continue if opposition to the Platt Amendment persisted. Resistance to the amendment collapsed and in June 1901, by a vote of 16-11, the Cuban Constitutional Assembly accepted the Platt Amendment and the limited "independence" granted by the United States. In December 1901, Tomas Estrada Palma was elected president in the first elections. On Independence Day, 20 May 1902, U.S. control over the island's economy and political options was complete and solid. The next three decades would test the limits of the U.S. imperial control over the island and the ability of Cubans to determine their own fate and to create a new national identity.<sup>19</sup> From 1855 to 1910, Mexico began to modernize its political and economic systems. The next section will examine the degree of change this transition achieved and how its costs set the stage for the 1910 Revolution.

#### EXPERIMENTS IN STATE FORMATION AND NATION BUILDING IN MEXICO, c.1860-1910

For the first thirty-five years after independence in 1821, Mexico's political life was contested between conservatives and liberals. Both groups agreed that Mexico had to become an important, viable and united country. They violently disagreed, however, on how best to achieve this goal. The conservatives believed in a strong central government and the provinces would exercise little or no effective political power. They desired to retain the old colonial social hierarchy of race, class and caste. They wanted to maintain the privileges and

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<sup>19</sup> Aguilar, "Cuba, c.1860-c.1930" in Leslie Bethell ed., Cuba: A Short History, p.40.

power enjoyed by the Catholic church and the army and believed that both institutions were the only ones able to preserve order and stability. The liberals believed in a federal system of government in which the center and provinces worked together to govern Mexico. They believed in changing the social system to eliminate all social distinctions among Mexicans and to create formal equality. They wanted to eliminate all privileges and powers enjoyed by the army and the Catholic church and to disestablish the latter. The main division between the two was that the conservatives wanted a government modeled on that of Spain, whereas the liberals desired one patterned after the United States. Their antagonism would retard Mexico's social and economic development until the liberal revolution of 1855.<sup>20</sup>

Mexico's economy and social structure did not fundamentally change after independence. The economy was centered around the mining and export of silver and the growing of various crops for domestic and international markets. The social system pivoted around the old colonial foci of class, race and caste and was hierarchical.<sup>21</sup> The division between the conservatives and liberals led to the liberal revolution of 1855 that would change most aspects of Mexican life.

The new liberal government initiated a reform project known as *La Reforma*. The first two pieces of legislation of this project were the *Ley*

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<sup>20</sup> Jan Bazant, "From Independence to the Liberal Republic, 1821-1867" in Mexico Since Independence, ed. Leslie Bethell (New York: Cambridge University Press, 1991), pp.1-15; David Bushnell and Neill Macaulay, The Emergence of Latin America in the Nineteenth Century Second Edition (New York: Oxford University Press, 1994), pp.55-71; Michael C. Meyer and William L. Sherman, The Course of Mexican History Fifth Edition (New York: Oxford University Press, 1995), pp.313-22.

<sup>21</sup> Ramon Eduardo Ruiz, Triumphs and Tragedy: A History of the Mexican People, (New York: W.W. Norton and Co., 1992), pp.187-93; Meyer and Sherman, The Course of Mexican History, pp.355-69.

*Lerdo*(Lerdo Law) and the *Ley Juarez* (Juarez Law). The *Ley Lerdo*, introduced by Miguel Lerdo de Tejada, the Treasury Minister, divested corporate bodies of their landholdings and ordered that they either sell their land or auction it to individual landowners at the earliest possible time. This law broke up the Indian peasant communal landholdings or *ejidos* and church owned lands. The *Ley Juarez*, introduced by Benito Juarez, the Minister of Justice, ended the military and church *fueros* or privileges that exempted the clergy and military from civil law and lay jurisdiction, and made clerics and military officials subject to state laws and secular juries, instead of church and military laws and juries. Another important piece of legislation was the *Ley Iglesias* (Church Law), which disestablished the Catholic church.<sup>22</sup> These laws provided the spark for civil war or the War of *La Reforma* between the liberals and conservatives, which lasted from 1858 to 1861.

The War of *La Reforma* was a complete victory for the liberals, but they won at great cost. The defeated conservatives made common cause with French government officials, who saw Mexico as an ideal place to realize colonial ambitions and who wanted to oust the bankrupt Liberal government. These two groups persuaded the heir to the Austrian throne, Maximilian, to become emperor of a Mexican empire. He arrived in May 1863 to be crowned emperor of the country. His regime was supported by the church leadership, conservatives and the French army. He faced the continued

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<sup>22</sup> Ramon Eduardo Ruiz, Triumphs and Tragedy: A History of the Mexican People, (New York: W.W. Norton and Co., 1992), pp.187-93; Meyer and Sherman, The Course of Mexican History, pp.355-69; Bushnell and Macaulay, The Emergence of Latin America in the Nineteenth Century, pp.193-96.

opposition of the liberals, who refused to recognize his regime as legitimate. Maximilian was overthrown in early 1867, and the U.S. threatened military intervention if France or other European powers interfered. He was tried and executed in May 1867, and the liberal republic was restored.<sup>23</sup>

In July, Benito Juarez resumed his presidency. Juarez's government was marked by a toning down of liberal rhetoric and practice. This was shown by the formation of a rural militia, the *rurales*, to quell rural unrest and banditry and as a counterpoint to the army, which displayed no loyalty to the state. This change was also highlighted by the government's acceptance of positivism as articulated earlier in the century by the French philosopher Auguste Comte, which exalted order, hierarchy and the application of science to society as the best guarantee of progress. It also believed that democracy undermined the basic cohesion of societies.<sup>24</sup>

In 1871, President Juarez was re-elected in a disputed election against the popular Liberal general, Porfirio Diaz. Diaz protested the result and rose in revolt against the Juarez government. He was quickly defeated by the Federal army. Juarez suffered a fatal heart attack on 17 July 1872. The chief justice of the supreme court, Sebastian Lerdo de Tejada, the brother of Miguel, was chosen as Juarez's successor and served as president from 1872 to 1876.<sup>25</sup> In 1876 General Diaz rose in

<sup>23</sup> Meyer and Sherman, The Course of Mexican History, pp.381-401; Ruiz, Triumphs and Tragedy, pp.242-54; Bazant, "From Independence to the Liberal Republic, 1821-1867" in Mexico Since Independence ed., Leslie Bethell, pp.42-48.

<sup>24</sup> Katz, "The Liberal Republic and the *Porfiriato*, 1867-1910" in Leslie Bethell ed., Mexico Since Independence, pp.58-60; Ruiz, Triumphs and Tragedy, pp.261-4.

<sup>25</sup> Meyer and Sherman, The Course of Mexican History, pp.408-15; Katz, "The Liberal Republic and the *Porfiriato*, 1867-1910" in Leslie Bethell ed., Mexico Since Independence, pp.61-5; James



revolt against Lerdo, who sought re-election and defeated the troops loyal to the president. Lerdo fled into exile, and in May 1877 Diaz called for new elections, which he won handily.<sup>26</sup> The grim socio-economic picture that faced Porfirio Diaz did not discourage him. His predecessors had left him with the beginnings of a state structure, and he believed he had the ability to unify Mexico. He strengthened the power of the *rurales* making them answerable to the president alone. Diaz moved his supporters into positions of political power at the national and regional levels. A project of railroad building was begun, roads were improved, and telegraph lines were constructed, and the process of integrating southern and northern Mexico into the national system was initiated.<sup>27</sup>

Politically, Mexico remained a nation still ruled by the local *caciques* (bosses) and regional *caudillos* (political strongmen). Diaz co-opted or removed these men from their positions of power and made the regions responsive to national needs and prerequisites. He continued the centralizing practices of his Liberal predecessors.<sup>28</sup>

Economic development in Mexico also occurred at the regional level. The

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D. Cockcroft, Mexico: Class Formation, Capital Accumulation, and the State (New York: Monthly Review Press, 1983), pp.74-86; Bushnell and Macaulay, The Emergence of Latin America, pp.204-6.

<sup>26</sup> Katz, "The Liberal Republic and the *Porfiriato*, 1867-1910" in Leslie Bethell ed., Mexico Since Independence, pp.65-69; Thomas Benjamin, "Introduction: Approaching the *Porfiriato*" in Benjamin and William McNellie eds., Other Mexicos: Essays on Regional Mexican History, 1876-1911 (Albuquerque: University of New Mexico Press, 1984), pp.3-14.

<sup>27</sup> Ruiz, Triumphs and Tragedy, pp.268-75; Meyer and Sherman, The Course of Mexican History, pp.431-38.

<sup>28</sup> Ruiz, Triumphs and Tragedy, pp.276-8; Ramon Eduardo Ruiz, Mexico: The Great Rebellion, 1905-1924 (New York: W.W. Norton, 1980), pp.9-23; Benjamin, "Approaching the *Porfiriato*" in Benjamin and McNellie eds., Other Mexicos, pp.14-24.

country was divided into three broad regions: the north, the center and the south. Prior to this period, known as the *Porfiriato*, the north had been a sparsely populated frontier area. The central government was able to pacify the local Indian tribes and to establish effective border control with the United States. This region became more settled and more Mexicans moved there because of the various opportunities that could be found in its fluid economic and social systems. Northern Mexico became the most economically and socially diverse region of the nation.<sup>29</sup>

Central Mexico changed very little. This region had always been the most economically advanced part of Mexico. *Hacendados* or large landowners took advantage of the break-up of communal peasant and church landholdings decreed by *La Reforma*. The peasants were reduced to debt peons or labourers tied to the land and the *hacendado*. There were various Indian *ejidos* that managed to escape the encroaching power of the *hacienda* economy, but these proved to be the exception rather than the rule.<sup>30</sup>

Southern Mexico remained the most economically backward region of the country. Railroads were few, and the peasants were little better than slaves in an economy that resembled the monoculture systems of the

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<sup>29</sup> Tutino, *From Insurrection to Revolution in Mexico: Social Bases of Agrarian Violence, 1750-1940* (Princeton, N.J.: Princeton University Press, 1986), pp.277-87 and 297-305; Katz, "The Liberal Republic and the *Porfiriato*, 1867-1910" in Leslie Bethell ed., *Mexico Since Independence*, pp.77-80; Benjamin and McNellie eds., *Other Mexicos*, pp.27-107.

<sup>30</sup> Tutino, *From Insurrection to Revolution in Mexico*, pp.305-12; Friedrich Katz, "Labor Conditions on *Haciendas* in Porfirian Mexico: Some Trends and Tendencies" *Hispanic American Historical Review* 54:1 (February 1974), 48-74; John Coatsworth, *Growth Against Development: The Economic Impact of Railroads in Porfirian Mexico* (DeKalb, Illinois: Northern Illinois University Press, 1981).

Caribbean and Central America.<sup>31</sup> Mexico's economic development was uneven. The political managers or *Científicos*, began the process of consolidating or reconciling the regional or local elites to the national project and eliminating those who were opposed. It had ignored other Mexicans, and this neglect would lead to the Revolution in 1910.<sup>32</sup>

Mexico's uneven economic development did not concern the *Científicos*. Their positivist philosophy encouraged as much foreign investment as possible. They believed that foreign money would develop and modernize the country. Their responsibility was to make Mexico a stable and secure nation in which foreigners could invest their capital. During the 1880s and 1890s, the United States emerged as the largest foreign investor. Great Britain was the second-largest (see tables 1 and 3). France and Germany had smaller stakes invested in Mexico. The growing American position was a concern for the *Científicos* and their patron, Treasury Minister, Jose Yves Limantour. They had witnessed the ease with which the U.S. was creating an informal empire in the Caribbean and Central America in the last years of the nineteenth century. Moreover, they recognized the same signs in northern Mexico as various *jefe políticos* and *caciques* granted American investors virtually unlimited freedom of action to do what they wished.<sup>33</sup>

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<sup>31</sup> Tutino, From Insurrection to Revolution in Mexico, pp.312-21; Enrique Montalvo Ortega, "Revolts and Peasant Mobilizations in Yucatan: Indians, Peons and Peasants from the Caste War to the Revolution" in Riot, Rebellion and Revolution: Rural Social Conflict in Mexico ed. Friedrich Katz (Princeton, N.J.: Princeton University Press, 1988), pp.295-317.

<sup>32</sup> Katz, "The Liberal Republic and the *Porfiriato*, 1867-1910" in Leslie Bethell ed., Mexico Since Independence, pp.74-88; Meyer and Sherman, The Course of Mexican History, pp.439-64; John Mason Hart, Revolutionary Mexico: The Coming and Process of the Mexican Revolution (Los Angeles: University of California Press, 1987), pp.163-86.

In 1900, the *Científicos* embarked upon a limited form of economic nationalism. The United States had acquired too large an advantage in its investments over European investors.<sup>34</sup> The *Científicos*' plans to encourage more European investment was frustrated by Diaz himself. Diaz's political program of divide and conquer had worked well when dealing with various domestic rivals in Mexico. It failed when he tried to counterbalance U.S. and European investors. Diaz's failure to recognize that his regime had created new groups and classes with aspirations that he could not satisfy, led to increased social tensions.<sup>35</sup>

A national intellectual class was among these new groups. A number of dissidents within this group formed the first real opposition to the *Porfiriato*. In 1904, they established the *Partido Liberal Mexicano* or PLM. The PLM's main support came from the professional middle class whose members wanted to participate in the system they had helped to create. The PLM began to organize in various Mexican cities, calling for the social, political and economic regeneration of Mexico and for the overthrow of the dictator.<sup>36</sup>

The nascent industrial working class in the textile mills, factories and mines responded in a different way to their mistreatment and marginalization. The first response occurred at the U.S.-owned Cananea

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<sup>34</sup> Stephen H. Haber, Industry and Underdevelopment: The Industrialization of Mexico, 1890-1940 (Stanford, California: Stanford University Press, 1989), pp.1-26; Karl M. Schmitt, Mexico and the United States, 1821-1973: Conflict and Coexistence (New York: John Wiley and Sons, 1974), pp.97-108.

<sup>35</sup> Ruiz, The Great Rebellion, pp.58-99; Katz, "The Liberal Republic and the *Porfiriato*, 1867-1910" in Leslie Bethell ed., Mexico Since Independence, pp.61-102; Marvin D. Bernstein, The Mexican Mining Industry 1890-1950: A Study of the Interaction of Politics, Economics and Technology (New York: State University Press, 1964.), pp.17-77.

<sup>36</sup> James D. Cockcroft, Intellectual Precursors of the Mexican Revolution 1900-1913 (Austin, Texas: Institute of Latin American Studies for the University of Texas Press, 1968); Meyer and Sherman, The Course of Mexican History, pp.483-88.

Consolidated Copper Mine in Sonora in May 1906. Mexican miners who called for higher wages and better working conditions were brutally crushed by a detachment of *rurales*.<sup>37</sup> The second response occurred at the French-owned textile mill in Rio Blanco, Puebla, in January 1907. The mill owners called in a division of *rurales* to put down the strike, and this was accomplished with a great loss of life.<sup>38</sup> It was not the PLM or the strikers at Rio Blanco or Cananea that initiated the Mexican Revolution; but it was a bombshell dropped by Diaz himself.

In 1908, Diaz announced in an interview that he believed that Mexico was ready for democratic government after his years of careful tutelage. General Bernardo Reyes, the minister of war, began to campaign for the vice-presidency. Diaz, sensing a rival, asked Reyes to become Mexico's military envoy to France in 1909. Reyes accepted, and his disillusioned supporters amongst the elite turned their attention to a young northern *hacendado*, Francisco Madero.<sup>39</sup>

Madero was the scion of one of Mexico's wealthiest families. His family had investments in land, mines, railroads and factories in several northern Mexican states. In late 1909 he began touring Mexico. His speeches attacked the system itself, and not Diaz personally. The old

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<sup>37</sup> Rodney D. Anderson, "Mexican Workers and the Politics of Revolution" Hispanic American Historical Review 54:1 (February 1974), 94-113; Anderson, Outcasts in Their Own Land: Mexican Industrial Workers, 1906-1911 (DeKalb, Illinois: Northern Illinois University Press, 1976), pp.111-17; Ruiz, The Great Rebellion, pp.68-71; Bernstein, The Mexican Mining Industry, pp.55-58.

<sup>38</sup> Anderson, Outcasts in Their Own Land, pp.154-221; Anderson, "Mexican Workers and the Politics of Revolution", 100-4.

<sup>39</sup> Katz, "The Liberal Republic and the *Porfiriato*, 1867-1910" in Bethell ed., Mexico Since Independence, pp.114-20; Alan Knight, The Mexican Revolution: Volume 1-Porfirians, Liberals and Peasants (Cambridge, England.: Cambridge University Press, 1986), pp.40-54.

president responded by trying to co-opt Madero. Madero's movement was gaining momentum and on 5 June 1910 he was arrested on a charge of sedition in San Luis Potosi. Sixteen days later, Diaz was re-elected president. On 22 July, Madero was released on bail, and on the night of 5 October he escaped to the United States. The next day he issued the *Plan de San Luis Potosi* from San Antonio, Texas. He called the recent elections null and void. At the same time he called on Mexicans to rise up on 20 November and end the *Porfiriato*.<sup>40</sup> The Mexican Revolution was a great cataclysm that would sweep away the old order in Mexico. It gave rise to a new ruling elite rooted in Mexican nationalism that would seek to redress the old social inequities and regional imbalances. Its leaders sought, ostensibly, to include most Mexicans in their project and not just simply the elites. In Cuba the first three decades of independence witnessed an expansion of the island's economic monoculture system. The island experienced a resurgence of Cuban nationalism as new groups and classes pressed on the political class to expand the political system and to address their grievances and needs. The following section will analyze these turbulent years of Cuban history.

#### FROM PROTECTORATE TO EMERGENT NATION: CUBA, 1902-1930

In 1902, the Cuban president, Tomas Estrada Palma, governed a land

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<sup>40</sup> Katz, "The Liberal Republic and the *Porfiriato*, 1867-1910" in Leslie Bethell ed., Mexico Since Independence, pp.122-24; Knight, The Mexican Revolution, Volume 1, pp.70-7; Hector Aguilar Camin and Lorenzo Meyer, In the Shadow of the Mexican Revolution: Contemporary Mexican History, 1910-1989, trans. Luis Alberto Fierro (Austin, Texas: University of Texas Press, 1993), pp.1-18

recovering from the damage inflicted by war and the transfer of political control from Spain to the U.S.<sup>41</sup> Economically, the situation was characterized by the dominant U.S. position in the island's society. This power was enhanced in 1903 by the conclusion of a Reciprocity Treaty that reduced the Cuban tariffs on imported U.S. manufactured goods in return for the U.S. granting a share of the mainland sugar market to Cuba.<sup>42</sup>

Socially, independence brought an expansion of the sugar monoculture system and a demographic shift in the balance of power within Cuba. The eastern half of the island was still sparsely populated in 1902. A large-scale internal migration from west to east, caused eastern Cuba to achieve a degree of demographic and economic parity with western Cuba.<sup>43</sup> Island society continued to be divided between Cubans and Spaniards; the latter refused to take Cuban citizenship. There was also a cleavage between white and black Cubans. The former asserted their racial superiority over the latter. These sentiments were intensified by the importation from the West Indies of large numbers of black labourers to work on the sugar estates and *centrales*, which created resentment among the small white farmers. The farmers were reduced to rural proletarians as poorer Cubans were squeezed by the enormous economic power of the United States and the incompetence of the Cuban political class.<sup>44</sup>

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<sup>41</sup> Jaime Suchlicki, Cuba: From Columbus to Castro, revised edition. (New York: International Defense Publishers, 1986), pp.86-8.

<sup>42</sup> Perez, Ties of Singular Intimacy, pp.113-48; Jules R. Benjamin, The United States and Cuba: Hegemony and Dependent Development, 1880-1934 (Pittsburgh: University of Pittsburgh Press, 1977), pp.13-27; Benjamin, The Origins of the Cuban Revolution, pp.68-74.

<sup>43</sup> Louis A. Perez, Jr., Cuba Under the Platt Amendment, 1902-1934 (Pittsburgh: University of Pittsburgh Press, 1986), pp.56-87.

