

**United States Foreign Policy
in the Interwar Period,
1918-1941**

*The Golden Age of American Diplomatic
and Military Complacency*

BENJAMIN D. RHODES

CHAPTER 2

Wilson and Democratic Peacemaking: A Tragic Beginning to the Interwar Era

Until 7:55 A.M. (Hawaii time) on December 7, 1941, the most important date to Americans of the interwar generation was November 11, 1918. Armistice Day promptly became an emotional national day of remembrance, and in recognition of Germany's capitulation American school children were often instructed to face the east while observing a solemn moment of silence. The humiliation of Germany was savored all the more because American and British propaganda had successfully portrayed Germany as evil incarnate. The signing of the armistice meant that the forces of righteousness and democracy had triumphed over rapacious Huns and the "Beast of Berlin."

America's participation in the "World War," as contemporaries called it, marked a dramatic departure in the nation's traditional foreign policy role. Prior to the conflict the United States had enjoyed a platonic political relationship with Europe. In effect, Europe was held at arm's length as America expanded across a largely vacant continent at the expense of Indian tribes, Mexico, and Spain. America's sense of security was reinforced by the geographical isolation of the western hemisphere and by the primitive state of nineteenth-century military technology. Not even Britain, the arch foe of America, was able to annex territory during the ill-advised War of 1812, and it was Britain that blinked in crises with the United States over Maine, Oregon, and Civil War disputes over commerce raiders constructed by Britain for the Confederacy. Then, quite unexpectedly, at the turn of the century, hatred of Britain faded substantially as the United States and Britain discovered common interests; "hands across the sea" replaced "the ancient grudge."

The Anglo-American rapprochement coincided with America's transition from a minor power to almost a major power. When World War I broke out, the population of the United States numbered about 100 million, more

than triple the population during the Civil War era. In terms of industry America had not just matched Europe but surpassed the Old World by every measure of productivity, especially steel tonnage. Only militarily was the United States less than a major power. To be sure, the “new navy” of the 1880s and 1890s had easily vanquished weak Spain in the “splendid little war” of April–August 1898. Typically, American naval planners in 1917 were well enough prepared to fight the last war—a battleship conflict in the Caribbean—but the navy was woefully short of destroyers with which to conduct anti-submarine warfare. Apart from the meaningless dispatch of eight battleships to the North Sea, the American naval contribution to the Allied cause was limited to the development of new mining technology and participation in the development of the convoy system for escorting shipping through danger zones. As had been the case when the Spanish-American War broke out in 1898, the United States Army found itself in an embarrassing situation. In every respect—organization, strategy, training, equipment, and numbers—the Americans were behind the times. Inferior to the armed forces of even Portugal, the United States Army ranked just seventeenth among world armies. The German General Staff thought so little of America’s military prowess that it embarked on unrestricted submarine warfare, not caring that it would certainly bring the United States into the conflict on the Allied side.

Loans were the most immediate contribution the United States could make to the common war effort. And the Allies, recalled Treasury Secretary William G. McAdoo, were “at their wits end for money.”¹ Private bankers, according to one of J.P. Morgan’s partners, had “scraped the bottom of the box. . . . You people in the Treasury must now bear the whole burden.”² McAdoo’s response was a brilliant improvisation: the Liberty Loan program. Through funds raised by selling bonds to the American people, McAdoo was able to loan twenty foreign governments \$10.3 billion, an immense sum for the time. More than ninety percent of this sum was loaned to Britain, France, and Italy. In his war message, to applause, President Woodrow Wilson endorsed extending “the most liberal financial credits” to nations at war with Germany.³ Tactfully, Wilson chose not to mention that, in view of America’s colossal lack of preparation, financial assistance was the only alternative available.

To the surprise of everyone, especially the German General Staff, the United States played a decisive role in the struggle. Practically overnight an American Expeditionary Force—two million men strong—was drafted, trained, and shipped to France. Whether the first doughboys to land actually said, “Lafayette, we are here,” is apocryphal, but those forty-two American divisions doomed the German war effort. The large scale American deployment in the spring and summer of 1918 probably saved Paris from German capture and contributed to slumping German morale. Strangely the victorious Allied coalition was organized on an informal basis.

In keeping with America's tradition of aloofness, the nation had eschewed formal alliances (with the exception of the Franco-American Alliance of 1778). Technically France and Britain were only associates of the United States in the war, not allies. When Germany, nearing collapse on November 11, 1918, was forced to request an armistice, the United States was indisputably an international power of the first rank. From a geopolitical perspective the United States was well positioned to fill the power vacuum left by the collapse of the great European empires in Germany, Austria-Hungary, and Russia. For the United States the real question of the interwar era was whether the nation would continue its wartime role of international participation or revert to its former tradition of platonic nonentanglement.

The provincial innocence of America in general was also shared by the Democrat who occupied the White House when the United States intervened on the Allied side in April 1917. The son of a Presbyterian minister from Staunton, Virginia, Wilson was precocious (once he overcame a disability that retarded his learning to read), politically and professionally ambitious, gifted as a writer, and infinitely complex mentally. He was one of the best educated of American presidents, possessing a bachelor's degree from Princeton University, legal training at the University of Virginia (although he never completed his law degree), and a Ph.D. from Johns Hopkins University. Prior to his election as governor of New Jersey in 1910, Wilson achieved brilliant success as a scholar and teacher at Princeton University. His climb up the academic ladder culminated in his selection as Princeton's president in 1902. In his turbulent eight years in that position, Wilson strove mightily to build his alma mater into the foremost American institution of higher learning. In the process Wilson stepped on toes and fought bitter, long-drawn-out battles over such seemingly trivial issues as the abolition of Princeton's eating clubs and the location of a new graduate school building. In both cases he displayed headstrong determination, a stubborn disinclination to compromise, and an occasional loss of poise. Whether Wilson's somewhat puzzling tenure as president of Princeton University was a product of his personality or his neurological health is a subject upon which there is no agreement among scholars.

In 1912 Wilson, a decided underdog and outsider, had the good fortune to win the Democratic nomination for president. He was also unbelievably lucky that the Republican split between William Howard Taft and Theodore Roosevelt occurred when it did; it was a rupture which made possible Wilson's victory in the electoral college, even though he did not win the popular vote. As a university president and state governor, Wilson had had little previous exposure to foreign policy. Thus it was the irony of fate, as he himself had remarked prior to his inauguration, that he had to deal chiefly with foreign affairs. Essentially he approached foreign policy as a moralistic defender of democracy and Christian values, but he was not a

pacifist. Prior to joining the Allied coalition against Germany, Wilson had demonstrated his missionary impulse by approving military interventions in Mexico, Haiti, and the Dominican Republic. In the summer of 1918 he had also agreed to participate in the weak Allied intervention in Russia, theoretically limiting the American role to that of noncombatants. His reluctant decision to join the Russian intervention had less to do with moral considerations than with checking German expansion and cooperating with other members of the Allied coalition. To portray Wilson as an uncompromising idealist who thought only in terms of morals and never took account of practical considerations would be misleading. Often in his political career he had compromised, and during the two and a half years of American neutrality he was often receptive to realistic arguments phrased in moral terminology. One of the most critical foreign policy questions of the interwar period was whether Wilson, who had already decided to attend the Paris Peace Conference, would approach the postwar world as the practical, flexible statesman who had skillfully maneuvered through Congress a sweeping program of progressive reform, or follow the rigid, headstrong pattern associated with his presidency of Princeton University.

Wilson should have been well equipped to direct American postwar foreign policy. In his celebrated Fourteen Points address (January 8, 1918), he had singlehandedly conceived and enunciated the Allied peace program. The most important of Wilson's points were: (1) open covenants of peace, openly arrived at; (2) absolute freedom of the seas; (3) the removal of economic barriers; (4) the reduction of armaments to the lowest point consistent with domestic safety; (5) self-determination of nations, a principle Wilson wished to apply to colonial claims and to the territories of Russia, Belgium, France, Italy, Austria-Hungary, Rumania, Serbia, Montenegro, the Ottoman Empire, and Poland; and (6) a general association of nations "for the purpose of affording mutual guarantees of political independence and territorial integrity to great and small states alike."⁴ The idealistic Fourteen Points represented Wilson's missionary conception of America's proper role in the world. The goals he outlined were primarily moral, rather than concrete, expressions of national interest (except for such specific objectives as the evacuation of Russia, Rumania, Serbia, and Montenegro; independence for Poland; and the return of Alsace-Lorraine to France). Conceived by one man, the Fourteen Points amounted to a revolution in America's political relations with the rest of the world. No longer would international relations be regulated by the old-fashioned balance of power, but by a league of nations. The most precarious aspect of Wilson's program was that its success depended upon the political fortunes and health of its author.

In conducting foreign policy Wilson often acted as his own secretary of state as he bypassed William Jennings Bryan, the first occupant of that post. Bryan proved well intentioned but out of his depth as the premier member

of the cabinet. After Bryan's resignation in the summer of 1915 during the *Lusitania* crisis, in which 1,198 persons died, Wilson chose as Bryan's successor the State Department's number two man, Robert Lansing. Once again Wilson proved less than a good judge of men, since Lansing, a realist in the tradition of Admiral Alfred Thayer Mahan, was philosophically out of step with the missionary approach of the president. Trained as an international lawyer, and married to the daughter of a former secretary of state, Lansing reached the height of his influence during the years of American neutrality. As an expert on international law, Lansing was in his element during the neutrality period. Like Wilson, Lansing was strongly pro-Allied and he steered Wilson toward endorsing neutrality policies that tilted toward the Allies. Lansing's view, which he confided to his diary, was that America's ideals, security, and basic national interests could not tolerate a decisive German victory. Lansing's influence was on the wane at the time of the Armistice as he was increasingly out of sympathy with Wilson's soaring idealism.

Wilson's closest foreign policy adviser and confidant was the enigmatic and wealthy Colonel Edward M. House of Texas. The two men first met in 1911 and immediately became close personal friends. House, who had many contacts in the Democratic Party, helped make Wilson acceptable to the Bryan wing of the party. Wilson consulted him on all important policies and appointments and twice sent House to Europe on futile mediation missions. Those who worked closely with the intense chief executive found it notoriously difficult to keep in his good graces. Colonel House, however, succeeded brilliantly in establishing himself as Wilson's second personality by concealing disputes and offering tactful, indirect suggestions. Wilson was apparently unaware of the manipulative tendencies of his seemingly disinterested adviser. His second wife, Edith, whom the widowed president married in 1915, justifiably distrusted the honorary Texas colonel. At the time of the Armistice, House's influence with Wilson was slowly diminishing as the president more and more assumed personal, solitary direction of the peace process.

The war ended so suddenly in 1918 that many important decisions had to be improvised. One example was the Armistice agreement, which required the better part of a month to complete. In the process the Allies reluctantly accepted the Fourteen Points, although Britain filed a reservation concerning freedom of the seas, and France insisted that Germany must pay reparations for the reconstruction of the devastated regions. With these exceptions, the Germans, who agreed to evacuate Allied territory and surrender huge amounts of equipment and ammunition, were promised a peace treaty based on Wilson's program. Such a peace would have been difficult to achieve had the conference been held on Mt. Olympus; Paris, the location accepted by Wilson, was far too partisan a location. Only the Constitution and not Wilson could be blamed for the timing of the national mid-term

elections on November 6, 1918. Responding to the pleas of congressional Democrats, Wilson called on the American people to return a Democratic majority to both houses. Conceivably he could have been less forthright in his appeal, but he could hardly have sat on his hands without badly damaging his status as head of the Democratic Party. In twentieth-century American politics, the party out of power normally gained seats during mid-term elections. That the Republicans narrowly gained control of both houses of Congress should not have been a great surprise under the circumstances. Had Wilson been luckier, and the conflict prolonged another month or so, the election result might have been far different. Wilson would then have presented a peace treaty to a Senate organized by his party rather than one dominated by its new majority leader, Senator Henry Cabot Lodge of Massachusetts.

Even before the election Wilson told his cabinet that he intended to attend the Peace Conference in person. The mission Wilson was about to undertake was as formidable as any faced by any American leader in all of United States diplomatic history. Unlike McKinley in 1898, Wilson was not dictating terms to a defeated opponent. Rather in 1919 Wilson's task was to negotiate with a coalition of jealous powers with the ultimate objective of presenting a final treaty to the Central Powers. Only in theory did the Allies support Wilson's Fourteen Points. Furthermore, the defeat of the common enemy removed much of the reason for the very existence of the uneasy Allied coalition in the first place. And, in a series of secret treaties, the Allies had agreed to divide much of the territory of the Central Powers, especially in the Adriatic region, the Alps, and the Pacific islands owned by Germany. (Wilson probably stretched the truth when he later told the Senate Foreign Relations Committee that he had no knowledge of the secret treaties before arriving at Paris.) Somehow Wilson was to produce on the basis of the Fourteen Points a treaty that was acceptable to the rapacious Allies and the emerging nationalities of Europe, and then convince a Senate controlled by the Republican Party to give its advice and consent to a document establishing a vaguely defined league of nations. The wonder is not that Wilson failed to achieve his objectives, but that he came as close as he did.

Military history is replete with examples of wars that were lost because of overconfidence, arrogance, and conceit. Wilson's campaign on behalf of the Fourteen Points was hampered by similar miscalculations. His decision to go to Paris was made without consultation with either Democrats or Republicans and left Wilson open to the charge that he had a "messiah complex." Illinois Senator Lawrence Y. Sherman was so outraged that he introduced a ridiculous resolution that would have stripped Wilson of his power as president once he left the North American continent and transferred all presidential authority to the vice president. Wilson's selection of a five-man delegation headed by himself was likewise a solitary decision.

Besides Wilson, the American commissioners were Secretary of State Lansing, Colonel House, General Tasker Bliss, and Henry White. Only White, a retired career diplomat, belonged to the Republican Party. Lansing had long since lost Wilson's confidence, and House was about to suffer the same fate. Bliss had served as the American representative on the Supreme War Council in Paris, earning Wilson's admiration as "a real thinking man who takes the pains to think straight."⁵ Afterward it was a common criticism of Wilson that he should have named a stronger delegation and, in particular, should have selected some representatives of the opposition. In a sense, the strength of the delegation or lack thereof was irrelevant since Wilson intended to undertake much of the negotiation himself. Since the forthcoming peace treaty required the advice and consent of two-thirds of the Senate, Wilson's almost arrogant neglect of that body is inexplicable. Perhaps no major Republicans would have agreed to accompany Wilson to Paris, but he did not even give them an opportunity to turn him down.