The new Cuban political class had provided the leadership for the independence movement. The members of the political class, like most Cubans, had received little or no experience in politics or political leadership during the colonial period. Politics became the main means by which this group of men gained employment and social status. They formed political parties, but the divisions between them were not ideological. The cleavages were centered around who had the power to dispense the spoils of power, including government jobs, patronage and sinecures. Elections were often fraudulent, and the losers in such contests often took up arms to protest the results. The Cuban government controlled large sums of money through taxes, tariffs and other revenue producing measures. The opportunities for graft and corruption for the political class were numerous, and most politicians took advantage of the opportunity.<sup>45</sup> The 1910s and 1920s saw a resurgence of Cuban nationalism, provoked by the Platt Amendment. New social groups in Cuba demanded that the political class expand the political and economic systems to benefit more people.<sup>46</sup>

The start of the First World War in 1914 meant that Cuban sugar faced less competition on the international market. This created a short

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<sup>44</sup> Jorge Domínguez, Cuba: Order and Revolution (Cambridge, Massachusetts: Harvard University Press, 1978), pp.12-19, 44-53; Louis A. Perez, Jr., Lords of the Mountain: Social Banditry and Peasant Protest, 1878-1918 (Pittsburgh: University of Pittsburgh Press, 1989); Ramiro Guerra y Sánchez, Sugar and Society in the Caribbean: An Economic History of Cuban Agriculture (New Haven: Yale University Press, 1964).

<sup>45</sup> Perez, Cuba Between Reform and Revolution, pp.213-7; Perez, Cuba Under the Platt Amendment, pp.139-46; Luis Aguilar, "Cuba, c.1860-c.1930" in Leslie Bethell ed., Cuba: A Short History, pp.41-46.

<sup>46</sup> Dana G. Munro, Intervention and Dollar Diplomacy in the Caribbean, 1900-1921 (Princeton, N.J.: Princeton University Press, 1964), pp.469-83.



lived economic boom, the "Dance of the Millions", but overproduction destroyed the last elements of economic power of the old Cuban planter class.<sup>47</sup> Cuba became the world's main supplier of raw and processed sugar, and the international price of sugar rose to 22.5 cents a pound by May 1920, but the prosperity had peaked. By December sugar had fallen to 4 cents a pound, and Cuba was on the brink of economic collapse. Many sugar *centrales* went bankrupt and a number of Cuban banks folded because of the economic downturn.<sup>48</sup>

The collapse of the Cuban economy triggered three key events. First, the U.S. strengthened its hold on the island's economic system by buying a large number of insolvent Cuban banks and *centrales*. The annual sugar *zafra* (harvest) was now marketed and exported by U.S. investors alone. The Cuban crop faced increased competition on the mainland from U.S. sugar beet farmers and sugar cane planters in the Philippines and Hawaii. These American competitors succeeded in increasing U.S. tariffs on imported sugar, and Cuban sugar exports to the U.S. declined.<sup>49</sup>

Second, political unrest mounted during a contentious presidential election campaign. The incumbent, Mario Garcia Menocal, threw his

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<sup>47</sup> For a good study of the general Cuban economic system and relations with the United States, consult Robert F. Smith's The United States and Cuba: Business and Diplomacy, 1917-1960 (New York: Bookman Associates, 1961), pp.17-41; The expansion of the sugar monoculture system into eastern Cuba during World War I is analyzed by: Louis A. Perez, Jr., Intervention, Revolution and Politics in Cuba, 1913-1921 (Pittsburgh: University of Pittsburgh Press, 1978), pp.22-47 and Ramiro Guerra y Sanchez, Sugar and Society in the Caribbean: An Economic History of Cuban Agriculture (New Haven: Yale University Press, 1964), pp.83-120.

<sup>48</sup> Thomas, Cuba: The Pursuit of Freedom, pp.540-56.

<sup>49</sup> Smith, The United States and Cuba, pp.42-71.

support behind an old political adversary, Alfredo Zayas. Both men were united in opposition to the aspirations of ex-president Jose Miguel Gomez, who hoped to regain the presidency. Zayas's election as president in November created another crisis. The U.S. government sent General Enoch Crowder as the president's special representative to Cuba to clean up the corruption and dishonesty in the island's political class.<sup>50</sup>

Third, anger against the political class mounted among all classes and social groups in Cuba. The nascent Cuban capitalist stratum, who were organized around small-scale manufacturing and banking for the domestic market, began to challenge the legitimacy and power of the political class. The urban and rural working classes organized trade unions to agitate for better wages and working conditions. For the first time, university students entered the political and economic debate in reaction to the growth of U.S. power and the incompetence and corruption of the political class. The Veterans and Patriots' Association, representing the veterans of the wars of independence against Spain joined students, capitalists and working class Cubans to demand that the island's political class introduce nationalist reforms.<sup>51</sup>

The nationalist reaction dominated the 1924 election. It was relatively free of violence and brought to power General Gerardo Machado, who had been a general in the second war of independence and now owned a large sugar *centrale*, a shoe factory, and a beer bottling works. Machado, unlike his

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<sup>50</sup> Dana G. Munro, The United States and the Caribbean Republics, 1921-1933 (Princeton, N.J.: Princeton University Press, 1974), pp.16-25; Smith, The United States and Cuba, pp.82-88; Benjamin, Hegemony and Dependent Development, pp.25-27.

<sup>51</sup> Perez, Cuba Under the Platt Amendment, pp.248-256.

predecessors, did not need political office to gain wealth and prestige. He recognized the importance of reform and the growing nationalist sentiment in Cuba, but he also understood the need to maintain U.S. investments on the island. Machado traveled to the United States after his election and persuaded the American government and business interests that his moderate patriotism posed no threat to U.S. investments. Moreover, he pledged that under his administration Cuba would be a stable nation.<sup>52</sup>

The first two years of Machado's presidency were a success. He initiated a public works program, which featured a paved highway from one end of the island to the other. He also ordered the building of many schools and a new national legislature to house the Senate and Chamber of Deputies. He aided Cuban capitalists with a Customs-Tariffs Bill (1927) that lowered tariffs on imported raw materials and raised tariffs on imported manufactured goods.<sup>53</sup>

Early in his presidency Machado began to display authoritarian tendencies. While he was willing to aid the Cuban bourgeoisie to resist U.S. dominance, he fought the growth of the *Confederacion Nacional Obrera de Cuba* (CNOC), the first national trade union confederation, organized in 1925 and controlled by the new Cuban Communist Party.

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<sup>52</sup> Smith, The United States and Cuba, pp.113-17; Benjamin, The Origins of the Cuban Revolution, pp.80-2; Benjamin, Hegemony and Dependent Development, pp.49-52; Jorge I. Domínguez, "Seeking Permission to Build a Nation: Cuban Nationalism and U.S. Response Under the First Machado Presidency" Cuban Studies 18 (1986), 33-48; Luis Aguilar, "Cuba, c.1860-c.1930" in Cuba: A Short History, ed.Leslie Bethell, pp.50-2.

<sup>53</sup> Perez, Ties of Singular Intimacy, pp.175-9; Luis E. Aguilar, Cuba 1933, Prologue to Revolution (Ithaca: Cornell University Press, 1972), pp.55-80; Thomas, Cuba: The Pursuit of Freedom, pp.569-85.

The CNOC began to agitate for better working conditions and wages for the urban and rural working classes. Machado responded by forming a pro-government trade union confederation and by putting down labour strikes through police/army repression. The arrest and deportation of the leaders of the CNOC alienated organized labour and created the regime's first enemies.<sup>54</sup>

Machado's decision to stand for re-election in 1928 broke a pledge he had made in 1924 not to seek a second term and created a new political crisis. He responded with a mixture of threats and bribes to force Congress to agree to his demand. He also convened a hastily assembled constitutional convention, which in March 1928 passed two amendments to the constitution of dubious legality. The two amendments outlawed any political organization not directly controlled by the government and extended the terms of office of all Deputies and Senators. In November Machado was re-elected without any effective opposition as he absorbed all main political parties into the dominant Liberal Party. Dissidents in the Cuban political class began actively to oppose the president.<sup>55</sup>

In 1929, officials in the United States Department of State recognized that Machado had become a dictator, but they also viewed him as the sole guarantor of Cuban stability and U.S. investments on the island. As long as Machado

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<sup>54</sup> Jules R. Benjamin, "The *Machadato* and Cuban Nationalism, 1928-1932" Hispanic American Historical Review 56:1 (February 1975), pp.66-91; Perez, Cuba Under the Platt Amendment, pp.280-4; Domínguez, Cuba: Order and Revolution, pp.49-51.

<sup>55</sup> Munro, The United States and the Caribbean Republics, 1921-1933, pp.345-50; Benjamin, "The *Machadato* and Cuban Nationalism", pp.69-72; Benjamin, The Origins of the Cuban Revolution, pp.81-2.

enjoyed the support of the Cuban army, it would take a hands off approach. The U.S. was ending the practice of armed intervention within its Latin American empire, and its policies in Cuba began to accommodate this change. The years 1910-1930 would see a revolution and the development of a new national system in Mexico, but it was evident that the old practices and values still prevailed. The final section will study this new situation.

### ESTABLISHING A NEW NATIONAL SYSTEM: MEXICO, 1910-1930

The Mexican Revolution began on 20 November 1910 in response to Francisco Madero's *Plan de San Luis de Potosi*. Madero wanted to preserve the main elements of the *Porfiriato*, a capitalist economic system with the concentration of political power in a small national elite. He believed that a limited form of democracy was an effective method of political control. He promised that peasant land demands would be addressed by his presidency. Madero was convinced that Diaz was not going to step aside peacefully and had called for the old dictator's overthrow. His call for revolution was heeded by Francisco "Pancho" Villa and others in northern Mexico and by Emiliano Zapata in southern Mexico.<sup>56</sup> On 25 May 1911, Diaz resigned the presidency and appointed a provisional government under the foreign minister, Francisco Leon de la Barra, until new elections could be held. The following day, he left for Veracruz and sailed into European exile.<sup>57</sup>

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<sup>56</sup> Hart, Revolutionary Mexico, pp.237-42; Aguilar Camin and Meyer, In the Shadow of the Mexican Revolution, pp.18-21; Knight, The Mexican Revolution, Volume 1, pp.172-83.

In early June, Madero returned home to Mexico to tremendous acclaim. He was overwhelmingly elected president in the elections held on 1 October 1911, but soon proved to be a disappointment. His erstwhile allies in northern and southern Mexico refused to lay down their arms and began actively to organize opposition to him. Zapata organized the small landowners and peons of southern Mexico to seize the land of local *hacendados* and denounced Madero as the leader of the revolution in his *Plan de Ayala*.<sup>58</sup>

The armed opposition reaffirmed the importance of regional power bases in Mexico.<sup>59</sup> Madero was unable to undo the splintering of the country, setting the stage for old Porfirian loyalists under General Victoriano Huerta, to overthrow and kill him in February 1913. The response from the revolutionaries was to call for the overthrow of the Huerta regime. They were joined by a Maderista loyalist, Venustiano Carranza, who wanted to restore a Madero-style government.<sup>60</sup>

By early 1914, the Huerta government was in free fall. The federal

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<sup>57</sup> Ruiz, *Triumphs and Tragedy*, pp.314-18; Meyer and Sherman, *The Course of Mexican History*, pp.502-6; Schmitt, *Mexico and the United States: Conflict and Coexistence*, pp.111-16.

<sup>58</sup> Friedrich Katz, "Pancho Villa, peasant movements and agrarian reform in northern Mexico" in *Caudillo and Peasant in the Mexican Revolution* ed.D.A. Brading (Cambridge, U.K.: Cambridge University Press, 1980), pp.59-75; Friedrich Katz, *The Secret War in Mexico: Europe, the United States and the Mexican Revolution* (Chicago: University of Chicago Press, 1981), pp.35-41.

<sup>59</sup> David LaFrance, "Many Causes, Movements, Failures, 1910-1913 The Regional Nature of Maderismo" in *Provinces of the Revolution: Essays on Regional Mexican History, 1910-1929* eds., Thomas Benjamin and Mark Wasserman (Albuquerque: University of New Mexico Press, 1990), pp.17-36; D.A. Brading, "Introduction: National Politics and the Populist Tradition" in Brading ed., *Caudillo and Peasant in the Mexican Revolution*, pp.1-16; Knight, *The Mexican Revolution* Volume 1, pp.319-33.

<sup>60</sup> Ruiz, *The Great Rebellion*, pp.154-6; Alan Knight, *The Mexican Revolution* Volume 2-Counter-revolution and Reconstruction (Cambridge, U.K.: Cambridge University Press, 1986), pp.11-33; Aguilar Camín and Meyer, *In the Shadow of the Mexican Revolution*, pp.36-41; John Womack, "The Mexican Revolution, 1910-1920" in Leslie Bethell ed., *Mexico Since Independence*, pp.140-44; Katz, *The Secret War in Mexico*, pp.119-23.

army was being defeated on a regular basis in northern Mexico, and the United States refused to acknowledge Huerta's government as the legitimate power in Mexico.<sup>61</sup> The U.S. invasion and occupation of Veracruz encouraged the regime's enemies to step up their activities against it. On 8 July Huerta resigned, dissolving the last government based on the Porfirian model. For the next fifteen months, the three main revolutionary chiefs, Carranza, Villa and Zapata, fought for national power.

In December 1915, Carranza's forces entered Mexico City, and he became the president of a regionally divided and economically bankrupt nation.<sup>62</sup> Mexico was devastated by famine and disease from three years of civil war. Carranza strove to reduce the power of his army commanders on whom he was dependent and to enforce his power and prerogatives in all regions of the nation.<sup>63</sup> In late 1916, Carranza convened a constitutional convention. He hoped for a moderate document, untainted by the social and economic radicalism unleashed by the revolution. This hope was disappointed as key articles of the new constitution reduced the power of the church in Mexican social and cultural life (article 3) and restored ownership of all land, water and the subsoil to the state (article 27). Mexican workers were granted the

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<sup>61</sup> Schmitt, Conflict and Coexistence, pp.128-36; Katz, The Secret War in Mexico, pp.167-78; Knight, The Mexican Revolution Volume 2, pp.103-15.

<sup>62</sup> Womack, "The Mexican Revolution, 1910-1920" in Leslie Bethell ed., Mexico Since Independence, pp.160-66; Katz, The Secret War in Mexico, pp.265-87; Aguilar Camín and Meyer, In the Shadow of the Mexican Revolution, pp.50-61; Tutino, "Revolutionary Confrontation, 1913-1917" in Provinces of the Revolution, eds. Thomas Benjamin and Mark Wasserman, pp.57-63.

<sup>63</sup> Alan Knight, "The Working Class and the Mexican Revolution, c.1900-1920" Journal of Latin American Studies 16 (1984), 51-79; Ramon Eduardo Ruiz, Labor and the Ambivalent Revolutionaries: Mexico 1911-1923 (Baltimore: Johns Hopkins University Press, 1976), pp.47-61; Aguilar Camín and Meyer, In the Shadow of the Mexican Revolution, pp.57-61.

right to organize trade unions and were guaranteed an eight-hour day (article 123).<sup>64</sup> The constitution became the law of the land on 1 May 1917.

Elected president of Mexico in March 1917, Carranza swiftly imposed a tax on the foreign owned oil properties and required foreign investors to apply for concessions from the Mexican government to drill for oil. The foreign interests demanded respect for the sanctity of their investments and property. The U.S. government was muted in its reaction because of its absorption in the First World War, and did not wish to sever relations over oil.<sup>65</sup> Moreover, the U.S. had actively intervened in Mexico at various points during the Mexican revolution. The invasion by U.S. Marines at Veracruz in April 1914, and the pursuit of Villa into Mexico after his raid into the United States in June 1916, soured relations between the two nations and initiated two decades of turbulence in Mexican-American relations.

In late 1919 Carranza announced his intention to choose his successor, provoking a strong reaction from the army commander-in-chief, General Alvaro Obregon, and the regional *caudillos*, who demanded respect for their positions. They rose in revolt against the president. In April 1920 Carranza resigned and fled for his life, but he was too late. He was

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<sup>64</sup> M.Meyer and Sherman, The Course of Mexican History, pp.542-45; Smith, The United States and Revolutionary Nationalism in Mexico, pp.71-84; Hart, Revolutionary Mexico, pp.383-88; Aguilar Camín and L.Meyer, In the Shadow of the Mexican Revolution, pp.61-64.

<sup>65</sup> Robert F. Smith, The United States and Revolutionary Nationalism in Mexico, 1916-1932 (Chicago: University of Chicago Press, 1972), pp.71-132; Emily S. Rosenberg, "Economic Pressures in Anglo-American Diplomacy in Mexico, 1917-1918" Journal of Interamerican Studies and World Affairs 17:2 (May 1975), pp.123-149; Linda B. Hall, Oil, Banks and Politics: The United States and Post-Revolutionary Mexico, 1917-1924 (Austin: University of Texas Press, 1995), pp.1-35; Lorenzo Meyer, Mexico and the United States in the Oil Controversy, 1917-1942 trans. Muriel Vasconcellos (Austin: University of Texas Press, 1977), pp.42-74.



murdered on 21 May. In December Obregon won a new presidential election and began the process of consolidating the revolution.<sup>66</sup>

Obregon and his successor, Plutarco Elias Calles, believed in a strong central government for Mexico and sought closer ties with the U.S. They accepted capitalism, but believed the state should play a positive role in guiding and shaping the economy and society. Public works and small-scale industry would be in the hands of Mexican capitalists. Land reform would be given a high priority. They wanted to create a nation of small, individual landowning farmers. They desired to reduce the economic power of the *hacendados*, large landholders and eliminate the *ejidos*, the Indian peasant collective landholdings in order to accomplish this goal. The power of the Catholic church in social and cultural affairs would be reduced. They accepted the idea of workers rights as outlined by Article 123 of the Constitution, but fought to create a national capitalist class that would challenge the economic power of foreign investors.<sup>67</sup>

Exercising political power in Mexico continued to require a balancing act between regional needs and the central government's objectives. The revolution had done away with the old political system, but not the old political practices and values. The central government in the 1920s maintained

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<sup>66</sup> Meyer and Sherman, The Course of Mexican History, pp.548-50; Ruiz, The Great Rebellion, pp.153-65; Hart, Revolutionary Mexico, pp.335-39; Wornack, "The Mexican Revolution 1910-1920" in Leslie Bethell ed., Mexico Since Independence, pp.194-200.

<sup>67</sup> Hart, Revolutionary Mexico, pp.341-43; Ruiz, The Great Rebellion, pp.167-184 and pp.340-62; Aguilar Camin and L.Meyer, In the Shadow of the Mexican Revolution, pp.71-78; Jean Meyer, "Revolution and Reconstruction in the 1920s" trans. Elizabeth Edwards in Leslie Bethell ed., Mexico Since Independence, pp.201-4; Cockcroft, Class Formation, Capital Accumulation and the State, pp.115-23.

the centralizing practices of the *Porfiriato*. It also recognized that the revolution had unleashed the power of the rural peasantry and urban working class. The government allowed the mobilization of both groups to occur by establishing "official" peasant confederations and trade unions, and co-opting their leaders into the political system. The new state governors were given political power and a degree of freedom of action in their respective regions comparable to the old *caudillos* and *caciques*, but they were accountable to the central government for their power and authority. The central state consolidated its authority and institutionalized the rhetoric, but not the promises and actions of the Mexican revolution.<sup>68</sup>

Mexican foreign relations during the 1920s were focused on two goals: the promotion of nationalism and encouragement of foreign investment to develop the country. The Mexican government was determined to preserve national independence and to strip foreign investors of the complete freedom of action they had possessed during the *Porfiriato*.<sup>69</sup>

Mexico's relations with the United States were strained in the early 1920s. The Mexican government refused to pay the foreign debts it had amassed during the revolution, and its taxes on the foreign oil properties

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<sup>68</sup> Thomas Benjamin, "Laboratories of the New State, 1920-1929: Regional Social Reform and Experiments in Mass Politics" in Benjamin and Wasserman eds., *Provinces of the Revolution*, pp.71-90; Mark Wasserman, "Strategies for Survival of the Porfirian Elite in Revolutionary Elite: Chihuahua during the 1920s" *Hispanic American Historical Review* 67:1 (February 1987), 87-107; Alan Knight, "Popular Culture and the Revolutionary State in Mexico, 1910-1940" *Hispanic American Historical Review* 74:3 (August 1994), 393-444.