In the days immediately before his departure Wilson lost other opportunities for ingratiating himself with the Senate. On December 2, 1918, Wilson delivered his State of the Union message before a joint session of Congress, but made only a few passing references to the Senate and foreign policy. Afterward critics, not unreasonably, said Wilson had given neither a convincing nor a candid explanation as to why his trip was necessary. Wilson's explanation that he was going to defend the Fourteen Points and to ensure that American soldiers had not died in vain struck such senators as Hiram Johnson of California and James A. Reed as egotistical posturing. Presumably Wilson, prior to sailing, could have sought to flatter senatorial egos by soliciting senators' advice, or by possibly holding forth the lure of federal projects or appointments. Never one to pander to the opposition, Wilson probably would have regarded such conduct as unworthy of the presidency and as the worst form of ambulance chasing. Still, his failure to reach out to the Republicans meant that he went abroad without having a clear political strategy for securing Senate approval of the peace treaty.

When Wilson sailed for Europe on December 4, 1918, on board the former German liner *George Washington*, he was embarking upon the most daunting mission ever undertaken by an American president. He aimed at nothing less than altering, personally and permanently, the course of world history. He would commit the United States to an internationalist foreign policy through membership in a league of nations drawn to his specifications, then include the league in a peace treaty based on the Fourteen Points, so as to make it as awkward as possible for the Senate to reject it. For such an ambitious program Wilson was surprisingly short of strategy and specific preparation. Presumably Wilson could have used the voyage to study the recommendations of the American academic experts known as the Inquiry.

With Wilson's approval, Colonel House had assembled at a New York City office building owned by the National Geographical Society a prestigious group of scholars who were to do research on problems relating to the forthcoming peace settlement. Twenty-three members of the group were taken to Paris, including such luminaries as George Louis Beer, Stanley K. Hornbeck, Sidney Mezes, Charles Seymour, and James T. Shotwell. Meeting with Wilson on board the *George Washington*, the members found Wilson to be alternately witty, charming, and arrogantly self-righteous. But at the same time Wilson preferred to lecture rather than to listen. Once in Paris the experts and the American commissioners found they had little of substance to do since Wilson, playing a solitary and secretive role, intended to make all major decisions himself. For the American delegation the Paris Peace Conference was a continuous puzzle because only the president and Colonel House knew what was going on. However, the early arrival of the American delegation on December 13 meant that Wilson had sufficient time for state tours of Britain, France, and Italy. But the tours were physically wearing on a man who was not robust and consumed time that might have been used in preparing intellectually and emotionally for the conference.

Not until January 12 did the conference hold its opening session. At first the gathering of twenty-seven nations groped along, entrusting the initial decisions to a Council of Ten (consisting of two representatives each from the United States, Britain, Japan, France, and Italy) and the Commission on the League of Nations. For the camera the victorious leaders appeared playful, collegial, and relaxed. And it is true that initially there were fewer personality conflicts and power clashes than later. Obsessively and with outward success Wilson threw his energies into achieving his life's goal of creating a league of nations and integrating it into the peace treaty. Wilson amiably shared authorship of the Covenant of the League of Nations with Jan Christian Smuts of the Union of South Africa and Britain's Lord Robert Cecil. Probably the work would not have gone so smoothly had British Prime Minister David Lloyd George and French Premier Georges Clemenceau participated. But Lloyd George, a crafty political opportunist and expert debater, and Clemenceau (whose anti-Americanism was derived in part from a failed marriage to a young student of French from Wisconsin) declined to serve on the drafting commission.

The least controversial features of the Covenant were: an assembly, a council dominated by five permanent members, and a secretariat to provide administration. Article X was, in Wilson's opinion, "the heart" of the document. It read simply: "The members of the League undertake to respect and preserve as against external aggression the territorial and existing political independence of all members of the League."⁶ Apparently blinded by a combination of self-righteousness and stubbornness, Wilson did not consult with his fellow commissioners, House excepted, regarding the wording of Article X. No president has ever made a greater error in

judgment. By insisting on a league dedicated to enforcing peace through collective security he was committing the nation to a fundamental shift in the direction of its foreign policy. Was it really necessary to spell out such details in the Covenant? Wilson contended it was and thereby handed his opponents a golden opportunity to discredit him. Inexplicably Wilson had played into the hands of his Republican opponents at home.

How much wiser Wilson would have been to have listened to the counsel of Secretary of State Robert Lansing. Instead the single-minded president shunned Lansing's suggestions and often kept him in ignorance of the most basic information. First of all, Lansing favored the sensible strategy of preparing in advance of the negotiations an American draft treaty to provide guidance and structure for the American delegation. Insultingly Wilson rebuffed Lansing, who was trained as an international lawyer, with the cutting remark that "he did not intend to have lawyers drafting the treaty of peace."⁷ In regard to the wording of the League Covenant, Lansing was also more perceptive than the president. In Lansing's opinion the mutual territorial guarantee was unworkable, and worse than that, was likely to arouse the fierce ire of Republican nationalists and isolationists. As he recorded, "It is simply loaded with dynamite and he must not go through with it."⁸ Instead, Lansing would take the safer route of having each state disclaim any intention of violating the territorial or political integrity of others. As Lansing was already out of favor with Wilson, his ideas were rejected out of hand. In frustration the secretary of state surreptitiously, but deliberately, let it be known that he disapproved of Article X. Since he could not loyally support Wilson, Lansing should have gracefully made his exit from the administration even if it meant advertising the dissent within the government.

During the initial stage of the Peace Conference, the disillusioned secretary of state had further reason to question Wilson's judgment. To resolve the fate of the colonial empire of the vanquished, Wilson proposed a seemingly brilliant solution: the mandate system. The original idea was to apportion the colonies of Germany and the Ottoman Empire among neutral nations. In the name of civilization the recipients would embark upon a humane mission of regenerating backward peoples. In practice Wilson was forced to compromise with Japan and Great Britain, who had divided all of Germany's Pacific Ocean possessions in a secret treaty signed in 1917. In the final disposition the neutrals were excluded and the mandates were awarded to the Allies. Thus the German possessions in Africa (Cameroon, German Southwest Africa, and German East Africa) were awarded respectively to France, the Union of South Africa, and Great Britain. The German possessions in the Pacific south of the equator were awarded to Australia and New Zealand, and those to the north of the equator went to Japan. No one at the time could have foreseen that giving Japan mandates over the Caroline, Marshall, and Mariana Islands would have had highly

adverse military consequences in the next world conflict. At least the mandate system put a moralistic gloss upon the division of the German Empire. Because the mandates were awarded in close conformity to the secret treaties, it became difficult for Wilson in the next phase of the conference to oppose giving Japan the former German rights in China's Shantung province.

By February 15, as Wilson began his return to America aboard the *George Washington*, he had taken several major strides toward accomplishing his objectives. The Allies, because they needed Wilson's signature on the final document, had agreed to include the League of Nations in the peace treaty. "A living thing is born," Wilson announced.⁹ The acceptance by the Allies of the mandate principle represented at least a cosmetic victory for Wilson. Amidst the progress at the peace table, Wilson was often his own worst enemy in that he consistently neglected public relations. From the perspective of the press the promise of "open covenants of peace, openly arrived at," the first of the Fourteen Points, was a farce. Reporters were excluded from all but meaningless plenary sessions, forced to rely on sanitized official communiques, rumors, and occasional leaks. Had the president cultivated reporters by holding regular press briefings, he could have painlessly laid the groundwork for mobilizing public opinion in the United States. Wilson, who had never enjoyed much rapport with reporters, held only a few press conferences and thereby missed an opportunity for enlisting the press on his behalf.

Meanwhile, at home Wilson's critics took advantage of his absence to lambast the president and his League. In particular Wilson was attacked by the group of sixteen senators known as "the irreconcilables." Composed of fourteen Republicans and two Democrats, the irreconcilables found fault with anything connected to the Peace Conference and the League of Nations, from Wilson's partisan appeal to the voters prior to the congressional elections, to his decision to attend the conference in person. The most energetic of the group were senators William E. Borah of Idaho, Hiram Johnson of California, Philander Knox of Pennsylvania, and James A. Reed of Missouri, the latter being one of the two Democratic diehard opponents of the League. Initially the irreconcilables criticized Wilson mainly for ignoring the advice given by Washington in his Farewell Address to avoid permanent foreign alliances and for allegedly ignoring the Monroe Doctrine. After the completion of the Covenant on February 14, Wilson's opponents concentrated their fury upon specific articles in Wilson's handiwork. Besides attacking the territorial guarantee in Article X, the irreconcilables criticized as sinister the admission to the League of Britain and its dominions, which would then be able to outvote the United States six to one. Borah and Reed charged that America would be dominated by a league controlled by the British Empire.

When Wilson landed in Boston on February 23 for a two-week stay, he made an impressive effort to approach the Senate without letting his anger show. He even consented to be grilled in the East Room of the White House by members of the House and Senate foreign affairs committees. The irreconcilable Senator Frank Brandegee of Connecticut, Wilson's most persistent questioner, afterward compared the president to the "mad hatter" in Lewis Carroll's *Alice in Wonderland*. Wilson, forgetting his resolve to be conciliatory, may have provoked such an outburst by letting slip recriminations of his own. "Any man who resists the present tides that run through the world," the president unwisely remarked, "will find himself thrown upon a shore so high and barren it will seem as if he had been separated from his human kind forever." Equally tactless was Wilson's characterization of his Republican opponents as "blind and little, provincial people."¹⁰ His Senate opponents vindictively struck back with a filibuster that prevented needed appropriation bills from passing, thus requiring a special session. And as the Senate adjourned, Senator Henry Cabot Lodge of Massachusetts seriously embarrassed Wilson by reading into the record the Republican Round Robin, a statement signed by thirty-nine Republican senators opposing the League of Nations "in the form now proposed."¹¹ Artfully, Lodge maneuvered to prevent a roll call vote on his sense of the Senate resolution because he knew he was unlikely to win the support of a majority of the Senate. Lodge's clever strategy dealt Wilson a serious psychological blow as only thirty-three votes were needed to block Wilson's desires. If Lodge's purpose was to provoke Wilson, he succeeded brilliantly. Wilson defiantly held steadfast to his original strategy of placing the Covenant in the treaty so as to make rejection of the entire package necessary to keep the United States from becoming a member of the League. "When that treaty comes back gentlemen on this side will find the Covenant not only in it," he declared at New York just before returning to Paris, "but so many threads of the treaty tied to the Covenant that you cannot dissect the Covenant from the treaty without destroying the whole vital structure."¹²

On his return to Paris the president found waiting for him even more recriminations and partisanship than he had experienced at home. His personal relationship with colleagues on the Council of Four and with Colonel House now sharply deteriorated. House, who had been left in charge during Wilson's absence, was blamed for having made unnecessary concessions to the French. Clemenceau and Lloyd George could hardly conceal their scorn when Wilson spoke on behalf of an idealistic new world order. The disillusioned British delegate John Maynard Keynes, in his memoir of the conference, described Wilson as a bewildered Presbyterian who was "bamboozled" by the leaders of Europe. And, he unfairly added: "Never could a man have stepped into the parlour a more perfect and predestined

victim to the finished accomplishments of the Prime Minister.”¹³ Since Keynes was a close associate and admirer of Lloyd George, it is likely that these were also the views of the prime minister.

For his part Wilson had a genuine grievance against the government of Lloyd George. In the summer of 1918, against his better judgment, Wilson had agreed to send American troops to North Russia under British command, primarily to block German occupation of the Archangel region. Wilson intended the 5,800 Americans to be used as noncombatants, and he was incensed when British commanders employed the 339th Infantry in offensive operations against the Bolsheviks hundreds of miles from the port of Archangel. In mid-March Wilson named Brigadier General Wilds P. Richardson, an officer with Alaskan experience, to head the dispirited Americans. Interviewing Richardson at Paris, Wilson was emphatic in denouncing the misuse of the 339th Infantry by the British, and he stated that he wanted the evacuation of all Americans as soon as the spring thaw made navigation possible.

The president's relations with Clemenceau likewise remained tenuous. Wilson would have to have been deaf, blind, and dumb had he failed to notice the premier's derogatory mimicking of his idealism. Inevitably Wilson learned of rude remarks by Clemenceau to the effect that Lloyd George merely regarded himself as Napoleon while Wilson “considered himself to be Jesus Christ.”¹⁴ Herbert Hoover, who was present at Paris as head of the American Relief Administration, recalled Clemenceau's bluntness and bitterness: “He treated the ‘New Order’ and the Fourteen Points as a joke on history. His essential creed was that force always triumphed over abstract justice. . . . He never did understand Mr. Wilson. I don't think he tried to.”¹⁵ With Vittorio Orlando, the premier of Italy, Wilson's relationship was far more cordial until Italy claimed the Adriatic port of Fiume (present day Rijeka), which logically belonged to the new nation of Yugoslavia. Wilson responded by releasing to the press an appeal to Italy to respect self-determination. Italian public opinion cheered Orlando and vilified Wilson; Gabriele D'Annunzio called Wilson a “croatianized Quaker.”¹⁶ Orlando made the Council of Four a Council of Three by leaving the conference, although he eventually returned to take title to Trieste and the Tyrol.

Fundamental financial disputes contributed to Allied distrust at Paris. One irritant was the Allied determination to extract from Germany the maximum in reparations. Led by France the Allies demanded that Germany pay the entire cost of the conflict. The opposing American position held that the German indemnity should be confined to actual war damages and that the final figure should be based upon Germany's capacity to pay. Eventually the entire issue was handed to a Reparations Commission which in 1921, without the participation of the United States, fixed the German

indemnity at the astronomical sum of \$33 billion—far beyond the ability and the willingness of Germany to pay.