<sup>69</sup> James F. Engel, "The Revolution and Mexican Foreign Policy" *Journal of Interamerican Studies and World Affairs* 17:3 (July 1975), 518-532; Schmitt, *Conflict and Coexistence*, pp.161-64; Meyer and Sherman, *The Course of Mexican History*, pp.577-81; Smith, *The United States and Revolutionary Nationalism in Mexico*, pp.71-93.

generated further tensions. U.S. oil producers were determined to safeguard their interests and pressed the Mexican government to respect their properties. U.S. bankers began to demand payment of the debts. In early 1923 the Mexican government reached an agreement with U.S. financiers and agreed to pay its debts to foreign bankers. The Bucareli Agreement also restored U.S.-Mexican diplomatic relations which had been severed in 1919 as a response to the murder of an American diplomat.<sup>70</sup>

On 30 November 1924, General Plutarco Calles was elected president. The Calles years witnessed a growing economic prosperity as the nation's main exports-oil, silver and agricultural products-expanded and grew in value. Native capital formation increased as the Mexican bourgeoisie profited from support by the Mexican state. The establishment of the *Banco de Mexico*, Mexico's first national bank in 1925, and the expansion of funding for public works, also helped native capitalists.<sup>71</sup>

Calles was a strong Mexican nationalist who wanted to restrain the power of the foreign oil companies. He submitted to Congress a petroleum bill in which the state would limit the concessions granted to all oil companies to fifty-year non-renewable contracts. The Petroleum Bill became law in 1925, and it

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<sup>70</sup> Hall, Oil, Banks and Politics, pp.11-35, pp.60-103 and pp.131-54; Smith, The United States and Revolutionary Nationalism in Mexico, pp.133-89; N.Stephen Kane, "Corporate Power and Foreign Policy: Efforts of American Oil Companies to Influence United States Relations with Mexico, 1921-1928" Diplomatic History 1:2 (Spring 1977), 170-198; L. Meyer, Mexico and the United States in the Oil Controversy, pp.75-108; J. Meyer, "Revolution and Reconstruction in the 1920s" trans. Elizabeth Edwards in Leslie Bethell ed., Mexico Since Independence, pp.206, 212.

<sup>71</sup> J.Meyer, "Reconstruction and Revolution in the 1920s" trans. Elizabeth Edwards in Leslie Bethell ed., Mexico Since Independence, pp.218-28,238; Jonathan C. Brown, "Why Foreign Oil Companies Shifted Their Production from Mexico to Venezuela during the 1920s" American Historical Review 99:2 (May 1985), 362-385; Haber, Industry and Underdevelopment, pp.143-51.

appeared that Mexico and the U.S. were headed for conflict because of the hard lines taken by Calles and the U.S. ambassador to Mexico, James Sheffield, who viewed the Mexican government as communist.<sup>72</sup>

The strained relations between Mexico and the United States brought both countries to the brink of war in July 1927. The U.S. responded by removing Sheffield and replacing him with Dwight Morrow, a friend of President Calvin Coolidge. Morrow was a lawyer with the J.P. Morgan Bank and a staunch Republican Party supporter. Morrow secured Calles's promise to scale down the extreme provisions of the 1925 Petroleum Law. The Mexican state would grant all oil concessions for fifty-year renewable periods. Any future disputes between the Mexican government and the U.S. oil companies would be resolved in the Mexican courts.<sup>73</sup>

In 1928, Calles stepped down as president to allow his predecessor, Alvaro Obregon, to run for re-election. Obregon won the election, but was assassinated on 17 July. Calles promptly appointed Emilio Portes Gil interim president. For the next six years, Calles ruled from behind the scenes as the *jefe maximo* or maximum leader through a series of puppet presidents. Calles also created the *Partido Nacional Revolucionario* (PNR) or the National

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<sup>72</sup> Smith, The United States and Revolutionary Nationalism in Mexico, pp.229-37; M. Meyer and Sherman, The Course of Mexican History, pp.585-7; L. Meyer, Mexico and the United States in the Oil Controversy, pp.109-14.

<sup>73</sup> Robert F. Smith, "The Morrow Mission and the International Committee of Bankers on Mexico: The Interaction of Finance Diplomacy and the New Mexican Elite" Journal of Latin American Studies 2 (1989), 149-166; L. Meyer, Mexico and the United States in the Oil Controversy, pp.114-36; Richard Melzer, "The Ambassador *Simpatico*: Dwight Morrow in Mexico, 1927-1930 in C. Neale Ronning and Albert Vannuci eds., Ambassadors in Foreign Policy: The Influence of Individuals on U.S.-Latin American Policy (New York: Praeger Books, 1987), pp.1-27; Smith, The United States and Revolutionary Nationalism in Mexico, pp.239-65.

Revolutionary Party in 1929 to consolidate his personal power and to institutionalize the revolution within a single political party.<sup>74</sup> The party brought into its organization the "official" trade union, the peasant confederations, and the "progressive" bourgeoisie (politicians, civil servants and intellectuals), who were all presented as the representatives of the Revolution.<sup>75</sup>

In the 1930s, the meaning of Mexican sovereignty and the power of the United States to limit it were tested in a trial of strength between the two nations. U.S.-Mexico relations shifted from confrontation between an imperial power and a revolutionary nationalist state to accommodation between an institutionalized reforming regime and its hegemonic northern neighbour. By 1930 the practice of U.S. armed intervention would not resolve the problems in U.S.-Mexico relations. The United States government would no longer unconditionally support its citizens' private investments and demand that the Mexican government respect these investors. During the 1930s, the two countries would clarify the nature of Mexican sovereignty and the place of U.S. investments and power in Mexico, in order to establish a new relationship between them.

## CONCLUSIONS

Cuba and Mexico evolved into modern nations between 1860 and

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<sup>74</sup> The PNR was the precursor of the modern day PRI established in 1929 by Plutarco Elías Calles. The PNR was re-named the PRM the *Partido Revolucionario Mexicano* or Party of the Mexican Revolution by Lázaro Cárdenas in 1938. It was re-named by the PRI the *Partido Revolucionario Institucional* or the Institutional Revolutionary Party by Manuel Ávila Camacho in 1946. It governed Mexico as the dominant political party from 1929 until it was defeated in the presidential election in July 2000.

<sup>75</sup> M. Meyer and Sherman, *The Course of Mexican History*, pp.590-4 and Aguilar Camín and L. Meyer, *In the Shadow of the Mexican Revolution*, pp.107-14.

1930. Ruling elites in both countries struggled to control change as their societies became more complex and more social classes and groups fought for their share of state power and resources. They also had to contend with a powerful northern neighbour that had interests and investments in their respective countries which had to be acknowledged and respected in both Cuba and Mexico. Later chapters will analyze the responses by both Cuban and Mexican elites to internal change and the shift in U.S. policy and relations with both nations during the 1930s.

### **CHAPTER III**

## **DISSOLUTION OF EMPIRE?: U.S. RELATIONS WITH CUBA AND MEXICO, 1930-1933**

### **INTRODUCTION**

The relations between the United States and Cuba and the United States and Mexico changed appreciably from 1930 to 1933. Revolutionary activity against the U.S.-supported Cuban government of General Gerardo Machado posed a challenge for U.S. policy makers. The Cuban government murdered, imprisoned or terrorized its opponents. Moreover, it was losing power and legitimacy, forcing the U.S. government to articulate a response.

In contrast, U.S. relations with Mexico were fairly quiet in these years. The great controversies of the 1920s over oil and land appeared to have been resolved through the personal diplomacy of the U.S. ambassador to Mexico, Dwight Morrow, but the events of the early 1930s showed that these problems were not completely settled. Relations between the two nations centered on U.S. government efforts to satisfy compensation claims by U.S. citizens for damaged or seized property.

The United States government began to recognize that its power to influence political events in Cuba and Mexico was constrained both by domestic pressure in the U.S. and the renewed desire of the Mexican and Cuban governments to determine their own affairs. The U.S. government retained the weapon of the Platt Amendment in Cuba and was urged to use it by both Cubans and Americans opposed to the Machado government. In the case of Mexico, U.S. leverage was limited to indirect political and economic

pressure. This chapter will analyze the changing practice of U.S. relations with both countries to understand why the U.S. government responded in the ways it did.

### THE TWILIGHT OF PLATTIST CUBA, 1930-1933

In 1928, the Cuban president, General Gerardo Machado, had been re-elected under highly illegal circumstances. His opponents in the island's political class organized activities to bring down his government. This situation was resisted by the U.S. government, because it believed that Machado was able to guarantee stability and that he enjoyed the backing of the Cuban army. The U.S. ambassador to Cuba, Harry F. Guggenheim, feared that another Cuban "political revolution" was in the wind. These "political revolutions" were ones in which members of the Cuban political class, who had lost their share of the spoils of power, would launch a "revolution" against the incumbent to gain power for themselves. Guggenheim, a Republican political appointee and a businessman related to the famous mining and smelting family, followed his superiors' instructions not to interfere in Cuban political affairs. In early 1930, the U.S. Senate was debating another revision of the sugar tariff, which directly affected the Cuban economy.

The Smoot-Hawley Tariff bill sought to increase the duties on sugar imported by the U.S. The bill's proponents argued that a tariff increase would protect U.S. sugar beet producers and sugar cane growers in the Philippines and Hawaii at the expense of foreign sugar cane planters. The main spokesman was Senator Reed Smoot (Republican, Utah) who argued that the tariff revision



was not detrimental to Cuba and would not cause any great hardship on the island. Smoot pointed out that:

Of the 6,000,000 short tons of sugar consumed in the United States, Cuba supplies nearly 50 percent...a foreign country such as Cuba can have no just grievances when under our present tariff relations she not only has shut out practically all other foreign sugars from entering our markets...(Cuba) will not suffer an injury if the proposed rates are put into effect. If the increase in the sugar tariff is passed on to the American consumer it can not injure Cuba.<sup>1</sup>

Opponents of the sugar tariff rate increase, in particular Senator Robert LaFollette, Jr.(Republican, Wisconsin), argued that it would harm Cuba and, since trade with Latin America began with Cuba, tariff revision would create resentment against the United States in Latin America.<sup>2</sup> The Smoot-Hawley Tariff became law and the U.S. levied a 2-cent per pound tariff on all foreign sugar imported into the United States. Consequently, the place of Cuban sugar producers in the U.S. sugar market declined, engendering strenuous efforts by both the Cuban government and the sugar producers to stabilize their declining sugar markets.<sup>3</sup> This law strengthened the U.S. government's resolve to protect its domestic producers against foreign competition. Cuba was now considered a foreign competitor, and was not perceived as an integral part of the American sugar market.

The passage of the Smoot-Hawley tariff also illustrated the changing

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<sup>1</sup> Congressional Record, Senate, 71st Congress, 2nd Session, pp.1364-1365.

<sup>2</sup> Congressional Record, Senate, 71st Congress, 2nd Session, pp.1366-1370; "Smoot Denounces City Bank on Tariff" New York Times, 11 January 1930, p.11:2.

<sup>3</sup> Robert F. Smith, The United States and Cuba: Business and Diplomacy, 1917-1960 (New York: Bookman Associates, 1961), pp.65-69; Jules R. Benjamin, The United States and Cuba: Hegemony and Dependent Development, 1880-1934 (Pittsburgh: University of Pittsburgh Press, 1977), pp.36-38; Louis A. Perez, Jr., Cuba Between Reform and Revolution second edition (New York: Oxford University Press, 1995), pp.252-254.

political relationship between Cuba and the United States. The U.S. government supported the Machado regime and believed that armed interventions were no longer sufficient to guarantee Cuban order and stability. The United States had no reason to question the stability of the Cuban regime and its practices until 18 May 1930. On that day Cuban soldiers broke up an opposition political rally at Artemsia, a suburb of Havana, killing six and wounding eighteen. The reaction in Cuba and the U.S. forced Machado to carry out a personal investigation of the massacre. Ambassador Guggenheim felt that it was his duty to mediate between Machado and the main political opposition to prevent a deterioration of the island's political situation. The opposition demanded that Machado resign and hold a presidential election to choose his successor. Machado agreed with the opposition's call for electoral reform; he was willing to bring some of his opponents into the government and to adopt elements of their political program. He was unwilling to resign his position. Guggenheim wrote to the State Department that:

The President made every reasonable concession to his opponents. He was willing to ask Congress to enact legislation to provide for a new census, to modify the electoral laws...and to permit the reorganization of the political parties and the organization of new ones. In other words, he would make it possible for the *Union Nacionalista* to organize as a party and to present candidates at the forthcoming [Congressional] elections. He refused point blank, however, to admit any discussion of the constitutionality of his election.<sup>4</sup>

Guggenheim believed that the opposition only wanted political power and was not operating in the best interests of Cuba. He stated that

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<sup>4</sup> Letter from Ambassador Guggenheim to the Secretary of State, 15 July 1930 in Foreign Relations of the United States 1930, Volume II, p.650.

Machado's opponents had only two options left to them: to cooperate with Machado on the president's terms or launch a revolution.<sup>5</sup>

The growing social and political unrest in Cuba and the response by a number of American politicians, influential private citizens, and the U.S. embassy in Havana itself forced the U.S. Secretary of State, Henry L. Stimson, to explain U.S. policy with the Caribbean island. On 2 October in a press conference at the State Department, Stimson said U.S. policy was based on the Platt Amendment, which stated the United States had an obligation to intervene in order to maintain the preservation of life, liberty and property in Cuba. The Platt Amendment, Stimson insisted, would be used to maintain Cuban independence and not to support any particular political leader or head of state. The secretary did not care to speculate what the future of the policy would be except to say that his actions were guided by Elihu Root's interpretation of the Platt Amendment, which stated that the U.S. would not intervene in Cuba as long as there was a legitimate government in place on the island.<sup>6</sup>

On the same day in Cuba, Machado requested that the Cuban Congress, controlled by him, to allow him the power to impose martial law in advance of the Congressional elections scheduled for 1 November, and this was granted on 4 October.<sup>7</sup> Martial law suppressed most public opposition to the government. The

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<sup>5</sup> *Ibid.*, p.651.

<sup>6</sup> Memorandum of Press Conference by the Secretary of State with the Press, 2 October 1930 in Foreign Relations of the United States 1930, Volume II, pp.662-65; "Stimson is Anxious over Cuban Events" New York Times, 3 October 1930, p.1:6.

<sup>7</sup> Telegram from Chargé Reed to the Secretary of State, 4 October 1930 in Foreign Relations of the United States 1930, Volume II, p.667; "Congress of Cuba Votes Martial Law as Troops Guard It" New York Times, 4 October 1930 p.1:4 and "Cuban Troubles" *ibid.*, p.16:4.

U.S. policy of non-interference and non-intervention, as articulated by Stimson, forced the opponents of the Cuban president to find other means to carry out their program. The mid-term Congressional elections produced no real change in the political situation as the ruling Liberals were generally victorious.

In the aftermath of the elections, there was renewed rioting by the labour movement, university students, and for the first time, secondary school students. This was a significant change in the island's political life as it highlighted the growing politicization of Cuban social groups external to the political class.<sup>8</sup> The regime responded using repressive measures to root out popular opposition in the streets, banning all newspapers that refused to comply with the government's order to "supervise their publication". Ambassador Guggenheim continued to work behind the scenes to create a rapprochement between Machado and his opponents within the political class. He was advised by Secretary Stimson that if he was asked by the Cuban president to participate in such discussions, he should do so, but not to initiate negotiations on his own.<sup>9</sup>

The Cuban government worked to alleviate the desperate economic conditions on the island and to find a way to market its main export, sugar, on the international market. Cuban sugar was effectively blocked from the U.S. sugar market because of the Smoot-Hawley tariff. A proposed solution was articulated by a U.S. sugar dealer based in Cuba, Thomas L. Chadbourne. The

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<sup>8</sup> Jules R. Benjamin, "The *Machadato* and Cuban Nationalism, 1928-1932" Hispanic American Historical Review 55:1 (February 1975), pp.69-74.

<sup>9</sup> Telegram from Guggenheim to the Secretary of State, 14 November 1930 and Telegram from Secretary of State to Ambassador Guggenheim, 15 November 1930 in Foreign Relations of the United States 1930, Volume II, pp.670-72.

Chadbourne Plan would encourage all international sugar producers to restrict their production to stabilize the world price for the commodity. The plan failed as none of the main international sugar producers were willing to restrict their production in order to stabilize the depressed world price and lose their competitive advantage.<sup>10</sup>

In 1931, Cuba experienced a further decline in its economic and political situation. Machado's authority rested almost entirely on the loyalty of the army. The government still attempted to negotiate in good faith with its main political opponents. Guggenheim was still hopeful that the president and his opponents could set aside their differences and determine the best way to settle the political crisis. He believed that the main political opposition was deluded when it demanded Machado's immediate resignation as a condition for starting negotiations.<sup>11</sup>

In February 1931, Jose Manuel Cortina, a prominent Cuban senator, initiated negotiations between the government and the main political opposition. Discussions between the two sides degenerated in rancor and discord. It became evident, Guggenheim believed, that neither side was sincere in its intentions to resolve the political crisis and would compromise its position. He felt that the possibility for agreement was limited because of the divisions within the political opposition, which held itself together only because of its antagonism

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<sup>10</sup> Jules R. Benjamin, Hegemony and Dependent Development, 1880-1934, pp.33-35; Robert F. Smith, Business and Diplomacy, pp.69-70 and Dana G. Munro, The United States and the Caribbean Republics, 1921-1933 (Princeton,N.J.: Princeton University Press, 1974), p.360

<sup>11</sup> Letter from Guggenheim to Secretary of State, 20 January 1931 and Telegram from Guggenheim to the Secretary of State, 27 January 1931 in Foreign Relations of the United States 1931, Volume II, pp.45-47.

to the regime and President Machado himself, and that it lacked leaders of any stature or ability.<sup>12</sup>

The negotiations between Machado and his opponents continued in a desultory fashion through the spring and early summer. Ambassador Guggenheim worked to maintain the tenuous links between the two groups in order to head off a political revolution. The negotiations finally collapsed in June with no plans to meet again.

On 9 August 1931 the long expected rebellion led by the main political opposition began in western Cuba. Martial law was declared in Havana and Pinar del Rio provinces. The rebel leaders, headed by ex-President, Mario Garcia Menocal and Colonel Carlos Mendieta, the *Union Nacionalista* chief, hoped to spread the rebellion to the eastern half of the island at the earliest possible time.<sup>13</sup> Guggenheim informed the State Department that the army was inflicting defeats on the rebels. He also stated that there were a number of appeals for him to use his position as ambassador to mediate this conflict, but he did not consider that was appropriate. He believed that there was little support for Machado amongst the Cuban population, but there was even less backing for the rebels.<sup>14</sup> On 14 August, the rebel leaders were captured and arrested. Four days later, Machado proclaimed the rebellion was crushed.<sup>15</sup>

<sup>12</sup> Letter from Guggenheim to the Secretary of State, 17 March 1931 in Foreign Relations of the United States 1931, Volume II, pp.48-49; Munro, The United States and the Caribbean Republics, 1921-1933, pp.361-62.

<sup>13</sup> Letter from Guggenheim to Secretary of State, 10 August 1931 in Foreign Relations of the United States 1931, Volume II, p.67; "Revolt in Havana Ends with 3 Killed; Army Runs Capital" New York Times, 10 August 1931 p.1:6; "Cuba Long on Verge of An Armed Rising" New York Times, 10 August 1931 p.10:1.

<sup>14</sup> Telegram from Guggenheim to the Secretary of State, 12 August 1931 in Foreign Relations of the United States 1931, Volume II, p.69.