Closely linked to the reparations controversy was the simmering issue of “war debts” owed to the United States by the Allies. In 1917 loans were the only immediate contribution the United States could make to the common cause. On short notice Treasury Secretary William G. McAdoo conceived a brilliant solution: the loans to America’s allies would be provided from liberty bonds sold to the American public. Except for the initial advances, which were short-term obligations renewed at maturity, the loans were made payable on demand. Because these were loans between friends, it was understood that the United States would not suddenly demand payment. A permanent, mutually agreeable settlement would be negotiated in the calm atmosphere of the postwar world. Altogether twenty foreign governments borrowed \$10.3 billion, although over ninety percent of the total was owed by Britain, France, and Italy. Improvised as a stopgap long before the precedents of Lend-Lease, the Marshall Plan, and foreign aid, the Allied war debts to the United States became one of the most divisive disputes of the interwar era. Europeans became convinced the United States was an unscrupulous creditor (and said the initials U.S. stood for “Uncle Shylock”); American isolationists cited Europe’s lack of gratitude as the justification for avoiding European commitments.

Officially the American loans to the Allies were not on the agenda at Paris. But unofficially the subject came up repeatedly, a phenomenon that had a way of repeating itself at many other conferences of the interwar era. Shortly before the opening of the conference Colonel House recorded in his diary: “There is every evidence that the Allies have a growing intention not to repay us the money we have loaned them. One hears the argument, both in France and England, that we ought to pay our full share of the Allies’ war debt; that we ought to have come in sooner, and that their fight was our fight.”¹⁷ Likewise Thomas W. Lamont, a prominent New York financier who served as an economic adviser to the American delegation, recalled: “The question in one form or another constantly arose. It was always ‘stepped on’ by the American delegates. There was no commitment, expressed or inferred, near or remote, moral or otherwise, as to the handling of the Allied indebtedness to the United States Government.”¹⁸ Back in Washington, Secretary of the Treasury Carter Glass expressed “grave concern” that Wilson or the American delegates might unwisely make debt concessions without his knowledge or approval.¹⁹ To the relief of Glass, Wilson categorically replied: “There can be no proper basis for a discussion of foreign loans in connection with the Peace Conference.”²⁰ And to Assistant Secretary of the Treasury Norman H. Davis, Wilson wrote: “I agree entirely with the Secretary of the Treasury that questions relating to our foreign loans should be discussed and settled in the Capital of the United

States.”²¹ Thus the Wilson administration laid down a policy that was followed by every president, Democratic or Republican, of the interwar era: the loans were a subject that could be discussed properly only in Washington, that repayment had no relation to any reparations that might or might not be paid by Germany, and that the loans were a debt of honor to the American taxpayer.

Health concerns added to Wilson’s frustration. On April 3, 1919, the president was felled by what most observers then and now believe was the influenza virus then making the rounds of Europe. It was a particularly virulent microbe that often proved fatal even to young people in good health. Wilson’s physician, Dr. Cary Grayson, was justifiably concerned when Wilson developed a fever of 103 degrees; after all, the patient was sixty-two years old and suffering from high blood pressure and hardening of the arteries. As Wilson joined Clemenceau on the sick list (the French premier was recovering from an assassin’s bullet in his lung), the conference marked time. Angered by French demands for the annexation of the Saar, the feverish Wilson appeared to have suffered an attack of nerves when he threatened to send for the *George Washington* and go home. As a tactical maneuver, however, Wilson’s threat worked almost to perfection, as it caused the French to retreat on the Saar; they agreed that for fifteen years France would have the Saar’s coal while at the end of the period a plebiscite would determine whether France or Germany would acquire the region permanently. (In 1935 the region voted overwhelmingly to return to Germany.) To bolster French security the Rhineland was permanently demilitarized (a provision which Germany flamboyantly defied in 1936). Alsace-Lorraine, annexed by Germany after the Franco-Prussian War, was returned to France. And Wilson agreed to the French request for a security treaty guaranteeing Anglo-American assistance in the event of another war between France and Germany. To the dismay of the French the security treaty was buried in the Senate as a result of the defeat of the Versailles Treaty.

In order to complete the treaty, Wilson was forced into making a number of distasteful concessions. Hoping to mollify his Senate critics, Wilson—painful as it must have been for him—reassembled the League of Nations Commission and by force of personality succeeded in revamping the League Covenant. The amended Covenant exempted the Monroe Doctrine and questions of domestic jurisdiction from League interference, recognized the right of members to quit the League, and guaranteed that no member state could be required to accept a mandate. One of the most objectionable concessions, agreed to with great reluctance by Wilson, was the transfer to Japan of Germany’s economic concessions in the Chinese province of Shantung. At the outbreak of the conflict Japan had ousted the Germans, claiming its ultimate intention was to return Shantung to China. Wilson got no support from Lloyd George or Clemenceau who had agreed in se-

cret treaties to Japan's annexation of Shantung. At least Japan vaguely agreed to return Shantung to China at an unspecified date in the future. But Wilson's defense of self-determination was selective as he agreed that Italy might annex the Austrian Tyrol.

In its final form the Versailles Treaty, completed May 29, 1919, stripped Germany of its colonies without compensation, assigned Germany the sole guilt for the war (article 231), and assessed Germany an undetermined reparations bill, which ballooned to \$33 billion when finally presented in 1921. As a product of coalition diplomacy, the final product was necessarily imperfect, representing as it did the competing material and moral interest of the diverse signatories. Did Wilson's investment of six months abroad improve the treaty? The fairest answer is an emphatic yes, notwithstanding the president's concessions on self-determination and his acquiescence in the document's hard and shortsighted treatment of Germany. But in the process Wilson repeatedly demonstrated questionable judgment by stubbornly refusing to enlist the opposition in the Paris peace process or to consult the Senate either before or after the conference. Wilson's belief that public opinion would rescue the treaty proved one of the worst political blunders in all of American history. And his self-righteous demeanor thoroughly provoked his opponents.

When the defiant Wilson returned to America on July 8, 1919, prospects still looked superficially rosy for Senate ratification. The public opinion poll was yet to be devised. However, the *Literary Digest* noted that only 181 of the nation's 1,380 newspapers opposed the treaty, whereas 481 conditionally approved, and 718 approved without reservation. Moreover, with the exception of two Democratic irreconcilables—James A. Reed of Missouri and Charles Thomas of Colorado—Wilson could count on the support of forty-five Democratic senators. To secure ratification he needed the support of eighteen Republicans. When he personally presented the Versailles Treaty to the Senate on July 10 Wilson struck a defiant note. Self-righteously he challenged his opponents with the rhetorical statement, "Shall we or any other free people hesitate to accept this great duty? Dare we reject it and break the heart of the world?" In a tone of moral superiority, Wilson asserted that America's role of world leadership was determined by "the hand of God who led us into this way." Under his leadership, said Wilson, the nation was embarking "with uplifted eyes and freshened spirit" upon a brightly lit path toward a destiny foreseen by America's founders. Predictably Wilson's critics were offended, probably as much by his tone as by his substance, and they characterized the speech as "utterly lacking in true Americanism" (Senator Warren G. Harding of Ohio); "soothing, mellifluous, and uninformative" (Senator Joseph Medill McCormick of Illinois); "mere soap bubbles of oratory and soufflé of phrases" (Senator Frank Brandegee of Connecticut); and "a fine lot of glittering generalities"

(Senator George W. Norris of Nebraska).²² Wilson's best hope for ratification was to secure a quick Senate vote while public opinion was in his favor. Here the loss of the 1918 election proved costly because now the Republicans controlled the Senate machinery and were able to set the agenda. Wilson's strategy was to structure the treaty so as to include the League of Nations, making it necessary to reject the entire package to defeat the League. Senate majority leader Henry Cabot Lodge of Massachusetts, a twenty-five-year veteran of legislative battles, hit on a cynical but effective counterstrategy. He would delay action while building opposition. To avoid a direct yes or no vote on Wilson's treaty, Lodge planned to attach reservations unacceptable to Wilson. Often hailed as a masterful psychologist and tactician, Lodge would not have seemed so brilliant had Wilson accepted his reservations. Lodge gambled correctly that Wilson would remain stubborn to the end.