The defeat of the main political opposition made the regime appear more powerful than ever before. The political class lost its legitimacy in the aftermath of the August 1931 rebellion, and the army stepped into the power vacuum. Machado enhanced his own personal power by strengthening *La Partida de Porra*, the government's secret police, which began to crack down on the government's opponents, in and out of the political class. The university students increased their opposition to the regime. They were supported by unemployed professionals and white collar workers, and these two groups created the ABC revolutionary movement. The ABC was a loosely organized movement divided into cells of three to four men, who planted bombs and carried out assassinations of supporters of the regime. The members of another revolutionary movement, the *Organizacion Celular Radical Revolucionaria* or OCRR, organized themselves around ideological principles and, unlike the ABC's members, did not carry out terror for its own sake.<sup>16</sup>

The U.S. embassy continued to try various methods to end the dispute between Machado and his opponents, but the Cuban president was intractable and convinced that any conciliation between himself and his enemies would weaken his position. On 22 December, Machado announced his intention to serve out his term of office until 20 May 1935.<sup>17</sup>

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<sup>15</sup> "Machado Reports Revolt is Crushed" *New York Times*, 18 August 1931 p1:1; Telegrams from Guggenheim to the Acting Secretary of State, 17 August 1931 in *Foreign Relations of the United States 1931*, Volume II, pp.70-71.

<sup>16</sup> Louis A. Perez, Jr., "Cuba, c.1930-1959" in Leslie Bethell ed., *Cuba A Short History* (New York: Cambridge University Press, 1991), pp.60-62; Perez, *Cuba Under the Platt Amendment, 1902-1934* (Pittsburgh: University of Pittsburgh Press, 1986), pp.289-95; Justo Carrillo, *Cuba 1933: Students, Yankees and Soldiers*, trans. Mario Llerena (Miami: University of Miami Press, North-South Centre, 1994), pp.8-13; Jaime Suchlicki, *University Students and Revolution in Cuba, 1920-1968* (Miami: University of Southern Florida Press, 1969), pp.26-28.

In 1932 the situation on the island rapidly deteriorated. There were regular bombings and assassinations by the opposition and repression, murders and arrests by the regime. The release of a number of prominent political class prisoners on 4 January 1932 was a clear sign of a dictator secure in power.<sup>18</sup> Machado decided to release his opponents because he wanted to lessen political tensions in advance of the congressional elections scheduled for November. Guggenheim argued that Machado's concessions were specious and had been urged on the president by the Cuban ambassador to the United States, Orestes Ferrara. Ferrara had already informed the Cuban president that the United States government did not care what he said or did.

Guggenheim concluded that the time had come for the State Department to announce its disapproval of the Cuban government, because the disorder on the island was mainly the responsibility of the Machado regime. It was no longer a question of an opposition seeking to overturn an elected government, but a country on the brink of political disintegration and economic bankruptcy. He concluded that a change in the nature of U.S. policy with Cuba was necessary in order to prevent civil war and social revolution. He reminded Secretary Stimson of the American obligation to preserve life, liberty and property in Cuba under the Platt Amendment.<sup>19</sup>

Secretary Stimson responded that the U.S. would continue its

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<sup>17</sup> Various dispatches in Foreign Relations of the United States 1931, Volume II, pp.75-80.

<sup>18</sup> "Six Rebel Leaders Are Freed in Cuba" New York Times, 5 January 1932, p.10:1; "Machado Frees Ten More" New York Times, 6 January 1932, p.10:1.

<sup>19</sup> Letter from Ambassador Guggenheim to the Secretary of State 25 January 1932 in Foreign Relations of the United States 1932, Volume V, pp.533-38.



policy of non-intervention and non-interference in Cuba. The clearest statement of that policy came in his response to Ambassador Guggenheim's request for a change in U.S. policy. Stimson explained that U.S. policy in Cuba was one of "strict impartiality". Any demonstration or statement that indicated approval or disapproval of the regime would violate the spirit of the policy. He denied that any special relationship existed between the two countries and continued to insist that the U.S. had a right to intervene in Cuba if no legitimate government was in place and there was a real danger to American interests and property on the island. Stimson argued that since Cuba already had a government in place, such intervention was not only unwarranted, it was unwise. He believed that Cuba was an independent and sovereign nation, and any problems on the island demanded a Cuban solution, without outside interference. Stimson admonished Guggenheim to refrain from any activity that could be interpreted as interference in Cuban political matters. Stimson's maintenance of the non-intervention and non-interference policy with Cuba was motivated by two related factors. The first was his belief that Machado was secure in power and enjoyed the support of the Cuban army. The second was his participation in the U.S. Marine occupation of Nicaragua in 1927. He came to believe armed interventions were counterproductive, expensive and unpopular. Stimson's policy of non-intervention was as effective as intervention, because the Machado regime in Cuba continued its authoritarian practices.<sup>20</sup>

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<sup>20</sup> Letter from Secretary Stimson to Ambassador Guggenheim 26 March 1932 in Foreign Relations of the United States 1932, Volume V, pp.543-47; Bryce Wood, The Making of the Good Neighbor Policy (New York: Columbia University Press, 1961), pp.56-57.

For the rest of 1932, Guggenheim would report to the State Department on the worsening political and economic situation. Stimson's statement of policy curbed Guggenheim's attempts to mediate. He did work to prevent a total economic collapse so that Cuba could continue to repay its loans to U.S. banks, like the Chase National and J.P. Morgan, and would not declare a debt moratorium. These two banks had lent the island nearly 150 million dollars for various Cuban public works projects during the 1920s.

On 1 November, the Cuban government held elections to pick representatives for the Chamber of Deputies, provincial governors and municipal councilors, and two senators for Camaguey and Pinar del Rio provinces. The ruling Liberals were victorious throughout the island, winning all of the senatorial, congressional, and gubernatorial races.<sup>21</sup>

The political dynamics of U.S.-Cuba relations changed on 8 November 1932, when U.S. President Herbert Hoover was defeated in the general elections by the Democratic candidate, Franklin D. Roosevelt. The president-elect's positions on U.S. policies towards Cuba were similar to those of his defeated opponent, but he was even more adamant on ending U.S. military intervention in the internal affairs of the American republics. Roosevelt had attacked the Latin American policies of his Republican opponent as morally and politically bankrupt.

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<sup>21</sup> Letter from Chargé Reed to the Secretary of State 5 November 1932 in Foreign Relations of the United States 1932, Volume V, pp.562-63; "Elections in Cuba Produce No Change" New York Times, 4 November 1932, p.7:3.

## **THE YEARS OF QUIET DIPLOMACY: U.S. RELATIONS WITH MEXICO, 1930-1933**

In the years 1930-1933, there were no major controversies in U.S.-Mexico relations. The four controversies that had caused problems in the 1920s in U.S.-Mexico relations were resolved or in abeyance. The oil controversy, which had centered on divergent interpretations of Mexican sovereignty and Article 27 of the 1917 Mexican constitution, which declared the land, water, and subsoil belonged to the Mexican state, was more or less settled. The Mexican government demanded that all foreign oil companies apply to it for fifty-year non-renewable concessions, whereas the oil companies had refused to cooperate. The U.S. ambassador to Mexico, Dwight Morrow, had effectively persuaded the Mexican government not to retroactively apply the law to the pre-1917 oil properties. He also recommended to the oil companies that they apply for the fifty-year concessions and look to Mexican law to settle their disputes in the Mexican courts, rather than expect the State Department or the U.S. government to intervene. The second controversy had centered around U.S. claims for compensation on damaged or destroyed U.S.-owned property in Mexico. The number of claims was so enormous that in 1923 General Claims and Special Claims Commissions were established to consider and adjudicate the various claims. The third controversy was sparked by the Mexican government's struggle with the Mexican Catholic church, its clergy and officials in the 1920s, which evolved into a low-level guerrilla war between the Mexican army and church supporters from 1926 to 1929. These actions in Mexico

attracted the attention of the American Catholic church which called for U.S. government intervention against the "communist government" of Mexico. The Mexican church supporters were defeated and the Mexican state and Catholic clergy negotiated an uneasy truce. Ambassador Morrow acted as an unofficial mediator between Mexican government, the Catholic clergy and the Vatican to resolve their differences. The fourth and most difficult controversy was the debt negotiations between the Mexican government and the International Committee on Mexico's debt. The key issue in this controversy was whether the Mexican government possessed the financial means to meet its obligations to various international creditors. The Great Depression had eased the pressure of the oil and religious controversies. The controversies surrounding property compensation claims and Mexico's debts would continue into the 1930s.

The Mexican debt negotiations that began in May 1930 brought together the Mexican Secretary of the Treasury, Luis Montes de Oca, and Thomas Lamont, the U.S. representative of the International Committee of Bankers on Mexico. U.S. Ambassador Morrow insisted that any plan for repayment of the Mexican debt of nearly 500 million dollars had to be based on the Mexican government's ability to pay and the impact of the schedule of payments would on the stability of the Mexican financial system. Morrow told Lamont that any agreement between the International Committee of Bankers on Mexico and the Mexican government would be examined carefully by both the U.S. embassy in Mexico City and the State Department in Washington to see if the agreement

was viable.<sup>22</sup>

On 25 July, the U.S. embassy announced an agreement between the Mexican government and the International Committee had been achieved. The agreement stated that the Mexican government was to pay 5 million dollars to the committee within thirty days of the agreement. A payment schedule was established and the Mexican government would pay 12.5 million dollars in 1931; this would increase by 500 thousand dollars every year until the debt was repaid. The interim agreement was assailed by Ambassador Morrow, who believed that the Mexican government would be unable to meet the obligations imposed on it. The State Department concurred with Morrow's assessment and recommended that the agreement should be set aside.<sup>23</sup> Morrow's successor, J. Reuben Clark Jr., author of the 1930 memorandum recommending that the U.S. end its armed interventions in Latin America, stated that Montes de Oca had informed him that members of the Mexican Chamber of Deputies and the Senate opposed the agreement. The Mexican government's revenues declined as this debate unfolded. It asked the International Committee of Bankers on Mexico for an extension of the due date from 1 January 1931 to 1 January 1932 for the first annual payment. This was the first of many proposed modifications to the original agreement, and on 30 January 1931 both nations agreed that the payments on the debt should be suspended for two years.<sup>24</sup>

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<sup>22</sup>Letter from Morrow to the Secretary of State, 25 July 1930 in Foreign Relations of the United States 1930, Volume III, p.467-68.

<sup>23</sup>"Agreement Signed on Mexican Debt by World Bankers", New York Times 26 July 1930, p1:7; Various dispatches in Foreign Relations of the United States 1930, Volume III, pp.473-486.

<sup>24</sup>Letter from Ambassador Clark to the Secretary of State 2 December 1930 and Telegram from Clark to the Secretary of State 27 December 1930 in Foreign Relations of the United States

The persistent issue of claims compensation for damaged or destroyed U.S.-owned property troubled U.S.-Mexico relations. By 1931 the General Claims and Special Claims Commissions were due for biennial renewal as stated by the treaties that established both commissions in 1923. An estimated 600 million dollars in claims would be unsatisfied unless the mandates of the General Claims and Special Claims Commissions were renewed.<sup>25</sup> Secretary of State Stimson preferred a bloc settlement, "upon reasonable terms", instead of another renewal of the claims conventions. Based on reports sent to the State Department by Clark and his predecessor, Dwight Morrow, Stimson believed that Mexico would welcome a comprehensive settlement.<sup>26</sup>

To facilitate a speedy solution, on 18 June 1932, the General Claims Commission was renewed for another two years, and the Special Claims Commission was extended at the same time.<sup>27</sup> Both governments worked to make the Special Claims and General Claims Commissions superfluous. On 24 June Ambassador Clark indicated to Mexican Foreign Minister Manuel Tellez that a sum of 50 million dollars would satisfy claimants. Tellez believed the proposal was reasonable; he did not wish the Mexican government to default on another agreement. But on 5

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1930, Volume III, pp.493-495; "Mexico Suspends Payments in Gold on \$ 500,000,000 Debt" New York Times, January 31, 1931, p.1:3.

<sup>25</sup> "\$600,000,000 Claims on Mexico in a Tangle" New York Times, 31 July 1931, p.4:3.

<sup>26</sup> Letter from Secretary of State Stimson to Ambassador Clark 20 June 1931 in Foreign Relations of the United States 1932, Volume V, pp.735-36.

<sup>27</sup> Telegram and Draft of Claims Agreement Treaty from Ambassador Clark to Secretary of State 18 June 1932 in Foreign Relations of the United States 1932, Volume V, pp.739-48; "Claims Commissions with Mexico Renewed" New York Times, June 19, 1932, p.6:4; U.S. Department of State, Treaties and Other International Agreements of the United States of America, 1776-1949, Volume 9, Iraq-Muscat, pp.970-75.

November, as the Hoover administration readied itself to face the U.S. presidential elections three days later, the Mexican government rejected the proposed claims settlement. Clark asked for permission to lay the claims issue to rest. Secretary Stimson, who was now aware that the incoming Roosevelt administration would inherit the problem, agreed on 14 November.<sup>28</sup>

Roosevelt's election as president in November 1932 brought a new and different emphasis to U.S.-Mexico relations, in particular, and U.S.-Latin American relations in general. The new president would continue the non-intervention policies of his predecessor and reduce the practices of "empire" in United States relations with both Cuba and Mexico.

### CONCLUSIONS

U.S. relations with Cuba and Mexico underwent subtle changes from 1930 to 1933. The United States no longer wanted to intervene or "interfere" in Cuban internal affairs even though the Platt Amendment allowed such action. It insisted that the island was an independent and sovereign nation and that any problems Cuba faced ought to be resolved by Cubans alone. At the beginning of 1933 the island was poised on the brink of revolution and civil war.

U.S. relations with Mexico improved because of the efforts of Dwight Morrow and J. Reuben Clark, Jr. The growing conservatism and institutionalization of the Mexican government also played a role in this

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<sup>28</sup> Telegram from Ambassador Clark to Secretary of State, 5 November 1932 and Telegram from Secretary of State to Ambassador Clark, 14 November 1932 in Foreign Relations of the United States 1932, Volume V, pp.755-756.

change. The oil and agrarian controversies of the 1920s were, for the time being, settled. The debt problem had been dealt with in a fashion that ensured that the Mexican government recognized its obligations to pay its debts to international creditors. The contentious issues of claims lay unsettled. New issues and old problems would cause tensions in U.S.-Mexico relations in the 1930s and demand solutions that would be acceptable to both countries.



## **CHAPTER IV EXPERIMENTS IN NEW DEAL DIPLOMACY: U.S. RELATIONS WITH CUBA AND MEXICO, 1933-1936**

### **INTRODUCTION**

In 1933 the incoming administration of Franklin Roosevelt confronted a country devastated by economic depression and a complex international situation, in which U.S. relations with Latin America formed a major part. The repudiation of Theodore Roosevelt's corollary to the Monroe Doctrine in 1930 showed that the United States wanted better relations with its southern neighbours. The United States also desired to retain and enhance its economic and investment stake in Latin America, but the Depression had reduced or eliminated many American investments in the region. The Great Depression also affected Latin America. The political, economic and social systems of many nations were weakened and their elites faced internal revolts from disaffected members of their societies. Cuba was a good example of these phenomena. Other Latin American nations withstood the various dislocations of the Depression better than Cuba. The elites of other Latin American countries often empowered their disadvantaged groups in order to ensure their stability and power. Mexico was one such country. This chapter will analyze U.S. relations with Cuba as the United States ended the last vestiges of its colonial ties with the island in order to create a new relationship. It will study U.S. relations with Mexico as a new generation of political leaders sought to revive the "promises" of the 1910 Mexican Revolution to create a more equitable Mexico. It will also

explain how the changes in U.S. relations with Cuba and Mexico ended an age of "empire" in U.S.-Latin American relations and new American practices were created in their place.

### REVOLUTION AND REACTION IN CUBA, 1933-1936

In 1933 Cuba was on the brink of economic bankruptcy, political revolution and social chaos. The Machado regime had degenerated into a brutal and tyrannical dictatorship supported by the army, the police, and the *Partido de Porra*, its secret police. Machado's opponents in the Cuban political class had been beaten into submission after the failure of the August 1931 rebellion. The sole opposition to the regime came from revolutionary groups such as the ABC and the OCRR (the *Organizacion Celular Radical Revolucionaria*), who carried out terrorist acts of sabotage or assassination against the government. Under the impact of the Great Depression and the Smoot-Hawley tariff bill passed by the U.S. Congress in the spring of 1930, Cuba's share of the U.S. sugar market declined from 49.4 percent in 1929 to 25.3 percent in 1933. The Chadbourne Plan, proposed by American sugar dealer, Thomas Chadbourne, to restrict the sugar output of producing nations, collapsed as no nation wanted to lose its competitive advantage. By 1933 the international price of sugar was less than one cent per pound. The depressed international environment meant that the annual sugar harvest in Cuba was reduced to 62 days a year. The international price had once been as high as 22.5 cents a pound and

the Cuban harvest had lasted 120 days.<sup>1</sup>

The Roosevelt administration was committed to improving U.S. relations with Latin America. President Roosevelt declared that his foreign policy would be based on a good neighbour policy during his inaugural address on 4 March 1933. He reiterated his position in an address to the Pan American Union on 12 April, stating that relations between the nations of the western hemisphere would be conducted on a "good neighborly" basis.

The Good Neighbour Policy was based on the belief that the U.S. and Latin America shared common values, ideals and history. These common values were a commitment to liberal bourgeois democracy and free market capitalism. U.S. armed intervention in the region to protect its interests and investments had proven to be counterproductive. The desire for stable Latin American countries, responsive to U.S. power and open to American investments, remained the U.S. government's main goal in its Latin American relations. The test case for the new aspect of U.S. policy would be Cuba.<sup>2</sup>

The U.S. ambassador to Cuba, Harry F. Guggenheim, was recalled by President Roosevelt in March 1933. His successor, Benjamin Sumner Welles, would view U.S. relations with Cuba in a very different manner.

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<sup>1</sup> Louis A. Perez, Jr., Cuba Under the Platt Amendment, 1902-1934 (Pittsburgh: University of Pittsburgh Press, 1986), pp.300-04; Louis A. Perez, Jr., The United States and Cuba: Ties of Singular Intimacy, (Athens, Georgia: University of Georgia Press, 1990), pp.181-86.

<sup>2</sup> Jules R. Benjamin, "The Framework of U.S. Relations with Latin America in the Twentieth Century: An Interpretive Essay" Diplomatic History 11:2 (Spring 1987), 100-103.

He was close to the president through family ties (he had been a page at the latter's wedding) and personal connections (friendship and attendance at Groton and Harvard University). Welles was also a professional diplomat who had a wide and active knowledge of Latin America.<sup>3</sup>

In April 1933 President Roosevelt appointed Welles as Ambassador Extraordinary and Plenipotentiary of the United States to Cuba. Welles believed that his appointment was only temporary so that he could restore political peace on the island and negotiate a new trade agreement between Cuba and the United States. He arrived in Havana on 7 May with a letter for President Machado from Roosevelt stating that he enjoyed the U.S. president's confidence as one of his "very old friends." He also carried a letter of instruction drafted by U.S. Secretary of State Cordell Hull directing him to help the Cuban regime restore political peace, using the plum of concluding a reciprocal trade agreement between the two countries as a lure. Welles was also reminded that relations between

the Government of the United States and the Cuban Government are those existing between sovereign, independent, and equal powers; and that no step should be taken which would tend to render more likely the need of the Government of the United States to resort to that right of formal intervention granted to the United States by the existing treaty between the two nations.<sup>4</sup>

On 11 May Welles began talks with the Cuban secretaries of State, Treasury and Agriculture in order to improve the island's depressed

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<sup>3</sup> Gail Hanson, "Ordered Liberty: Sumner Welles and the Crowder-Welles Connection in the Caribbean" Diplomatic History, 19:4 (Fall 1994), 311-333.