Wilson was infuriated (which was the intention) when Lodge deliberately wasted two months in reading the treaty aloud and then holding a hostile hearing before his Senate Foreign Relations Committee. Although the members of the Committee possessed basic literacy as well as copies of the Versailles Treaty, Lodge had the audacity to read the document word for word. In the six weeks of hearings Lodge made no pretense of fairness and turned the proceedings into a travesty at Wilson's expense. Indirectly Wilson testified by inviting Lodge and his committee to lunch at the White House. For the most part Wilson effectively parried the questions directed at him. Yet he was less than convincing in explaining America's commitment to preserve the territorial integrity and political independence of states belonging to the League of Nations. Wilson's contention that the United States had only a moral—not a legal—obligation left the senators wondering what was the distinction between the two? But Wilson's worse faux pas was his denial that he was aware of the secret treaties prior to attending the Peace Conference. Most likely Wilson made a snap decision to graze the truth on this point and felt compelled to stick to his answer even though it was demonstrably untrue.

Rejecting the advice of his physician, Wilson unwisely determined to rally public opinion through a nationwide speaking tour. The route of the president's "swing around the circle" was cleverly planned to start at Columbus, Ohio, and then proceed through the northern states of the Midwest to the Pacific with the return scheduled through the nation's midsection. But it was a physically and mentally exhausting undertaking inasmuch as Wilson had to write and deliver more than forty speeches without the assistance of microphones or loudspeakers (which were not yet in general use). Had the president's health withstood the ordeal, he would presumably have been able to generate a wave of support for the treaty. Even that is uncertain, as Wilson's irreconcilable opponents formed "truth squads" that shadowed his movements and at least partially neutralized Wilson's ora-

torical efforts. All the time during Wilson's tour, the Senate Foreign Relations Committee continued to hold critical hearings, which culminated in the adoption of forty-five amendments. Unlike reservations, amendments required the renegotiation of the treaty, which was for all practical purposes impossible. Their purpose, therefore, was to enrage Wilson, and they fully achieved their intent.

Modern neurologists have available to them diagnostic tools—such as the cerebral angiogram, the CT scan, and the MRI—which were not yet invented when Wilson, after speaking at Pueblo, Colorado, on September 25, suffered excruciating headaches. At the insistence of his doctor Wilson was forced to cancel the remainder of his trip. The lack of definitive tests and the disappearance of Wilson's medical records make it impossible to determine whether he had suffered a stroke or possibly a transient ischemic incident. No ambiguity surrounded the stroke that felled Wilson on October 2 after his return to the White House. By any definition Wilson experienced a major medical emergency that left him in critical condition for two weeks and paralyzed his left side. The president suffered as well from distorted vision and speech, and his power of concentration and his emotional equilibrium were affected. Wilson's ability to lead through graceful and idealistic phrases was lost forever. No longer was he a man who whistled when happy or who cultivated a store of jokes and limericks for amusing friends and cabinet officers. The stroke transformed Wilson from a leader of stature and great intellect to a caricature of his former self. In his own interest and that of the nation he should have resigned his office, but he was apparently not well enough to appreciate his diminished abilities.

As devastating as the stroke was for Wilson personally, it was even more tragic for the overall direction of American foreign policy. The death of Theodore Roosevelt in January 1919 had left Wilson as the country's leading advocate of an internationalist foreign policy (although the Rough Rider in his last years, perhaps for partisan reasons, seemed to be moving away from internationalism). Wilson's illness produced a vacuum of enlightened presidential leadership at the very moment the Senate was about to take up the Versailles Treaty. For Wilson the stroke could not have come at a worse time; for his opponents the illness could not have been better timed. Two months later (December 5, 1919) the bedridden Wilson received a vivid reminder of the real feelings of his opponents toward him when he received a senatorial "smelling" committee sent to ascertain his mental condition. To the hypocritical remark of the irreconcilable Senator Albert Fall of New Mexico, "Well, Mr. President, we have all been praying for you." Wilson rejoined, "Which way, Senator?"²³

Although Wilson didn't realize it at the time his cause was already a lost one. A month after the president's stroke, Senator Lodge produced his malevolently designed reservations to the Versailles Treaty. Reflecting

Lodge's shrewd psychological strategy, it was no coincidence that he managed to produce exactly fourteen reservations—to go with Wilson's Fourteen Points. In their phraseology the Lodge reservations were legalistic, malicious, and insulting. Many of the reservations were unnecessary because they duplicated provisions already contained in the treaty. Article X was Lodge's main target: he provided that the United States could withdraw from the League by concurrent resolution of Congress, which did not require the signature of the president and was not subject to veto; that the United States assumed no obligation to defend foreign territory or accept League mandates; that the United States reserved from League interference questions of "domestic jurisdiction," including the Monroe Doctrine; and that the United States refused to accept the transfer of Shantung to Japan, or be bound by any League decision in which any member cast more than one vote (a slap at the British Empire).

To bring the number of reservations to the desired fourteen, Lodge added several extraneous reservations: asserting the power of Congress to name representatives to League commissions; requiring congressional approval of America's share of League expenses; permitting the United States to disregard any League disarmament agreement if the nation faced the threat of invasion; allowing Americans to trade with citizens of a state censured by the League, if those citizens lived outside the territory of the Covenant-breaking state; and reserving the right of American citizens to sue in American courts for any property seized under the provisions of the peace treaty. Whether Wilson was well enough to read or comprehend the maddening technicalities of Lodge's work is doubtful. Twice Senate Minority Leader Gilbert Hitchcock of Nebraska was permitted brief interviews with the ailing Wilson and found the president as uncompromising as before. On November 18, Wilson instructed "all true friends" of the treaty to vote against the Lodge reservations because they provided for the "nullification" of the treaty.²⁴