<sup>4</sup> Letter from President Roosevelt to President Machado of Cuba, 1 May 1933 in Sumner Welles' Papers at the Franklin D. Roosevelt Library; Letter from Secretary of State to Ambassador Welles, 1 May 1933 Foreign Relations of the United States 1933, Volume V, pp.285-86.

economic situation. These discussions were aimed at increasing Cuban imports of U.S. manufactured goods and expanding Cuban agricultural exports to the United States. He also sought to restore political peace by bringing together members of the Cuban political opposition and Machado to negotiate with one another.<sup>5</sup>

By July, most of the Cuban opposition supported Welles' political mediation efforts and the Cuban government endorsed Welles' actions. Welles was encouraged by Machado's actions, but he knew that the president changed his opinions and mind frequently, making it difficult to place much value in anything that he said or did.<sup>6</sup> On 26 July Machado delivered an impromptu speech to both houses of Congress, which Welles believed was given at a "singularly inopportune time and was in many passages most unfortunately worded" :

In the rambling and at times almost incoherent speech(es) which he made, the President asked the support of all the political parties until 1935 and stated that my own mediation here had already been gladly accepted by him because it was "spontaneously offered by a friend of Cuba" and was not undertaken "upon instruction of the United States Government". The obvious intention of the President was to make clear that my mediation did not imply any infringement of the sovereignty of Cuba nor impair the authority of the Cuban government.<sup>7</sup>

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<sup>5</sup> Telegram from Welles to Secretary of State, 22 May 1933 in Foreign Relations of the United States 1933, Volume V, p.292; Telegram from Welles to Secretary of State, 25 May 1933 in Foreign Relations of the United States 1933, Volume V, p.293-94; Memorandum of Conversation between President Machado of Cuba and Ambassador Welles, 11 May 1933 in Sumner Welles' Papers, at the Franklin D. Roosevelt Library.

<sup>6</sup> Telegram from Welles to Acting Secretary of State, 26 July 1933 in Foreign Relations of the United States 1933, Volume V, p.329; Memorandum of Conversation between President Machado and Ambassador Welles, 11 July 1933; Memorandum of Conversation between President Machado and Ambassador Welles, 15 July 1933 in Sumner Welles' Papers, at the Franklin D. Roosevelt Library.

<sup>7</sup> Telegram from Welles to Acting Secretary of State, 27 July 1933 in Foreign Relations of the United States 1933, Volume V, p.330.

On 28 July, the State Department announced that Welles had the support of the U.S. government in his efforts. Machado's speech tore Welles's mediation efforts apart, and he worked to have the U.S. government withdraw its diplomatic recognition of the Cuban government. Machado appealed to Cuban nationalism by stating that the U.S. ambassador was trying to precipitate direct U.S. intervention in Cuba.<sup>8</sup> On 11 August, Machado, fearing that Cuban opponents would overthrow him, asked the Cuban congress to grant him a "leave of absence." He named General Alberto Herrera, secretary of war, as his successor. Welles wanted Dr. Carlos Miguel Cespedes to be named interim president. Cespedes had been Cuban minister to Washington during the First World War. He was also a member of one of Cuba's leading families, was known for his political neutrality, and was acceptable to all elements of the island's political class.<sup>9</sup> The regime collapsed during the night of 11-12 August, when the army leadership rose in revolt against Machado. It told Machado that he could no longer count on its support and that he had to leave Cuba within the next twenty-four hours. He announced his resignation from the presidency and departed for exile at midnight on 12 August.<sup>10</sup>

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<sup>8</sup> Telegram from Welles to Secretary of State, 9 August 1933 at 10:00 a.m.; Telegram from Welles to Secretary of State, 9 August 1933 at 5:00 p.m. in Foreign Relations of the United States 1933, Volume V, pp.344-347.

<sup>9</sup> Telegrams from Welles to Secretary of State, 11 August 1933 in Foreign Relations of the United States 1933, Volume V, pp.355-357.

<sup>10</sup> Telegram from Welles to Secretary of State, 12 August 1933 in Foreign Relations of the United States 1933, Volume V, pp.358-359; "Cuban Army Rises Against Machado; Demands He Resign by Noon Today; Roosevelt Studies Reconstruction" New York Times 12 August 1933, p.1:5-8.

The ill-fated Dr. Cespedes assumed the presidency on the morning of 13 August 1933 and created a cabinet drawn from dissident members of the political class and the ABC and OCRR revolutionary movements. Unfortunately, the Cespedes government lacked legitimacy. Only the remains of the political class, the army leadership, and U.S. Ambassador Welles gave it complete backing.

On 19 August Welles asked to be recalled, because he believed that his personal connection with the Cuban government was creating a conflict of interest between his position as U.S. ambassador, representing the U.S. government, and his role as a defacto advisor to the Cespedes regime.<sup>11</sup> Welles stated that he wanted to focus his energies on initiating negotiations for a new reciprocal trade agreement between the U.S. and Cuba. He requested that his recall from Havana be effective on 1 September. Welles was asked by his superiors to concentrate his efforts on negotiating a commercial treaty and to stay on the job until 15 September.<sup>12</sup>

On 4 September the non-commissioned officers and enlisted men of the Cuban army launched a mutiny against their superiors and were soon joined by university students and a number of their professors. The "sergeants' revolt" brought to power a heterogenous governing group with divergent aims and goals.<sup>13</sup> Led by a five-man junta or pentarchy, headed by Dr. Ramon Grau San

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<sup>11</sup> Telegram from Welles to the Under Secretary of State, 19 August 1933 in Foreign Relations of the United States 1933, Volume V, p.368.

<sup>12</sup> Ibid., p.368; Telegram from Under Secretary of State to Welles, 21 August 1933 in Foreign Relations of the United States 1933, Volume V, p.369.

<sup>13</sup> Louis A. Perez, Jr., "Army Politics, Diplomacy and the Collapse of the Cuban Officer Corps: The 'Sergeants' Revolt of 1933" Journal of Latin American Studies 6:1 (1974), pp.59-80; Jaime

Martin, the Cuban government included three other dissident university professors and a businessman who had opposed the Machado regime from the beginning. Deeply patriotic, they thought they were the only ones able to carry out the reforms called for by disaffected and disadvantaged members of the Cuban polity.<sup>14</sup>

Welles immediately requested that the U.S. Navy Department dispatch a squadron of warships to ring the island. This action was, in theory, designed to protect U.S. lives and property in Cuba. In practice, it was requested to indicate U.S. displeasure with the situation in Cuba and to maintain a watching brief as events unfolded on the island.<sup>15</sup> He also asked that U.S. troops land on the island at the earliest possible moment to bolster the faltering Cespedes government. Roosevelt sent the naval force to ensure the protection of American lives, but he rejected Welles's request for troops. He preferred that the new government establish its legitimate authority with the support of the majority of the island's populace. Secretary Hull informed Welles that Roosevelt would not send in the Marines. Hull's concern was that armed intervention in Cuba would start Roosevelt's good neighbour policy on the wrong foot. Welles now had to accept that U.S. policy had changed fundamentally, regarding the use of armed force.<sup>16</sup>

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Suchlicki, "Stirrings of Cuban Nationalism: The Student Generation of 1930" Journal of Inter-American Studies and World Affairs 17:4 (Fall 1988), pp.362-63.

<sup>14</sup> Luis E. Aguilar, Cuba 1933 Prologue to Revolution (Ithaca, N.Y.: Cornell University Press, 1972), pp.163-68.

<sup>15</sup> "Radical Junta Rules Cuba As Army Ousts Cespedes; We Rush 4 Warships There" New York Times, 6 September 1933, p.1:1-2.

<sup>16</sup> Telegram from Welles to Secretary of State, 7 September 1933 at 12:00 p.m. in Foreign Relations of the United States 1933, Volume V, pp.396-98; Press Conference of September 8,



On 9 September, the university students and the sergeants chose an interim president to govern Cuba until new elections could be held. The leader of the military mutiny, Fulgencio Batista, became the army chief-of-staff and promoted himself overnight from sergeant to colonel. Grau was named provisional president and appointed a new cabinet composed of men from outside the island's political class.<sup>17</sup>

The U.S. denied recognition to the new Cuban regime declaring that the provisional government could not ensure stability and satisfy the obligations of a sovereign country. Welles worked behind the scenes to destabilize the Grau government. He held meetings with various members of the deposed Cuban political class to affirm the U.S. intention not to intervene militarily in the island's internal affairs. He also encouraged the students to recognize that the Grau government was leading the island into instability and to abandon their support for the regime.<sup>18</sup>

The newly-minted Colonel Batista moved swiftly to win Welles' support. He declared that Grau lacked the authority to hold the student radicals in check. In early October, after a failed uprising against the provisional government, Welles acclaimed Batista as the "only individual in Cuba today who represented

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1933 in Complete Presidential Press Conferences of Franklin D. Roosevelt ed. Jonathan Daniels (New York: DaCapo Press, 1972), Volume II, pp.248-250; Cordell Hull, Memoirs Vol. 1 (New York: The Macmillan Company, 1948), pp.315-316.

<sup>17</sup> "Grau San Martin Sworn In As Cuba's New President; Army Officers are Defiant" New York Times, 11 September 1933, p.1:7-8.

<sup>18</sup> Telegram from Welles to Secretary of State, 11 September 1933 in Foreign Relations of the United States 1933, Volume V, pp.422-424; Telegram from Welles to Secretary of State, 16 September 1933 in Ibid., p.439.

authority".<sup>19</sup> The State Department tentatively suggested to Welles that because of the unusual circumstances in Cuba, it was willing to recognize the Grau government. Welles rebuffed the suggestion stating that such an action would cause considerable acrimony among the better classes of Cuba against the United States, as had existed when the U.S. backed the Machado regime.<sup>20</sup>

Batista initiated a series of negotiations with the leaders of the old political class in mid-October, reversing the political dynamic under the Machado regime, when the army was subordinate to the political class. Batista and the new army leadership possessed the power to make or break governments, but the members of the political class still enjoyed the support of powerful financial and economic interests in Cuba and the U.S. Therefore, it was in Batista's best interests to forge an alliance with these people.<sup>21</sup> The political class aligned itself with the new army leadership which sought to legitimate the aims of the 4 September coup. On 13 December, Welles returned to Washington to resume his post as Assistant Secretary of State for Latin American Affairs; in Havana he was replaced by Jefferson Caffery who continued Welles' collaboration with Batista and the representatives of the old political class to create a new government and to undermine and overthrow the Grau regime.

The new year brought success to the Caffery's endeavors. The owners of U.S. sugar *centrales* in early 1934 proclaimed their unwillingness to process the

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<sup>19</sup> Telegram from Welles to Secretary of State, 4 October 1933 in Foreign Relations of the United States 1933, Volume V, p.470.

<sup>20</sup> Telegram from Secretary of State to Welles, 5 October 1933 in Ibid., p.472; Telegram from Welles to Secretary of State, 6 October 1933 in Ibid., pp.473-474.

<sup>21</sup> Louis A. Perez, Jr., Army Politics in Cuba, 1898-1958 (Pittsburgh: University of Pittsburgh Press, 1976), pp.94-97.

annual harvest into refined sugar so long as Cuba was governed by a government that did not enjoy U.S. political or financial support. By 15 January, Grau resigned the presidency. Four days later, Carlos Hevia, Grau's successor, resigned and was replaced by Colonel Carlos Mendieta, an important member of the Cuban political class, to whom the U.S. quickly granted official diplomatic recognition on 24 January. On the same day Caffery was officially accredited U.S. ambassador to Cuba.<sup>22</sup>

Determined to rebuild U.S. economic ties with Cuba, Caffrey concluded the promised reciprocal trade agreement, and the Roosevelt administration worked to revise the Agricultural Adjustment Act to increase Cuba's sugar quota. It also abrogated the hated Platt Amendment and drafted a new Cuban-American treaty of relations guaranteeing U.S. control of the naval base at Guantanamo Bay for an unspecified period of time. The new reciprocal trade agreement with Cuba, concluded on 24 August, restored the United States' economic leverage and power over the island.<sup>23</sup> Nevertheless, Cuba would remain unstable for another six years, and Cuban-U.S. relations would undergo several more crises.

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<sup>22</sup> "Grau Quits in Cuba at Junta's Order; Swing to the Left" New York Times, 15 January 1934, p.1:1; "Mendieta Accepts Cuban Presidency; Takes Oath Today" New York Times, 18 January 1934, p.1:5; "Roosevelt Decides to Recognize Cuba" New York Times, 23 January 1934, p.1:2; "Roosevelt Grants Cuban Recognition" New York Times, 24 January 1934, p.1:2.

<sup>23</sup> U.S. Department of State, Press Releases No.256 (25 August 1934), pp.118-133 in Sumner Welles' Papers at the Franklin D. Roosevelt Library; U.S. Department of State, Treaties and Other International Agreements of the United States of America, 1776-1949 Volume 6: Canada-Czechoslovakia, pp.1163-71; Foreign Relations of the United States 1934, Volume V, pp.169-75; "Reciprocal Pact with Cuba Favors Island's Sugar, Rum and Many of Our Products" New York Times, 25 August 1934, p.1:6.

Frequent bombings and terrorist attacks by disaffected revolutionaries in 1934 gave Batista the opportunity he desired to reduce the power and prestige of the old political class and acquire more power for himself and the army.<sup>24</sup> The March 1935 general strike paralyzed the island for two weeks and forced Mendieta to suspend a number of constitutional guarantees and call on the police and the army to crush the uprising.<sup>25</sup> The strike marked the last violent gasp of the Cuban social revolution for many years.

Hoping to counteract the growing power of the army, Mendieta called for new general elections in 1936, the first free and legitimate ones since 1924. Miguel Mariano Gomez who was elected president on 12 January 1936 and was inaugurated on 20 May; he was determined to bring the army under the control of the political class once again. In December 1936, he and Batista clashed over money allocated to build new rural schools. The schools would be under military, not civilian control. President Gomez created a political crisis by vetoing the bill granting money for this project, but it was passed by Congress over the president's veto and Batista struck back. On 24 December, Congress, on Batista's instructions, impeached Gomez on the charge of "coercing Congress," and he was replaced the next day by Federico Laredo Bru, the army's puppet. The army now became the dominant force in the Cuban political system, and U.S. Ambassador Caffery ensured that the U.S. would support its assumption of

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<sup>24</sup> Irwin F. Gellman, Roosevelt and Batista: Good Neighbor Diplomacy in Cuba, 1933-1945 (Albuquerque: University of New Mexico Press, 1973), pp.84-99.

<sup>25</sup> "Havana Swept by Gun Fire; State of Siege Proclaimed, With General Call to Arms" New York Times, 10 March 1935, p.1:7; R. Hart Phillips, Cuba Island of Paradox, pp.164-66; Samuel Farber, Revolution and Reaction in Cuba, 1933-1960: A Political Sociology from Machado to Castro (Middletown, Connecticut: Wesleyan University Press, 1976), pp.47-49.

power.<sup>26</sup> Colonel Batista became the "strong man" in Cuba. With U.S. support, the army supplanted the island's old political class and, under Batista's control, ruled until 1944. From 1933 to 1936 Mexico experienced a resurgence of its revolutionary rhetoric and activity as the government pledged to fulfill the promises of the 1910 Revolution. This change would lead to problems and create tensions in Mexico's relations with the United States.

### RENEWAL OF REVOLUTION IN MEXICO AND THE CHANGES IN U.S. RELATIONS WITH MEXICO, 1933-1936

Mexico in 1933 was a land of great contrasts. Its economy was largely unaffected by the Great Depression, except for silver and oil exports, whose declining value was tied to the shrinking world market. Politically, the country was grappling with the legacy of a revolution that had promised much in rhetoric, but had delivered little in practice. Socially, the country was changing, but slowly. In the sphere of foreign relations, Mexico saw evidence of the U.S.'s determination to undermine its independence, and the U.S. viewed Mexico as an unstable country that refused to protect and preserve the security of foreign investments and property.<sup>27</sup>

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<sup>26</sup> "Cuba is Anxious in Civil-Army Rift; Talks of President's Resignation", New York Times, 18 December 1936, p.1:2; "Sugar Tax Passed by House in Cuba", New York Times, 19 December 1936, p.1:2; Russell B. Porter, "Forces of Democracy Put to a Test in Cuba", New York Times, 20 December 1936, IV, p.6:4; "Gomez to Defend Acts in Cuba Today at Trial in Senate", New York Times, 23 December 1936, p.1:5; "President Gomez Ousted by the Senate in Cuba for 'Coercing' Congress", New York Times, 24 December 1936, p.1:1; "Cuba Inducts Laredo Bru; He Sees an Era of Progress", New York Times, 25 December 1936, p.1:6; "Army is Dominant in Cuban Politics", New York Times, 25 December 1936, p.24:1; Russell B. Porter, "Batista's Army Again Makes its Iron Felt in Cuba", New York Times, 27 December 1936, V, p.5:1; Perez, Army Politics in Cuba, pp.108-111.

<sup>27</sup> Alan Knight, "The Rise and Fall of Cardenismo, c.1930-c.1946" in Mexico Since Independence, ed. Leslie Bethell (New York: Cambridge University Press, 1991), pp.241-245.

In 1933, Roosevelt appointed a new ambassador, Josephus Daniels, another close friend and a political associate. A Democratic Party regular, he owed his loyalty to Roosevelt and not to the State Department.<sup>28</sup> Resolving the issue of claims was the first task Daniels faced.<sup>29</sup> In early 1934 Daniels outlined a compromise solution to his superiors in the State Department. For holders of special claims, Mexico would pay 2.65 percent of the value of their claims, totaling 7.75 million dollars. For holders of general claims, Mexico would pay 8 percent of the claims value, totaling 11 million dollars.<sup>30</sup> The comprehensive claims settlement was signed by Ambassador Daniels and Mexican foreign minister, Jose Manuel Puig Casauranc, on 24 April 1934 in Mexico City.<sup>31</sup> The U.S. had resolved a thorny problem in its relations with Mexico, but bigger issues remained unresolved and new ones loomed on the horizon.

At the PNR congress in December 1933, heated debate occurred on the subject of comprehensive political, social and economic reform. The maximum leader, Mexico's unofficial leader since 1928, General Plutarco Calles and his supporters in the PNR showed little interest in these issues and ideas. Progressive members of the PNR wanted the government to distribute more land to the peasants. The PNR Congress approved a Six-Year Plan under which the

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<sup>28</sup> E. David Cronon, Josephus Daniels in Mexico (Madison: University of Wisconsin Press, 1960), ch.1; Josephus Daniels, Shirt-Sleeve Diplomat (Chapel Hill, N.C.: University of North Carolina Press, 1947), pp.3-33.

<sup>29</sup> Daniels, Shirt-Sleeve Diplomat, pp.115-117.

<sup>30</sup> Telegram from Daniels to the Secretary of State, 26 January 1934 in Foreign Relations of the United States 1934, Volume V, pp.399, 400 and 402; Telegram from Secretary of State to Daniels, 10 February 1934 in Ibid., pp.404-07.

<sup>31</sup> Convention between the United States of America and Mexico for an En Bloc Settlement of Special Claims, Signed at Mexico City 24 April 1934 in Foreign Relations of the United States 1934, Volume V, pp.467-470.

government would devote more money to public education and sanction the creation of a new official trade union confederation to replace the corrupt old one. It also promulgated an Agrarian Code promising to give more land to the peasantry. The PNR chose General Lazaro Cardenas as its candidate for president in the 1934 election. Cardenas had been a general in the federal army, a highly successful governor of Michoacan (his home state), and the president of the PNR. He was widely viewed as a loyal lieutenant of Calles, and not one of the Maximum Leader's political cronies. Perceived as the leader of the progressive movement within the PNR, his election was seen as a foregone conclusion.<sup>32</sup>

In early 1934, Cardenas toured Mexico extensively. He met with various PNR officials to solidify his political base and promised reform for the peasants and workers of the country. He pledged his support for both the Six-Year Plan and the central government's new Agrarian Code. He was overwhelmingly elected president on 1 July and inaugurated on 30 November. He stated in his inaugural address his intention to be his own man, a pledge that many believed was directed at Calles. Calles had been the Maximum Leader since 1928 and possessed the power to remove presidents who disobeyed him. Cardenas's assertion of independence led to a clash between the two men, which began in June 1935 when Calles implied that Cardenas's support of strikes and the rapid pace of the land distribution program meant that his days as president were

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<sup>32</sup> Knight, "The Rise and Fall of Cardenismo" in Mexico Since Independence, ed. Leslie Bethell, pp.245-49.

numbered. Cardenas reacted quickly, appointing a new cabinet composed of his allies and various anti-Calles men. He removed state governors loyal to Calles, and purged the army of disloyal generals. In April 1936 he forced Calles into exile, and consolidated his power and moved the nation in a new, more radical direction.<sup>33</sup>

The Mexican government began the land distribution program in 1935. Grants of land were given to the peasants in *ejidos* (collective land grants) expropriated from American and other foreign and Mexican-owned land holdings. The programme created tensions in U.S.-Mexico relations. American Secretary of State Cordell Hull instructed Ambassador Daniels to press the Mexican government to halt the programme until it had compensated American citizens for their lost property.