Given Wilson's determination not to accept Lodge's reservations to his treaty, it was not a great surprise that the treaty failed when it came to a vote on November 19. What was unexpected was Lodge's margin of victory; the treaty with the fourteen Lodge reservations was defeated by a vote of 55 to 39 (with the Democrats and the irreconcilables voting in the negative); without reservations the treaty failed by almost the same vote, 53 to 38 (with the Republicans and the irreconcilables voting no). Even the irreconcilables, celebrating at the Washington home of Alice Roosevelt Longworth, expressed amazement that Wilson had played into their hands. The president's fierce opposition to the Lodge reservations remained unshaken over the winter even as he slowly regained physical strength. Before the final vote on March 19, 1920, he again urged Democratic senators to reject Lodge's "nullifying" reservations. Lodge was so confident of victory that he accepted numerous modifications and clarifications of his

work, while adding a fifteenth reservation calling for Irish freedom from England. Even though twenty-one Democrats deserted Wilson and supported the treaty with Lodge reservations attached, the final tally read 49 yes, 35 no, or seven votes short of the two-thirds majority required by the Constitution. In his naivete, President Wilson hoped the election of 1920 would serve as a "solemn referendum" on the question of American membership in the League. But at their San Francisco nominating convention, the Democrats and their nominee, Governor James M. Cox of Ohio, showed only perfunctory enthusiasm for the League. At Chicago the Republicans also selected an Ohio candidate, Senator Warren G. Harding, who artfully confused the issue by endorsing a modified league while simultaneously calling for a return to "normalcy." Not surprisingly the "solemn referendum" got lost in the shuffle as Harding won a decisive victory.

Explaining the defeat of the Versailles Treaty does not require complicated analysis. Pride, prejudice, and partisanship on the part of both parties and both Wilson and Lodge produced a disgraceful debacle. Lodge, often cast in the role of a villain, thoroughly deserved his unsavory reputation. Had Lodge ended his career prior to 1919, he might have been remembered as a patrician scholar who advanced progressivism and a conception of "national interest." Instead, as Sir Arthur Willert of the *Times of London* wryly observed, Lodge revealed himself to be "as unscrupulous as any low-born boss." By purporting to favor "Americanizing" the treaty with reservations, he barely concealed his destructive opportunism. "He masks under the appearance of an elderly country peer a complete lack of broad convictions," noted Willert. "He is in fact deceptively parochial and slippery." At the same time Wilson, who sought to impose a revolutionary shift upon traditional American foreign policy and who inexplicably rejected innocuous if insulting reservations, hardly deserved his reputation as a starry-eyed martyr. In Willert's coldly realistic judgment, "The President negotiated single-handed, and then sneeringly told the Senate to ratify or be damned to eternity as traitors to humanity. His clumsy pride had really as much to do with the defeat of the treaty as the desire of the country to be faithful to George Washington's dicta and remain aloof from European entanglements."²⁵

Finally, it is tempting to surmise that the history of the interwar era would have been dramatically different had the United States taken an active role in the League of Nations. Given the opaque nature of history and the hypothetical nature of the query, the question—like all "what if" questions—remains ultimately unanswerable. What is certain is that the League, without American participation, proved weak-kneed, especially after 1931, in maintaining international peace and stability. In response a national consensus emerged during World War II that held that the United States' refusal to join the League had been an error. Few believed American participation would have guaranteed a different result. But, with the destruction

of World War II fresh in their minds, they felt that the effort ought to have been made. Ironically, the national determination not to repeat the errors of the interwar era helped to convince American leaders of the 1960s to embark on a bloody error of their own in Vietnam.

A common criticism of American foreign policy between the world wars has been that it seemed to drift from day to day without clear direction. Such a generalization would be an apt description of the six-month interregnum following Wilson's stroke. Routine government business was transacted by inertia, but basic policy decisions languished—including policy toward revolutionary Mexico and Bolshevik Russia, to say nothing of mounting a coordinated administrative strategy for the Senate fight over the Versailles Treaty. Diplomatic vacancies were left unfilled, and foreign diplomats could not present their credentials. Wilson remained secluded from his cabinet, sheltered by his wife and press secretary. Secretary of State Robert Lansing found that he could communicate with Wilson only by writing his press secretary who would then request permission from Mrs. Wilson to speak to her husband. Lansing, who never saw Wilson after his illness, contemplated having Vice President Thomas R. Marshall named as acting president during the period of Wilson's disability. Presumably Marshall would have accepted the obnoxious Lodge reservations, ensuring the ratification of the Versailles Treaty and American membership in the League of Nations. But Wilson was shielded by his physicians, even though he was unable to prepare his State of the Union message or even sign his name legibly. From the perspective of the White House invalid, Lansing's greatest crime was his having presided over twenty-four cabinet meetings without presidential authorization. When Wilson accepted Lansing's resignation on February 13, 1920, the ostensible reason for his demise was the calling of cabinet meetings. Had Wilson been more candid he could have added as contributing factors that Lansing had often been disloyal in supporting the Versailles Treaty, that he had fallen out of favor with Mrs. Wilson, and that the secretary of state, a foreign policy realist, was fundamentally out of sympathy with Wilson's idealistic internationalism.

Wilson surprised his party and the country by selecting as Lansing's replacement the New York attorney, progressive politician, and former member of the Shipping Board Bainbridge Colby. In contrast to Lansing, Wilson regarded Colby as a loyalist who could be trusted; equally important was Colby's literary ability, since Wilson needed assistance in drafting diplomatic notes and state papers. Calling Colby "a great man," Wilson (indirectly reflecting unfavorably on his two previous secretaries of state) remarked: "I can tell you that for the first time, I have a man who can write a note for me. You know, heretofore, I have always had to write them myself."²⁶ In his brief one-year term as secretary of state, Colby established a close working relationship with Wilson, although the friendship was never

as intimate as that once enjoyed by Colonel House. In office Colby quietly sought to moderate harsh French demands upon Germany, to restrain Japanese economic expansion into Manchuria, and to improve relations with Latin America by liquidating interventionism. His least successful endeavor was to restate Wilson's policy of nonrecognition toward Soviet Russia. In the process Colby managed to please Wilson, and he foreshadowed the general direction followed by secretaries of state under presidents Harding, Coolidge, Hoover, and Franklin D. Roosevelt. On the whole, Colby's tenure demonstrated that there was more continuity between Wilsonian diplomacy and Republican diplomacy in the 1920s than is usually assumed.

Toward Europe Colby became increasingly skeptical. However, as a caretaker secretary of state for an ill president, Colby had little opportunity to initiate bold new policies. France, regarded by Washington as Europe's chief troublemaker, accounted for Colby's displeasure. Therefore, Colby deplored French militarism in the Rhineland, and he recommended that the United States participate in setting the German indemnity to restrain French rapacity. Wilson, embittered by the Senate's rejection of the Versailles Treaty, overruled Colby and declined an invitation to participate in the process. Possibly Wilson was concerned that the Allies would try to link Germany's payment of reparations to their payment of war debts to the United States.