In the same year, the oil controversy was renewed. The Mexican government supported the actions of the oil field workers to secure better working conditions and wages from the foreign-owned oil companies. The Mexican government encouraged the organization of a united trade union confederation in the oil fields. In August 1935, the *Sindicato de Trabajadores Petroleros de la Republica Mexicana* or the Union of Petroleum Workers of the Mexican Republic (STPRM) was created with the active support of the Mexican

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<sup>33</sup> Knight, "The Rise and Fall of Cardenismo, in Bethell ed., Mexico Since Independence, pp.261-4; Lazaro Cardenas, Obras: Apuntes, Tomo I-1913-1940, (Mexico City: Universidad Nacional Autonoma de Mexico, 1972), pp.320-22.



government. The confrontation between the multinational oil companies and the Mexican government would intensify for the rest of the decade.<sup>34</sup>

The state-church controversy between the Mexican government and the Catholic church re-emerged as result of the "socialist education" plank of the PNR's 1934 election platform. The issue of "socialist education" was a highly contentious one. For the Catholic church, "socialist education" was nothing more than government sanctioned atheism and rampant secularism. For the Mexican government, "socialist education" was an attempt to create a national public education system and to reduce illiteracy amongst a large majority of Mexicans. The United States became embroiled in the controversy because Ambassador Daniels publicly praised the Mexican government's efforts to create a national education system in a speech in July 1934. His statements led a number of American Catholics to accuse him of aiding in the Mexican government's anti-clerical policies. They urged the U.S. Congress to investigate the situation and demanded that the State Department reprimand Daniels or to recall him from Mexico and replace him with another ambassador. Daniels was denounced by a number of Congressmen, led by John P. Higgins (Republican, Massachusetts) for his comments and for his "support" of the anti-church policies of the Mexican

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<sup>34</sup> For the re-emergence of the oil controversy, see the letter from the Secretary of State to Ambassador Daniels, 23 March 1935 in Foreign Relations of the United States 1935, Volume V, pp.764-766 and the Letter and Memorandum of Conversation from Ambassador Daniels to the Secretary of State, 12 April 1935 in Ibid., pp.766-770. For U.S. reactions to the Mexican land redistribution programme, see the letter from Charge Norweb to the Secretary of State, 13 June 1935 in Foreign Relations of the United States 1935, Volume V, pp.770-776 and the letters from Ambassador Daniels to the Secretary of State, 10 October and 23 October 1935 in Ibid., pp.778-780.

government.<sup>35</sup> The State Department supported Daniels, and Secretary Hull stated that the U.S. could not interfere or intervene in the internal affairs of Mexico.<sup>36</sup> In Mexico, Daniels quietly encouraged the Mexican government to tone down its anti-church policies and rhetoric and to reach a compromise with the church leadership.

In 1936, U.S.-Mexico relations were focused around the divergent perceptions of the Mexican government's reform policies and the U.S. reactions to these changes. The State Department wanted the Mexican government to provide financial compensation to U.S. landowners for the loss of their property and slow down the land distribution. It also desired positive assurances that any future distribution of U.S.-owned land would be followed by prompt and adequate compensation.<sup>37</sup> This problem was highlighted in November 1936 when the Mexican Congress passed an Expropriation Bill which President Cardenas signed into law on 23 November. The State Department expressed concern that the new law was vague on what property was open to expropriation and the means of compensating the former owners.<sup>38</sup> Acting Secretary of State, R. Walton Moore, instructed Daniels to request a meeting with Cardenas to ascertain the scope of the Expropriation Law. At the

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<sup>35</sup> Congressional Record, House of Representatives, 74th Congress 1st Session, pp.1744-1759 and pp.9009-9025.

<sup>36</sup> Editorial in New York Times, 9 February 1935, p.14:1; Letter from Secretary of State Cordell Hull to Senator Key Pittman, 12 February 1935 in R. Walton Moore Papers, at the Franklin D. Roosevelt Library; Text of Senate Resolution 70 in Foreign Relations of the United States, 1935 Volume V, pp.786-788.

<sup>37</sup> Letter from Daniels to Mexican Foreign Minister Eduardo Hay, 16 April 1936 in Foreign Relations of the United States, 1936 Volume V, pp.692-94.

<sup>38</sup> Letter from the Acting Secretary of State to Ambassador Daniels, 23 November 1936 in Ibid., pp.723-25.

meeting with Daniels, Cardenas informed the U.S. envoy that the law was simply designed to give Mexico an expropriation law because it had none. The Mexican president assured Daniels that expropriated U.S. landowners in Mexico would be compensated with agrarian bonds.<sup>39</sup> Daniels's superiors in Washington continued to insist on "prompt and adequate (monetary) compensation" from the Mexican government and not restitution through Mexican government agrarian bonds. This dispute over what constituted "prompt and adequate" compensation and the Mexican land distribution program would continue for the rest of the decade.

### CONCLUSION

U.S. relations with Cuba changed from 1933 to 1936 as the old order erupted into political revolution and social unrest. The approval of the U.S. ambassadors, in the persons of Sumner Welles and Jefferson Caffery, remained crucial to any Cuban politician's desire for success in the island's political affairs. The U.S. ambassador was still able to make or break Cuban governments using U.S. recognition as an awesome political and economic weapon. The abrogation of the Platt Amendment limited the formal, but not the informal exercise of U.S. political power. The dependency of Cuba on the U.S., consolidated in the Reciprocal Trade Agreement, illustrated the awesome economic hold which the United States possessed on the island.

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<sup>39</sup> Letter from Daniels to the Secretary of State, 16 December 1936 in Foreign Relations of the United States 1936, Volume V, pp.709-715.

The limited moderate social revolution in Cuba released powerful nationalist passions that challenged the Cuban elite and the unequal relationship with the United States. The Platt-era political class was eclipsed first by these nationalists and then by the army. The old army officer corps was removed by the Sergeants' Revolt of 1933 led by Sergeant Fulgencio Batista. In 1936 the old political order was at an end. The U.S. had not definitively determined the scope of its political relationship with the troubled island. The economic situation was decided in 1934 through the conclusion of the Reciprocal Trade Agreement and the revision of the Agricultural Adjustment Act.

The contrast between Cuba and Mexico was striking. From 1933 to 1936, Mexico was ruled by a revolutionary government determined to pursue two goals at the same time: first, to realize the promises of the 1910 Mexican revolution, and second, to consolidate and institutionalize that revolution. In its relations with Mexico, the U.S. government sought to prevent injury to U.S. interests and investments in a society that was undergoing profound change and to prevent this change from moving into avenues unacceptable to the United States. U.S. relations with both countries were guided by consistent historical principles and by new realities arising from the Great Depression and expansion of fascism and militarism in Europe and Asia. The U.S. was willing to forego its practices of "empire" in order to ensure better relations with Latin America, but the Good Neighbour Policy did not end practices of "hegemony"; it intensified them and gave them a new and more sophisticated orientation. The years from 1937 to

1940 consolidated the hegemonic project and allowed the U.S. to pose as a "good neighbor" when, in reality, its relations with Latin America only shifted to meet the exigencies of depression and the approaching world war.

## **CHAPTER V**

### **HEGEMONY CONSOLIDATED?: U.S. RELATIONS WITH CUBA AND MEXICO, 1937-1940**

#### **INTRODUCTION**

U.S. relations with Cuba from 1937 to 1940 centered on the growing political power of Colonel Fulgencio Batista—leading to his election as president in 1940—and the island's continued economic dependence on the United States. The pressure of the State Department on the Cuban government to resume payment on its debts to U.S. banks and the Cuban government's need to create a secure market for its main exports of sugar and tobacco highlighted Cuba's dependence. Batista's power was unchecked in Cuba, but the U.S. encouraged the Cuban strong man to "restore proper constitutional government" to the island. This chapter examines the unequal relationship between Cuba and the U.S., and Batista's success in restoring elected government to the island without diminishing his power. It will also analyze the U.S.'s use of Batista's power to legitimate its hegemony over the island.

U.S. relations with Mexico were complicated by the Mexican government's land distribution program. Further difficulties were created by the Mexican expropriations of both the national railroad network and international oil properties. The land and oil issues caused the most serious problems and the latter almost led to a break in relations between the two countries. Diplomatic relations were not broken because U.S. Ambassador Josephus Daniels recognized that the Mexican government had a right to expropriate the oil

properties when their Anglo-American owners ignored Mexican law. He was helped by President Roosevelt who witnessed the deteriorating international situation and recognized the importance of keeping Mexico as a U.S. ally. Their efforts reinforced those undertaken by U.S. Secretary of the Treasury Henry Morgenthau and ensured that the Mexican government would slow down the pace of land distribution and compensate U.S. owners for their expropriated property. They made certain that the dispute between the oil companies and the Mexican government would be resolved diplomatically by negotiations between the State Department and the Mexican government. This chapter also examines the impact on U.S.-Mexican relations of the curtailment of the Mexican government's reform program and how it enhanced the American hegemonic relationship with Mexico.

#### BETWEEN THE OLD AND NEW: U.S. RELATIONS WITH CUBA, 1937-1940

In 1937 Colonel Fulgencio Batista, the Cuban army chief of staff, occupied an unrivaled position as Cuba's strong man. The Cuban president, Dr. Federico Laredo Bru, was a puppet of the Cuban army. His position was secure so long as he continued to acknowledge the army chief as the supreme decision maker on the island. Opposition to Batista was led by Dr. Ramon Grau San Martin, the president of the 1933 Revolutionary government, who returned in 1937 from exile in Mexico. He had formed the Authentic Revolutionary Party, the *Autenticos*, in Mexico in 1934. By 1937 his allies in the old revolutionary

movement were either being co-opted by Batista or had removed themselves from the political process.<sup>1</sup>

In 1937, Cuba was on the brink of another economic depression. The U.S. reciprocal trade agreement and the revised Agricultural Adjustment Act in 1934 had re-opened the U.S. market to Cuban sugar and tobacco exports. But, in 1936, the U.S. Supreme Court declared the Agricultural Adjustment Act unconstitutional and struck the law down. The U.S. Congress debated a new sugar bill in the spring of 1937 that favoured domestic sugar beet producers and sugar cane growers in Hawaii and the Philippines at the expense of foreign growers.<sup>2</sup> Cuba wanted to preserve its main export market in the United States, but it did not hesitate to join the International Sugar Council established in 1937 by the world sugar's producers. The International Sugar Council attempted to limit international production and increase the world price for sugar. For Cuba the Council was a means of applying leverage on the U.S. in order to gain a secure place in the mainland sugar market. The U.S. government, however, had a number of problems to settle with Cuba before the sugar issue could be resolved.

In May 1937 U.S. bondholders began to press the Cuban government for payment of various debts contracted during the Machado regime. Secretary of State Hull told the U.S. ambassador to Cuba, J. Butler Wright, to inform the Cuban government that no creditors should be favoured in their discussions with

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<sup>1</sup> Gellman, Roosevelt and Batista, pp.159-161; Phillips, Island of Paradox, pp.181-83.

<sup>2</sup> Gellman, Roosevelt and Batista, pp.182-183.



American bankers and bondholders.<sup>3</sup> Both countries proposed solutions to the Cuban economic crisis: the U.S. recommendation was to revise the reciprocal trade agreement to reduce U.S. tariffs on imported sugar and tobacco from Cuba or, alternately, to draft a new trade agreement. The Cuban offer sought U.S. agreement to raise the price of sugar. The U.S. refused the Cuban offer, stating that although it wished to help Cuban sugar producers, it could not do so at the expense of American consumers. Gradually, the State Department linked Cuban repayment of the bond holders to its willingness to furnish a solution to the island's precarious economic situation.<sup>4</sup>

Batista sought to legitimate his power by enshrining the ideals of the 1933 Cuban Revolution in the Three Year Plan or the Social Economic Reconstruction Plan (*Plan de Reconstrucción Económico-Social*).<sup>5</sup> The plan proposed government regulation of many aspects of Cuban social and economic life, but, in May 1938, Batista suspended the Plan to concentrate his energies on a new Constituent Assembly to replace the old 1901 Platt-era constitution.<sup>6</sup> He also claimed that the continuing economic depression on the island and the lack of support (financial and otherwise) from Cuba's better classes were part of his decision to suspend the Plan.<sup>7</sup>

<sup>3</sup> Telegram from the Secretary of State to U.S. Ambassador J. Butler Wright, 7 February 1938 in Foreign Relations of the United States, 1938 Volume V, pp.475-476.

<sup>4</sup> Gellman, Roosevelt and Batista, p.183.

<sup>5</sup> "Batista Discloses Cuban 3-Year Plan" New York Times, 26 July 1937, p.2:7; "3-Year Cuba Plan: A Test for Batista" New York Times, 1 August 1937, IV, p.5:8; "Batista is Pushing Cuban 3-Year Plan" New York Times, 10 April 1938, p.5:6.

<sup>6</sup> Memorandum of Conversation between the Undersecretary of State Welles and Cuban Ambassador Dr. Pedro Martinez Fraga, 29 March 1938 in Sumner Welles' Papers at the Franklin D. Roosevelt Library; "Batista Suspends Cuba's 3-Year Plan" New York Times, 5 May 1938, p.13:2.

<sup>7</sup> Gellman, Roosevelt and Batista, pp.160-61.

In November 1938 the State Department invited Batista to come to the United States to discuss problems in U.S.-Cuban relations. Batista emphasized in his meetings with Hull and Undersecretary Sumner Welles that Cuba needed to have a secure market for its sugar and tobacco exports. He asked for the U.S. to restore the old sugar quota system or revise the trade agreement to lower tariffs on imported sugar and tobacco. He also wanted the U.S. to provide the island with economic assistance through loans or subsidies. Welles stated that a revised trade agreement and financial assistance was possible, but was tied to the Cuban government's willingness to pay its debts to U.S. banks and bondholders.<sup>8</sup> Batista returned home on 25 November to a hero's welcome, strengthened by his pledge that a revision of the reciprocal trade agreement was forthcoming and a 50 million dollar loan for public works from the U.S. Import-Export Bank was being processed.<sup>9</sup>

On 24 May 1939, the U.S. State Department and the Cuban embassy began negotiations for a revised trade agreement. The start of the Second World War in September in Europe accelerated calls by both Cubans and Americans for the negotiations to be concluded as soon as possible. In Cuba the commencement of hostilities in Europe, the slowness of the trade agreement negotiations with the U.S. and the continuing economic depression all worked to the benefit of the opposition. On 15 November the long-awaited elections for the

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<sup>8</sup> Memorandum of Conversation between Under Secretary Welles and Colonel Batista, 10 November 1938 in Sumner Welles' Papers at the Franklin D. Roosevelt Library; "Batista Sees Hull and Tours Capital" New York Times, 11 November 1938, p.1:7.

<sup>9</sup> "Batista Says U.S. Will Assist Cuba" New York Times, 26 November 1938, p.1:4; Phillips, Island of Paradox, pp.187-88.

Constituent Assembly were held and the opposition parties won more seats than the government.<sup>10</sup>

On 6 December, Colonel Batista retired from his position as army chief of staff to run for president of Cuba in the 1940 presidential elections. Twelve days later, the revised reciprocal trade agreement was signed in Washington. In this agreement, the U.S. provided new concessions on Cuban tobacco and reduced the tariff on Cuban sugar.<sup>11</sup>

In early 1940, various Cuban politicians connected with Batista's campaign for president asked U.S. chargé d'affaires Willard Beaulac whom the U.S. would support in the upcoming Cuban presidential elections. They demanded U.S. embassy support for Batista's candidacy. Beaulac was instructed by Acting Secretary of State Welles to inform any Cuban that U.S. relations with Cuba were no different than those with the rest of Latin America and that the old special relationship between the two countries no longer existed.<sup>12</sup>

On 8 June, the Constituent Assembly presented the island with a new Constitution. It was a progressive document for Cuba and elsewhere in Latin America. It promised the equality of all Cubans regardless of race, class, gender

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<sup>10</sup> Gellman, Roosevelt and Batista, pp.177-80; "Batista Men Lose in Cuban Election for New Assembly" New York Times, 20 November 1939, p.1:4.

<sup>11</sup> U.S. State Department, Department of State Bulletin, 23 December 1939, pp.718-722, 729-733; U.S. State Department, Treaties and Other International Agreements of the United States of America, 1776-1949 Volume 6: Canada-Czechoslovakia, pp.1187-1193; "Welles Ridicules Red Slur on Cuba" New York Times, 20 December 1939, p.1:2.

<sup>12</sup> Telegram from Chargé Beaulac to the Secretary of State, 11 January 1940 in Foreign Relations of the United States 1940, Volume V, pp.737-738; Telegram from Welles to Chargé Beaulac, January 13, 1940 in Foreign Relations of the United States 1940, Volume V, p.741.

or economic standing. It stated that all Cubans were entitled to shelter, education and health care which would be provided by the state. The island's elites interpreted the constitution as a statement of principles and not a national charter.<sup>13</sup> The constitution had no chance of being implemented because it lacked basic enforcement provisions. It also presented an ideal Cuba which bore no resemblance to the island's political, economic and social realities. These flaws notwithstanding, the Cuban Constitution became the law of the island on 15 September 1940.

On 14 July Batista won the presidential election by a comfortable margin over Dr. Grau.<sup>14</sup> Batista's victory occurred at the same time as the conclusion of the debt agreement by which the Cuban government agreed to resume its debt payments to U.S. bond holders.<sup>15</sup> With the debt issue resolved, the U.S. soon began negotiations with the incoming Batista government to provide loans to the economically depressed island.

Batista was inaugurated as president on 10 October. He was now in complete control of the island. His success had allowed the U.S. to move from the practice of empire to the flexible exercise of political-economic hegemony. From 1937 to 1940, the United States would also consolidate its hegemonic relationship with Mexico, but it would take a different road than Cuba.

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<sup>13</sup> "New Constitution of Cuba Finished" New York Times, 9 June 1940, p.34:6; Phillips, Island of Paradox, p.196; Gellman, Roosevelt and Batista, pp.180-82.

<sup>14</sup> "Col. Batista Claims Cuban Presidency; Clashes Mar Vote" New York Times, 15 July 1940, p.1:1; Phillips, Island of Paradox, pp.205-06.

<sup>15</sup> Various correspondence in Foreign Relations of the United States, 1940 Volume V, pp.756-762.

## **TRIUMPHS AND TRAGEDY IN U.S. RELATIONS WITH MEXICO, 1937-1940**

In 1937, U.S. relations with Mexico continued to be focused on the issue of the Mexican government's land distribution program and the Mexican government's new Expropriation Law. The State Department was concerned that the Mexican government had not provided "prompt and adequate compensation" to U.S. landowners and in what context the Expropriation Law would be used.

Another source of tension in U.S.-Mexico relations were the difficulties experienced by the multi-national petroleum companies in Mexico. In early 1937 the Petroleum Workers of the Mexican Republic Union or STPRM prepared to go on strike against the oil companies in Mexico. On 28 May they struck. This strike soon proved to be different from earlier labour disturbances in the oil fields. Earlier strikes had only affected the companies and were concerned with limited issues such as working conditions and wages. In 1937, oil production was crucial to the operation of the internal Mexican economy and its exports to the international market. Any sustained work stoppage would, therefore, have adverse effects on the entire Mexican economy. The oil strike also re-opened the domestic Mexican debate about the place of the foreign oil companies in the country. On 9 June the government called off the strike and ordered the Labour Relations Board to examine the causes of the labour dispute in order to impose an equitable solution for all concerned. The Labour Relations Board declared the strike to be an economic conflict—this decision indicated that it believed that the strike was more than a dispute over wages and working conditions—and it

created a Commission of Experts to study the oil workers' demands and the oil companies' accounts.<sup>16</sup>

On 23 June the Mexican government nationalized the Anglo-American owned national railroad system under the provisions of the 1936 Expropriation Law. The national railway network had a 500 million dollar debt and was faced with a militant railway union that was demanding higher wages. The Mexican government stated that the expropriation was carried out to allow the railroad network to operate in a more effective and efficient manner. It was also done to prevent the railroad union from gaining control of an important component of the nation's transport network.<sup>17</sup>

These conflicts further intensified tensions in U.S.-Mexican relations. In August the Commission of Experts affirmed its agreement with the demands of the STPRM for higher wages after its examination of the oil companies' records. The oil companies proclaimed their inability to pay the higher wages and claimed that the Mexican government desired to expropriate their properties. The dispute between the Mexican government and the multi-national oil companies marked the peak of the *Cardenista* reform project. The reforms were expensive and the Mexican government was in a precarious financial situation. The reforms and the oil and land controversies had increased capital flight from Mexico in 1937. In December, the Mexican Secretary of the Treasury, Dr. Eduardo Suarez, traveled

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<sup>16</sup> "17,000 Mexicans Quit in Oil Strike" New York Times, 28 May 1937, p.5:1; "Mexican Oil Strike Ends" New York Times, 10 June 1937, p.7:2; Frank L. Kluckhohn, "Mexican Oil Strike Raises Grave Issue" New York Times, 13 June 1937, IV p.4:6.

<sup>17</sup> Telegram from Chargé Boal to Secretary of State, 24 June 1937 in Foreign Relations of the United States, 1937 Volume V, pp.683-684.

to Washington to re-negotiate the 1934 silver agreement with the U.S., which stipulated that the U.S. would purchase refined Mexican silver at a higher price than the depressed international price for the commodity.<sup>18</sup>

As with Cuba, the State Department insisted that no assistance would be forthcoming unless the Mexican government undertook positive steps to compensate U.S. landowners. The Treasury Department took a different tack on the Mexican financial situation. Treasury Secretary Henry Morgenthau was convinced that if the U.S. did not do anything for Mexico, the country could be absorbed into the expanding international fascist empire. He saw the Mexican financial/economic situation as critical. On 29 December he released 35 million ounces of newly-minted Mexican silver to the U.S. market from the Federal Reserve Bank of Kansas without asking for any reciprocal obligation on Mexico's part.<sup>19</sup>

In January 1938 the oil companies still refused to pay their workers higher wages and sought an injunction against the Labour Relations Board stating that their constitutional rights had been infringed by the Mexican government. The Mexican Supreme Court agreed to hear the case.<sup>20</sup> The Supreme Court ruled on

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<sup>18</sup> Friedrich E. Schuler, Mexico Between Hitler and Roosevelt: Mexican Foreign Relations in the Age of Lázaro Cárdenas, 1934-1940 (Albuquerque: University of New Mexico Press, 1998), pp.82-85; Letter from Ambassador Daniels to Under Secretary Welles, 9 December 1937 in Sumner Welles' Papers at the Franklin D. Roosevelt Library.

<sup>19</sup> Schuler, Between Hitler and Roosevelt, pp.85-86; "Stability in Silver Sought by Mexico" New York Times, 25 December 1937, p.19:7; Memorandum by the Division of the American Republics, State Department, 29 December 1937 in Sumner Welles' Papers at the Franklin D. Roosevelt Library; Memorandum of Conversation between Under Secretary Welles, the Mexican Ambassador and the Mexican Secretary of the Treasury, 31 December 1937 in Sumner Welles' Papers at the Franklin D. Roosevelt Library

<sup>20</sup> "Mexico Suspends Oil Wage Demand" New York Times, 2 January 1938, p.38:3; "Mexico Abrogates Oil Pact with U.S.; Adds Trade Threat" New York Times, 3 January 1938, p.1:5

the oil companies' injunction on 1 March and ordered the oil companies to obey the decision of the Labour Relations Board. The oil companies again proclaimed their inability to pay the award and stated their refusal to comply. The Mexican government faced three options: complete surrender to the oil companies, placing the companies under temporary Mexican receivership in order to completely examine their books, or outright expropriation.

On 18 March President Cardenas announced the expropriation of all foreign oil companies operating in Mexico. His decision unleashed a massive wave of popular nationalism. Most Mexicans rallied to support the government and the president himself.<sup>21</sup> The response from the United States was mixed. Ambassador Daniels stated that Cardenas's decision surprised the embassy and said that it was like "a bolt from the blue", arising out of the wage dispute between the oil companies and its workers. He hoped that the expropriation would not undermine the Good Neighbour Policy:

The upholding of that policy, however, is of the highest consideration in a mad world where Pan American solidarity may save democracy. Oil ought not to smear it.<sup>22</sup>

The State Department remained quiet until 21 March when Welles met with Mexican Ambassador Dr. Don Francisco Castillo Najera. Welles implied to the Mexican envoy that U.S. relations with Mexico were friendly, and, therefore,

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<sup>21</sup> "U.S. Oil Properties Taken by Mexicans" New York Times, 19 March 1938, p.1:3; "1,000,000 in Mexico Hail Oil Seizures" New York Times, 24 March 1938, p.1:3; Daniels, Shirt-Sleeve Diplomat, pp.227-28; Nora Hamilton, The Limits of State Autonomy: Post-Revolutionary Mexico (Princeton: Princeton University Press, 1982), pp.228-30; Alan Knight, "The Politics of the Expropriation" in Knight and Brown eds., The Mexican Petroleum Industry, pp.98-106.

<sup>22</sup> "Envoy Says Mexico Caught U.S. Asleep" New York Times, 21 March 1938, p.5:1; Letter from Ambassador Daniels to President Roosevelt, 22 March 1938 in President's Secretary's File-Mexico, 1938-1940 at the Franklin D. Roosevelt Library.



it was regrettable that the Mexican government had expropriated U.S. oil properties. The oil expropriation was "absolutely suicidal" and would have "serious repercussions" on U.S. financial and commercial relations with Mexico. Moreover, Mexico could not hope to operate the oil fields alone and that any Mexican oil exports would invariably end up in the hands of Germany, Italy or Japan.<sup>23</sup>

The oil expropriation controversy soon created problems in other areas of U.S.-Mexican relations. Treasury Secretary Morgenthau suspended the Silver Purchase Agreement between the United States and Mexico. Morgenthau informed President Roosevelt that he took this decision after conferring with Senator Key Pittman (Democratic, Nevada), the chairman of the Senate Foreign Relations Committee, and Welles. He was taking this decision unless "you advise us to the contrary".<sup>24</sup> Morgenthau's hard line was congruent with Secretary of State Hull's decision to press the Mexican government. The decision to suspend U.S. silver purchases from Mexico did not last. The Mexican government interpreted the U.S. action as a reprisal, prompting Morgenthau to reverse his decision to suspend the Silver Purchase Agreement, and to announce that the U.S. government would continue to purchase silver from Mexico on a month-to-month basis.<sup>25</sup> The Treasury Department's decision left

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<sup>23</sup> Memorandum of Conversation by the Under Secretary of State, March 21, 1938 in Foreign Relations of the United States Volume V, pp.729-733.

<sup>24</sup> "U.S. Stops Buying Mexican Silver; Seen As Reprisal" New York Times, 28 March 1938, p.1:1; Telegram from Secretary of the Treasury Morgenthau to President Roosevelt, 25 March 1938 in the President's Secretary's File-Mexico, 1938-1940 at the Franklin D. Roosevelt Library.

<sup>25</sup> Memorandum of Morgenthau Statement, undated in Sumner Welles' Papers at the Franklin D. Roosevelt Library.

the State Department in the lonely position of trying to press the Mexican government to return the expropriated oil properties to their former owners. On 30 March, Hull stated that the oil expropriation would be treated as equal to the earlier land expropriations and that he hoped the Mexican government would provide prompt and adequate compensation for all U.S. nationals who had lost property in Mexico. On 1 April, President Roosevelt reiterated in a press conference that U.S. policy toward Mexican land and oil expropriations should be aimed at securing compensation for all land owners. As for the oil companies, they should expect to receive compensation equal to their investments in Mexico and not for prospective profits.<sup>26</sup>

The State Department acknowledged that it could not force the return of the expropriated properties. Both Hull and Welles linked the issue of compensation for U.S. property losses with financial restitution for the oil companies. The State Department insisted that the Mexican government provide it with a concrete financial plan by which the oil companies and the land owners would receive compensation for their losses. The Mexican government affirmed that it was perfectly willing to provide compensation for all U.S. property owners, if the oil companies would negotiate in good faith with it. The State Department also carried on a parallel strategy with the oil companies, informing them not to

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<sup>26</sup> "Press Conference of 1 April 1938" in Jonathan Daniels ed., The Complete Roosevelt Presidential Conferences Volume 11-1938 (New York: DeCapo Press, 1972), pp.265-267.

expect the return of their properties and to accept financial compensation from Mexico for their losses.<sup>27</sup>

At the same time, the State Department carried out two policies in support of the oil companies. It prevented the sale of Mexican oil to U.S. and other markets, claiming that it was stolen property. It also exerted economic pressure by denying Mexico loans promised through the U.S. Export-Import Bank and canceling negotiations on a proposed reciprocal trade agreement. In response Mexico attempted to absorb some of the oil production for its domestic market. It also tried to sell the surplus production to Germany and Italy, thanks to the efforts of an independent American oil dealer, William R. Davis. This last effort was not successful as neither Germany nor Italy could replace the loss of the lucrative American and other foreign markets. Therefore, Mexico had little leverage in its oil dispute with the United States. Despite the public hard-line rhetoric undertaken by the State Department, both governments worked to resolve their differences and to provide for losses suffered by U.S. citizens in Mexico.<sup>28</sup>

In July the U.S. government began to explore ways to resolve the issue of compensation for expropriated land. The State Department contended the Mexican government was obligated to pay for the expropriated land of U.S.

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<sup>27</sup> Memorandum of Conversation, 20 April 1938 in Adolf Berle Papers at the Franklin D. Roosevelt Library; Memoranda of Conversations, 25 April through 16 July 1938 in Sumner Welles' Papers at the Franklin D. Roosevelt Library; Memorandum of Conversation with Oil Company Executives, 31 May 1938 in Foreign Relations of the United States, 1938 Volume V, pp.752-755.

<sup>28</sup> Hamilton, The Limits of State Autonomy, pp. 231-33; Clayton R. Koppes, "The Good Neighbor Policy and the Nationalization of Mexican Oil: A Reinterpretation." Journal of American History 69:1 (Winter 1982), pp. 67-71.

nationals at the time of expropriation. If compensation was not forthcoming, then the expropriation became confiscation, even if there might be a promise to pay in the future.<sup>29</sup>

The Mexican government once more replied that there was no precedent in international law for the Mexican government to pay compensation for the expropriated land of U.S. nationals, but it would provide restitution through agrarian bonds. The payment would not be made immediately as "economic conditions were not favorable", but it would pay the landowners eventually.<sup>30</sup>

The different interpretations of property, expropriation and compensation for lost property illustrated the conflicting perceptions of the two nations. It also highlighted the tensions in their relations despite the official rhetoric that proclaimed friendship and amity. U.S. economic pressure forced the Mexicans to offer two concessions. On 17 October, the Mexican government announced its willingness to pay one million dollars per year to compensate expropriated U.S. landowners in Mexico. On 26 October President Cardenas informed Ambassador Daniels that he was going to end the land distribution program as it affected U.S. property owners.<sup>31</sup> On 9 November an agreement was signed. Both countries agreed to the assessment of the value of all U.S. property expropriated

<sup>29</sup> Letter from Secretary of State to the Mexican Ambassador, 21 July 1938 in Foreign Relations of the United States, 1938 Volume V, pp.674-78.

<sup>30</sup> Translation of Letter from Mexican Foreign Minister General Eduardo Hay to Secretary of State Hull, 3 August 1938 in Foreign Relations of the United States, 1938 Volume V, pp.679-684; "Mexico Tells Hull She Will Not Pay for Lands At Once" New York Times, 4 August 1938, p.1:8.

<sup>31</sup> Memorandum of Telephone Conversation between Under Secretary Welles and the Mexican Ambassador Dr. Don Francisco Castillo Najera, 10 October 1938 and Memorandum of Conversation between Under Secretary Welles and the Mexican Ambassador Dr. Don Francisco Castillo Najera, 25 October 1938 both in Sumner Welles' Papers at the Franklin D. Roosevelt Library; Letter and Enclosure from Ambassador Daniels to the Secretary of State, 26 October 1938 in Foreign Relations of the United States, 1938 Volume V, pp.710-713.

in Mexico since 30 August 1927 by a commission of one American and one Mexican representative. The Mexican government would make four annual payments of 1 million dollars starting on 30 May 1939. Lastly, the State Department gave all U.S. citizens with such claims until 30 November 1939 to document them with the U.S. and Mexican governments.<sup>32</sup>

In 1939 the State Department supported the efforts of the oil companies to gain compensation for their losses, but the companies wanted to have their properties returned. The Mexican government was willing to provide compensation for the oil companies, but would not support the return of these properties to their Anglo-American owners.

The oil companies hired Donald Richberg, a well known corporation lawyer and the former director of the National Recovery Administration (an early New Deal government program), to represent them in their negotiations with the Mexican government. Richberg was confident that he could find a solution to the oil issue. His first meetings with President Cardenas and Mexican Ambassador Castillo Najera filled him with hope, but it quickly evaporated as both sides proved unwilling to compromise: the oil companies believed that they were being dealt with dishonestly and the Mexican government believed that the companies were not interested in financial compensation and only wanted a return of their properties.<sup>33</sup>

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<sup>32</sup> Letter from Secretary of State to the Mexican Ambassador, 9 November 1938 and Letter from Mexican Minister of Foreign Affairs to the U.S. Ambassador, 12 November 1938 in U.S. Department of State, Treaties and Other International Agreements of the United States of America, 1776-1949 Volume 9 Iraq-Muscat, pp.1038-1042; "Mexico Will Pay U.S. in Plan to End Land Controversy" New York Times, 13 November 1938, p.1:5.

<sup>33</sup> "Mexican Oil Talks End in Deadlock" New York Times, 18 March 1939, p.1:3.

The State Department tried to impress upon the Mexican government the importance of compensation for the oil companies. Assistant Secretary of State Laurence Duggan met with Ramon Betata, the Mexican Undersecretary for Foreign Affairs, at a luncheon held at the Mexican embassy in June. Duggan made it clear to the Mexican envoy that the U.S. president and secretary of state hoped for a settlement between the Mexican government and the oil companies. He stated that it appeared to the American government that the Mexican administration had promised compensation, but had not come through. Duggan informed Betata about the upcoming elections in 1940 in the United States and stated that Mexico ought to reach a settlement with the present administration, and not risk dealing with a new administration that probably would have a more limited commitment to good relations with Mexico. Betata responded that the U.S. government could compel Mexico to return the oil companies' properties at anytime, but it could only do this at the cost of political and social disorder in Mexico and the end of the "good neighbor policy". The Good Neighbour Policy would be "unmasked" as "nothing more than crude imperialism".<sup>34</sup>

In late July Welles tried to prevent a collapse of the negotiations and proposed to the Mexican Ambassador a solution he believed would resolve the issue. Under his proposed plan, the Mexican government would create four Mexican oil companies and there would be nine members of the board of directors for each corporation. Three would be appointed by the Mexican

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<sup>34</sup> Memorandum between the Chief of the Division of the American Republics, Laurence Duggan and the Mexican Under Secretary for Foreign Affairs, Ramon Betata, 19 June 1939 in Foreign Relations of the United States, 1939 Volume V, pp. 680-683.

government, three by the U.S. government and the final three would be men experienced in commerce, finance or the oil industry.<sup>35</sup> Welles wanted to find a middle ground in which neither the oil companies nor the Mexican government would have exclusive ownership over the oil in Mexico.<sup>36</sup> The oil negotiations soon collapsed with both sides blaming the other for the failure. The oil companies blamed the Mexican government for scuttling a set agreement and the Mexican government blamed the companies for their intransigent attitude.<sup>37</sup>

On 14 August, the State Department issued a press release presenting its version of events from the expropriation in March 1938 to the collapse of the talks in August 1939. The State Department had consistently sought compensation for the oil companies' losses based on international law. It had also wanted to see both sides work together to arrive at a mutually acceptable agreement satisfactory to both parties. The collapse of the oil talks did not eliminate Mexico's responsibility to provide compensation or the duty of both sides to find a fair and equitable solution as soon as possible, the State Department declared.<sup>38</sup>

The Mexican government counter-attacked that it was determined to compensate the owners of the oil companies for their losses. It insisted that the

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<sup>35</sup> Memorandum of Conversation between Under Secretary and the Mexican Ambassador and Mr. Donald Richberg, 2 August 1939 in Sumner Welles' Papers at the Franklin D. Roosevelt Library.

<sup>36</sup> Memorandum of Conversation between Under Secretary and the Mexican Ambassador, August 10, 1939 in Sumner Welles' Papers at the Franklin D. Roosevelt Library.

<sup>37</sup> "Mexican Indicates Oil Parley Failure" New York Times, 12 August 1939, p.1:3.

<sup>38</sup> "Press Statement by the Honorable Sumner Welles, Acting Secretary of State on the Mexican Oil Problem", 14 August 1939 in Sumner Welles' Papers at Franklin D. Roosevelt Library; "Welles Fears Rift with Mexico on Oil; Urges Settlement" New York Times, 15 August 1939, p.1:5.

oil companies only desired to have their properties returned so they could continue without regard to the wishes of the Mexican government or the workers in the oil fields. It was ready to resume negotiations on a "constructive basis" at any time with one, several, or all of the oil companies.<sup>39</sup>

The onset of the Second World War in September 1939 intensified key aspects of the oil controversy. The State Department carried out discussions with members of the British and Dutch governments—because their citizens had properties that had been affected by the Mexican oil expropriation—to develop a common negotiating strategy with the Mexican government. In November at the convention of the ruling Party of the Mexican Revolution, or PRM, released its 1940 election platform, which stated that the oil properties would never be returned to their original owners. It also named as its presidential candidate for the 1940 election Defense Minister, General Manuel Avila Camacho. Camacho was widely viewed as being more conservative than the incumbent, President Cardenas.<sup>40</sup>

In December the Mexican government began negotiations with the Sinclair Oil Company. A maverick company which had pioneered oil diplomacy with the Soviet Union, Sinclair believed that negotiating with the Mexican government alone instead of as part of a bloc of oil companies would be in its

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<sup>39</sup> Translation of the Text of the Statements made by General Eduardo Hay, Secretary of Foreign Affairs of Mexico, 15 August 1939 in Sumner Welles' Papers at the Franklin D. Roosevelt Library; "Oil Snag in Mexico Laid to Companies" New York Times, 16 August 1939, p.10:2.

<sup>40</sup> Various dispatches in Foreign Relations of the United States, 1939 Volume V, pp.707-710; "Mexicans Bar Return of Seized Oil Lands in Platform Drafted for Dominant Party" New York Times, 2 November 1939, p.1:6; "Avila Camacho Named by Mexicans of Cardenas's Party for President" New York Times, 4 November 1939, p.9:2.



best interests. These negotiations had just started when, on 2 December, the Mexican Supreme Court ruled that the Expropriation Law of December 1936 and the Expropriation Decree of the Oil Companies of 18 March 1938 were constitutional according to the Mexican law and constitution.<sup>41</sup> This decision coupled with Sinclair's initiative and the continued intransigence of the other oil companies led the State Department to conclude that only arbitration could resolve this issue.<sup>42</sup>

In 1940, the U.S. and Mexican governments focused on three issues. The first was the issue of the expropriated U.S. oil properties which had caused tension since their seizure in March 1938. The second was the problem of claims for compensation of U.S. owned property in Mexico. The third was U.S. concern about the power of the strong reactionary, anti-government and anti-American movement in Mexico, its influence in Mexican cultural and social life and its possible replacement of the national government after the 1940 election. These issues forced the U.S. to tread carefully in its relations with Mexico, in order to bolster the Good Neighbour Policy, and in response to the war in Europe, which threatened to spread into the Americas.

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<sup>41</sup> Memorandum of Conversation between Under Secretary Welles and Mexican Ambassador Dr. Castillo Najera, 24 November 1939 in Sumner Welles' Papers at the Franklin D. Roosevelt Library; Telegram from U.S. Charge Boal to the Secretary of State, 2 December 1939 and Letter from Ambassador Daniels to the Secretary of State, 5 December 1939 in Foreign Relations of the United States, 1939 Volume V, pp.712-13; "Oil Firms Beaten in Mexican Court" New York Times, 3 December 1939, p.1:2.

<sup>42</sup> Memorandum of Conversation between Under Secretary Welles and Mexican Ambassador Dr. Castillo Najera, 11 December 1939 in Sumner Welles' Papers at the Franklin D. Roosevelt Library.

The oil companies and the Mexican government agreed that further negotiations between them was pointless. The State Department held the view that only arbitration could resolve the oil controversy between the two sides.<sup>43</sup> The Mexican government insisted that the question of expropriation was "beyond discussion" and that all the oil companies should expect was compensation and not a return of their properties. It rejected Washington's proposal for arbitration, but still "reiterated (its) eagerness to reach a satisfactory solution" with the oil companies.<sup>44</sup>

The Mexican Minister for Foreign Affairs reminded the State Department of the domestic nature of the dispute between the Mexican government and the oil companies and stated it was not a matter for international arbitration.<sup>45</sup> The Mexican government was strengthened in this decision by the conclusion of an agreement between itself and the Sinclair Oil Company on 9 May. The Mexican government would compensate Sinclair for its losses through oil sales and financial restitution.<sup>46</sup> Sinclair had outmaneuvered everyone.

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<sup>43</sup> Memorandum of Conversation between Under Secretary Welles and Mexican Ambassador Dr. Castillo Najera, 5 February 1940 in Sumner Welles' Papers at the Franklin D. Roosevelt Library; Memoranda of Conversations between Secretary Hull and Mexican Ambassador Dr. Castillo Najera, 19 February 1940 and 2 March 1940 in Foreign Relations of the United States, 1940 Volume V, pp.997-1003.

<sup>44</sup> Translation of Memorandum from the Mexican Embassy to the State Department, 16 March 1940 in Ibid., pp.1003-1006.

<sup>45</sup> Memorandum of Conversation between Under Secretary Welles and Mexican Ambassador Castillo Najera, 3 April 1940 in Sumner Welles' Papers at the Franklin D. Roosevelt Library; Letter from Secretary of State Hull to Mexican Ambassador, 3 April 1940 in Department of State Bulletin, 13 April 1940, pp.380-83.

<sup>46</sup> Translation of Letter from Mexican Minister for Foreign Affairs to U.S. Ambassador Daniels, 4 May 1940 in Sumner Welles' Papers at the Franklin D. Roosevelt Library; "Oil Issue Domestic, Mexico Reaffirms" New York Times, 5 May 1940, p.29:1; Lorenzo Meyer, Mexico and the United States in the Oil Controversy, 1917-1942. trans. Muriel Vasconcellos (Austin: University of Texas Press, 1977), pp.198-200.

The oil controversy became merged with the negotiations for a global settlement of claims started by both nations in September 1940. The negotiations would conclude with agreements on compensation in November 1941 in which the Mexican government agreed to pay for all property losses suffered by U.S. citizens and companies in Mexico, including the major oil firms. The oil companies were compensated for their lost investments in Mexico and not for future profits. The companies vehemently opposed this compensation and continued to insist on the return of the properties to their rightful owners.<sup>47</sup>

The presidential election in Mexico was the main focus of U.S.-Mexico relations for the second half of 1940. This election would legitimate the reforms undertaken by the Cardenas presidency; it would also consolidate the process of institutionalization of the Mexican Revolution. In the election held on 7 July 1940, the official PRM candidate, General Avila Camacho faced the opposition right-wing candidate, General Juan Andreu Almazan. Almazan represented those individuals who had lost position, power and status during the Cardenista reforms and the Mexican revolution in general. These people included: large landowners, foreign and native capitalists and peasants who did not receive land during the land distribution program. He also gained support from the small Mexican fascist movement.<sup>48</sup>

Great violence and bloodshed through out Mexico characterized the 1940 elections. The army was called into the capital to keep order. Both sides claimed

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<sup>47</sup> Cordell Hull, Memoirs-Volume II, pp.1141-42.

<sup>48</sup> Alan Knight, "The Rise and Fall of *Cardenismo*" in Bethell ed., Mexico Since Independence, pp.294-97.

victory and it became apparent that fraud had played a large part in the election results when one week later Avila Camacho was declared the victor by a landslide.<sup>49</sup> On 12 September the newly elected Mexican Congress officially proclaimed Avila Camacho the new president of Mexico. Three days later the United States recognized him as the new president. Roosevelt was re-elected for a third term and named vice president Henry Wallace as his representative to attend the Mexican inauguration on 1 December. The Mexican Congress warmly received Wallace, who cited the need for the peoples of the Americas to unite in the face of the war engulfing Europe and Asia.<sup>50</sup>

### CONCLUSION

U.S. relations with Cuba from 1937 to 1940 focused on the consolidation of the U.S.'s burgeoning hegemonic relationship with the island. Batista asserted his authority as the island's strong man and legitimated it by his election as President in July 1940. The U.S. retained the important economic levers underpinning its power on the island. Cuba was no longer a protectorate due to the abrogation of the Platt Amendment, but the Plattist *mentalité* remained as the weak bourgeoisie was unable to assert its own power without the support of the Cuban army. The U.S. ambassador ceased to be the second most powerful individual in Cuba after the island's president, but he retained the ability to balance the power centres of the army and the old political class. The latter was

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<sup>49</sup> "47 Slain As Mexico Votes, Troops Called in Capital; Both Sides Claim Victory" New York Times, July 8, 1940, p.1:7; "17-to-1 Mexican Vote Claimed by Camacho" New York Times, July 14, 1940, p.23:4,5.

<sup>50</sup> "Avila Confirmed as Mexican Victor" New York Times, 13 September 1940, p.8:1; "Avila is Welcome in U.S., Hull Says" New York Times, 14 September 1940, p.4:1; "Unity of Americas is Inaugural Note of Avila Camacho" New York Times, 2 December 1940, p.1:1.

eclipsed by new and more militant political groups and actors in 1940.

Hegemony proved to be a flexible process for the U.S. in its relations with Cuba especially as the U.S. had no desire and no need to control the island directly.

Batista and his cohort accepted U.S. support and direction, but retained enough independence to appear before their citizens as Cuban patriots, while distancing themselves from the nationalists who had unleashed the 1933 Revolution.

U.S. relations with Mexico also changed from 1937 to 1940. Mexican expropriations of U.S. owned properties forced State Department officials to walk a fine line between safeguarding U.S. investments and intervening openly in Mexico's political and economic affairs. There were elements of triumph and tragedy in the relationship between the two nations. The triumph emerged despite the friction surrounding the Mexican expropriations— both countries maintained diplomatic relations and arrived at moderate, mutually acceptable solutions. The tragedy was that both countries still misunderstood each other profoundly. The U.S. called on Mexico to respect international law and Mexico responded that the issues between itself and the U.S. were domestic and did not require international intervention. The U.S. policy of hegemony compelled the U.S. to recognize the importance of reforms in the Mexican social, economic and political system. In exchange, Mexico was required to acknowledge the legitimacy of U.S. investments in the country and to provide compensation for all losses suffered by U.S. nationals.

U.S. hegemony in both Cuba and Mexico provided space for both countries' elites to negotiate the practical limits of their independence and to retain good relations with the U.S. For the U.S. it pivoted on the flexible assertion of its power without resorting to armed intervention and indirect political control. Nevertheless, the U.S. still limited the control of the Mexican and Cuban elites over their respective societies. Hegemony allowed all three nations to claim that they had gained something. It made U.S. power in the region more effective and solid than at any time previously.

**CONCLUSION  
FROM EMPIRE TO HEGEMONY:  
AN ANALYSIS OF THE DYNAMICS  
IN U.S. RELATIONS WITH CUBA AND MEXICO,  
1930-1940**

United States relations with Latin America during the 1930s changed to counteract isolationist sentiment, economic depression and the onset of war in the larger world. The U.S. sought to reduce the attraction of Latin American political and economic nationalism, which it believed would lead Latin American nations to create alliances with American extra-hemispheric rivals, in particular Germany and Italy. Lastly, the United States recognized that a number of the practices and ideas it employed in its relations with Latin America were no longer useful. The U.S. had to create new methods and ways of proceeding in order to realize its goals in the region.

The United States in the 1930s temporarily ended its practice of intervention in the internal affairs of Latin American nations. The U.S. and Latin America, however, had different interpretations of what intervention meant and what its purpose was. For the United States, intervention meant the use of armed force to eliminate political disorder, financial insolvency and threatened alliances between Latin American countries and U.S. rivals. For Latin Americans, intervention meant unconditional U.S. government support of U.S. private investors and investments in the region. It also meant armed intervention to safeguard and protect U.S. interests. Lastly, Latin Americans feared that the United States wanted to create an empire in the region.

The U.S. government renounced its policy of armed intervention at the Seventh Pan American Conference in Montevideo, Uruguay in December 1933. It reaffirmed this policy at the other Pan American conferences during the 1930s. It stated that all nations in the hemisphere were equal to one another. At the same time, however, the U.S. sought to consolidate its dominant economic position in the hemisphere. It concluded reciprocal trade agreements with a number of Latin American nations. These agreements reduced Latin American tariffs on U.S. manufactured goods and U.S. tariffs on Latin American agricultural products. The U.S. also worked to create a U.S.-led strategic bloc opposed to any increase in the power of extra-hemispheric nations in inter-American affairs.

U.S. relations with Cuba and Mexico during the 1930s reflected key changes in the U.S.-Latin American relationship. They also highlighted the specific problems of Cuba and Mexico in their relationship with the United States. Relations between the U.S. and Cuba, and the U.S. and Mexico had always been complicated by differing political, cultural, social and economic systems as well as geographic proximity. The United States had invaded both countries at one time or another during the previous century, and that created further tensions.

U.S. relations in the 1930s with Cuba were highlighted by the Cuban revolution of 1933. The U.S. government recognized that armed intervention in Cuba only heightened the nationalist, anti-American reaction and that new ideas



and policies would have to be articulated. The U.S. was willing to set aside its imperial prerogatives on the island by abolishing the Platt Amendment in 1934, and transferring political control and limited economic power to the Cuban political class. The 1933 Cuban revolution undermined the authority and legitimacy of the island's political system and created chaos in its social structure. The revolution mobilized the island's university students, nascent labour movement and other disenfranchised Cubans. These groups demanded that the government address their political aspirations. The Cuban army emerged as the main political actor in the Cuban political system, supplanting the political class. The army chief-of-staff, Colonel Fulgenico Batista, soon became the island's "strong man." Batista led the 1933 revolution, initiated and canceled a limited plan of economic diversification in 1937-38, and legitimated his power in 1940 through his election as president. The U.S. government allowed these political changes because they did not challenge its overwhelming economic power on the island. This power was consolidated in the Reciprocal Trade Agreement Act in 1934 and enhanced by a number of U.S. government and private loans to the island during the decade. By 1940, the government of Cuba exercised independent political power, but remained constrained in the economic sphere not only because its main export, sugar, was tied to the vagaries of the U.S. market, but also because U.S. investors dominated the domestic Cuban market. The 1933 Cuban revolution called for the creation of a more just, equitable and independent Cuba, ideas consolidated in the 1940

constitution, but eventually forgotten by the island's political and economic elites after 1940. The neglect of the 1940 constitution and the unsatisfied demands of disadvantaged Cubans led to the rise of Fidel Castro and the 1959 Revolution that finally destroyed the old economic and political networks in Cuba.

U.S. relations with Mexico during the 1930s were also complicated. The Mexican government institutionalized and consolidated the 1910 Mexican revolution and the U.S. response to these actions was often hostile. Relations were further troubled with the election of the progressively-oriented General Lazaro Cardenas as president in 1934. Cardenas continued the institutionalization and centralization practices of his predecessors, but wanted to include all disenfranchised and disadvantaged Mexicans in the project. The Mexican government's land distribution program and its open support of the Mexican labour movement against foreign interests created further tension in its relations with the United States. Relations became confrontational in March 1938 when the Mexican government expropriated the foreign oil companies operating in Mexico. The United States government acknowledged that it could not resort to armed intervention to settle this issue, but it used political and economic pressure to achieve its purposes. By 1940 the Mexican government agreed to compensate U.S. citizens for their property losses and had started negotiations with the United States government to provide financial restitution for the American oil companies. The election of General Manuel Avila Camacho in July 1940 as president of Mexico, a leader who was more conservative than his

predecessor, led Mexico to settle its disagreements with the U.S. on U.S. government terms, which excluded the maximalist demands of the U.S. oil companies, and opened the door to greater cooperation with the U.S. The U.S. government showed its willingness to negotiate with Mexico and ended its economic and political pressures on its southern neighbour.

During the 1930s Cuba and Mexico were at different stages in their respective economic and political developments. Cuba's economic monoculture relied on the growth and export of sugar and tobacco to one main market, the United States. The island's political system provided the main means for the small Cuban professional and middle classes to obtain their power and their livelihood. The abrogation of the Platt Amendment in 1934 did not end Cuba's dependence on the United States. The island's economic system was still dominated by Americans, who controlled most of the island's export trade. A small native Cuban capitalist stratum produced consumer goods for the domestic market and complimented U.S. economic influence on the island.

In Mexico, like Cuba, the economic system was largely foreign controlled. Unlike Cuba, Mexico had a capitalist class that was concentrated in small-scale industry and public works, and a sympathetic government that assisted its activities. Mexico exported more products than Cuba to the international market including silver, oil and *henequen* (sisal). Like Cuba, its main market was the United States, but Mexico was able to retain its political independence. The Mexican political system was controlled by a dominant political party, the PNR

(later the PRM) . The PNR was a mass party that tried to appeal to all Mexicans, regardless of class, race or social standing. It allowed the mobilization of peasant movements and trade unions and promised the peasants land and the urban workers assistance in their disputes with their employers. The PNR co-opted the leaders of these groups into the system, converted their demands into government policy and started reforms to satisfy the needs of all concerned.

This thesis has raised an important question: was there any qualitative difference between the U.S. practice of hegemony during the 1930s versus its earlier exercise of empire in its relations with Cuba and Mexico. All three countries experienced the economic and political dislocations of the Great Depression and witnessed the growing power and expansion of fascism and militarism in Europe and Asia. The international situation, coupled with internal changes in all three countries, compelled the U.S. to eliminate its most blatantly offensive interventionist tactics in its relations with the two Latin American nations. In Cuba, the United States abolished the Platt Amendment and ended its armed intervention, but not its political and economic interference, in the island's internal affairs. In Mexico, the U.S. government recognized that a number of its citizens who lost property or investments in Mexico would receive monetary compensation for their losses from the Mexican government, but not a return of their properties or compensation for anticipated profits on sub-soil resources. The U.S. acknowledged that disputes between the two countries would be settled by negotiation rather than through intervention, armed or

U.S. support. These elites had to satisfy both their domestic publics and U.S. interests in their respective countries. Hegemony allowed the U.S. to claim that it respected the sovereignty and independence of Mexico and Cuba and that both nations would not have to fear U.S. intervention in their internal affairs. In reality, hegemony meant the curtailment of practices the U.S. did not consider useful in its relations with Cuba and Mexico, so it could further its goal of creating a U.S.-led inter-American economic bloc and defense network which would prevent extra-hemispheric intrusions into the region.

In the larger international context, hegemony allowed the U.S. to pose as a "Good Neighbor" in a time of economic depression and war to show that it was different from Germany, Italy and Japan, who did not respect their neighbours and used aggression to achieve their goals in Europe and Asia. Lastly, the United States portrayed hegemony as the essence of U.S. diplomacy, granting equality to all nations large or small, signifying that the United States recognized its obligations and responsibilities "in a world of neighbors."<sup>1</sup>

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<sup>1</sup> The phrase "in a world of neighbors" comes from Franklin D. Roosevelt's Inaugural Address on 4 March 1933. The direct quote is: "In world affairs, I would dedicate this nation to the Good Neighbor Policy. A neighbor who respects himself, and in doing so, respects others, and his obligations and responsibilities in a world of neighbors."

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## STATISTICAL APPENDIX

Table 1-U.S. Investment in Cuba and Mexico,  
1897-1929 ( in millions of U.S. dollars)<sup>1</sup>

Year	Cuba Direct Invest- ment	Cuba Portfolio Invest- ment	Cuba Total Invest- ment	Mexico Direct Invest- ment	Mexico Portfolio Invest- ment	Mexico Total Invest- ment
1897	43.5	-	43.5	200.2	-	200.2
1908	184.1	15.0	199.1	416.4	255.6	672.0
1914	252.6	35.0	287.6	587.1	266.4	853.5
1919	518.1	32.6	550.7	643.6	265.3	908.9
1924	877.2	76.3	953.5	735.4	269.7	1,005.1
1929	919.0	94.8	1,013.8	682.0	293.2	975.2

Source-United Nations, Economic Commission for Latin America, External Financing in Latin America (New York: United Nations, 1965), p.15; Cleona Lewis, America's Stake in International Investments (Washington, D.C.: The Brookings Institution, 1938), pp. 606 and 655.

<sup>1</sup>-Lewis and ECLA define "direct investment" and "portfolio investment" similarly. Direct investment is U.S. ownership of properties and portfolio investment is U.S. holdings in foreign-owned companies, securities, loans, etc.

**Table 2-U.S. Direct Investment in Cuba and Mexico, 1929-1940 (in millions of U.S. dollars)<sup>2</sup>**

<b>Year</b>	<b>Cuba</b>	<b>Mexico</b>
<b>1929</b>	<b>919.0</b>	<b>682.0</b>
<b>1936</b>	<b>666.0</b>	<b>480.0</b>
<b>1940</b>	<b>559.0</b>	<b>357.0</b>

**Source-United Nations, Economic Commission for Latin America, External Financing in Latin America (New York: United Nations, 1965), p.32**

**<sup>2</sup>ECLA defines "direct investment" as ownership of properties.**

**Table 3-British Investment in Cuba and Mexico, 1880-1928 (in millions of U.S. dollars)<sup>3</sup>**

<b>Year</b>	<b>Cuba</b>	<b>Mexico</b>
1880	5.8	158.3
1890	130.2	291.1
1913	216.2	774.3
1928	213.3	969.1

Source-J. Fred Rippy, British Investments in Latin America, 1822-1949: A Case Study in the Operations of Private Enterprise in Retarded Regions (Minneapolis: University of Minnesota Press, 1959), pp. 25, 37, 67 and 76; the exchange rate for converting British pound to the U.S. dollar was found at:

<http://eh.net/ehresources/howmuch/exchangeratesa.php>

<sup>3</sup> Rippy combines "direct investment" and "portfolio investment" to determine total British investment. British investment in U.S. dollars was determined by applying the annual exchange rate.

**Table 4-British Total Investments in Cuba and Mexico,  
1928-1939 (in millions of U.S. dollars)<sup>4</sup>**

<b>Year</b>	<b>Cuba</b>	<b>Mexico</b>
<b>1928</b>	<b>213.3</b>	<b>969.1</b>
<b>1939</b>	<b>152.4</b>	<b>764.6</b>

Source-J. Fred Rippy, British Investments in Latin America, 1822-1949: A Case Study in the Operations of Private Enterprise in Retarded Regions (Minneapolis: University of Minnesota Press, 1959), pp.76 and 85; the exchange rate for converting the British pound to the U.S. dollar was found at:

<http://eh.net/ehresources/howmuch/exchangeratesa.php>

<sup>4</sup>Rippy combines "direct investment" and "portfolio investment" to determine total British investment. British investment in U.S. dollars was determined by applying the annual exchange rate.

**Table 5-U.S. Imports from and Exports to Cuba and Mexico,  
1880-1940 (in millions of U.S. dollars)**

<b>Year</b>	<b>U.S. Exports to Cuba</b>	<b>U.S. Imports from Cuba</b>	<b>U.S. Exports to Mexico</b>	<b>U.S. Imports from Mexico</b>
1880	11	65	8	7
1890	13	54	13	23
1900	26	31	35	29
1910	53	123	58	59
1920	515	722	208	179
1930	94	122	116	80
1940	85	105	97	76

**Source-U.S. Department of Commerce, Historical Statistics of the United States: Colonial Times to 1970, Part 2 (Washington, D.C. : Bureau of the Census, 1976), pp. 903-907.**