In the Far East Colby continued the anti-Japanese role begun by Wilson after Japan seized Shantung from China in 1914. The State Department took the lead in organizing (in May 1920) a new, but ineffective, international bankers' consortium for the purpose of making loans to the Chinese Republic and lessening Japanese influence. In a related effort, Colby protested Japan's occupation of the northern half of Sakhalin Island (the southern half of the island had been annexed by Japan in the Russo-Japanese War of 1904–1905). Colby flatly refused to believe Japan's defense that the occupation of northern Sakhalin was justified to prevent atrocities by bloodthirsty Bolsheviks against innocent Japanese civilians. The alleged crimes described by Japan, Colby believed, were merely "fake massacres."²⁷ (Eleven years later the Hoover administration was to have a similar experience when the Japanese Army staged a fake atrocity near Mukden, Manchuria, which became the pretext for the occupation of Manchuria.) To restrain Japanese economic domination of Manchuria, Colby tried to block Japan from acquiring the Chinese Eastern Railroad—a shortcut from the Trans-Siberian Railroad across Manchuria via Harbin to Vladivostok. Outwardly London cooperated with Colby's efforts to prevent Japan from acquiring the railroad, while privately expressing sympathy with Japan's desire for a special interest in Manchuria. Such duplicity led President Wilson to complain in a cabinet meeting that Britain's two-faced diplomacy was based upon its past record of "grab everything it can."²⁸ Cooperation with Britain was also limited by the existence of the Anglo-Japanese Alliance of 1902 which was due to expire in 1921. As long as it remained in

existence the United States and Britain were potential adversaries in the Pacific. In reality, Britain hoped to scrap the alliance, but the method for modifying the antiquated pact was not discovered until Wilson and Colby were out of office.

A hard-line policy toward Bolshevik Russia was already in place when Colby became secretary of state. But under Colby, whose views about Russia were influenced by a confidential adviser, American anti-communism became more virulent than ever. Hostility toward the Bolsheviks dated from the moment Lenin easily overthrew the pro-Western Provisional Government on November 7, 1917. The unwelcome news came as a complete surprise to Washington. Other surprises followed: the publication of the secret treaties and Lenin's peace offensive, both of which greatly embarrassed the Allies, who were counting on Russia's continued participation in the war. Just as distasteful was propaganda urging the masses to overthrow capitalism. Then, in the Treaty of Brest-Litovsk, on March 3, 1918, the Bolsheviks withdrew from the war by accepting the loss of 1.3 million square miles of territory and 62 million in population. By making peace with Germany, Lenin enabled the Germans to transfer their army on the eastern front to France.

From the Allies, the State Department, the Foreign Service, and such advisers as House and Lansing, Wilson came under heavy pressure to intervene. After "sweating blood" over what to do, Wilson finally capitulated on July 17, 1918, citing the need to keep military supplies sent to Russia out of German hands and expressing sympathy for the plight of the Czechoslovak Legion—two divisions of former prisoners of war who were fighting their way across Siberia to Vladivostok. In part, Wilson's decision to intervene was motivated by a desire to cooperate with America's coalition partners. Naively Wilson felt he could restrict the role of the 5,800 American troops sent to North Russia to the role of noncombatants. When the 339th Infantry left Archangel in July, 1919, 222 members had succumbed to disease and hostile action. Just as Colby was taking office, the Siberian phase of the Russian intervention came to an end with the withdrawal of the 9,000 American troops stationed as guards along the Trans-Siberian Railroad.

Until Wilson's presidency, diplomatic recognition of a government had not implied moral approval of that government. Following traditional practice, the United States had routinely recognized governments that held power and were capable of maintaining law and order. Wilson first broke with tradition when he refused on moral grounds to recognize the military government of Mexico, which seized power in a bloody coup just before Wilson took office. In the case of Russia, Wilson's policy was to withdraw the American ambassador (David R. Francis of Missouri) and to await further developments in the hope that the Bolshevik problem would just go away. It fell to Colby to formulate a more definitive policy.

Colby's crusading anti-communism was formulated during the great "red scare" that swept the nation in 1919 and 1920. Communist conspirators were claimed to have initiated every strike of the period, including the Seattle general strike, the Boston police strike, and strikes in coal and steel. Communists were also blamed for bombs addressed to prominent Americans. The scare culminated in a series of raids initiated by Attorney General A. Mitchell Palmer against suspected radicals, and Palmer warned of a Communist *coup d'état* against the United States government planned for May 1, 1920. Even though no uprising occurred, the idea was widely accepted in the United States that the machinations of Lenin were responsible for unrest throughout the globe.

At the height of the red scare, Lenin's regime was actually severely weakened by the effects of civil war and foreign intervention. This time the invader was not one of the "imperialist" powers of the west, but a historically familiar aggressor—Poland, a nation which had been partitioned by Prussia and Russia at the end of the eighteenth century and reestablished as an independent nation at the Paris Peace Conference. In the Russo-Polish War (April-October 1920), Polish forces advanced as far as Kiev before retreating. The prospect that a Russian counteroffensive might disrupt the territorial integrity of Poland prompted Colby's August 10, 1920, pronouncement regarding American policy toward Russia. The vehicle he chose was an unusual one: a diplomatic note addressed to the Italian ambassador in reply to his request for an expression of America's views about the Polish situation. Colby was credited with authorship of the note, and it is true that he wrote the introduction and conclusion. But the main section was contributed by the intensely anti-communist journalist John Spargo, who was Colby's private adviser on Russian matters. In his previous writings Spargo had characterized Bolshevism as "militarism gone mad," and he deeply felt that America's honor would be "sullied" by the establishment of relations with Lenin. Spargo urged Colby to make public a nonrecognition statement, which would presumably lead other nations to isolate Lenin's "outlaw nation."²⁹

Colby's tone of moral indignation was similar to Wilson's own moralistic style. He contended forcefully that the regime of Lenin was undeserving of recognition because it was "based upon the negation of every principle of honor and good faith, and every usage and convention underlying the whole structure of international law; the negation, in short, of every principle upon which it is possible to base harmonious and trustful relations, whether of nations or individuals." And, as specific examples of Bolshevik negation Colby cited the intent of the Russian government to use its diplomats as revolutionary agitators and to sign agreements with no intention of keeping them. Essentially, Colby concluded, the Bolsheviks were a diabolical menace to western civilization. Wilson approved Colby's work

as “excellent and sufficient,” and subsequently cited the note on Russia to a reporter as an example of Colby’s excellence as a wordsmith.³⁰

A basic assumption of Colby, Spargo, and Wilson was that the Bolsheviks would soon collapse. It became practically an article of faith that was unhesitatingly embraced by American presidents from Wilson through Hoover. Nonrecognition of Russia on moral grounds became a basic American foreign policy bequeathed by the Wilson administration to the incoming Republicans. Whether consciously or not, they also emulated Colby’s inclination to lecture the world on the wages of sin, without having any intention of assuming responsibility for remedial measures.

The most farsighted foreign policy contributed by Colby to his successors was a modest start at terminating the American military presence in the Caribbean. Under Wilson there had often been a conspicuous gap between Wilson’s Pan-American ideals and his military interventions during chaotic revolutions in Mexico (1914 and 1916), Haiti (1915), and the Dominican Republic (1916). By the time Colby took office, the final phase of the Mexican intervention—which sought the capture of the bandit and patriot Francisco Pancho Villa—had ended, and both Haiti and the Dominican Republic were under American military occupation. Presidential politics may have influenced the decision of the State Department to act. A series of muckraking articles in *The Nation* criticized the military occupation as autocratic and cruel. The Republican candidate, Ohio Senator Warren G. Harding, then criticized Wilson’s Caribbean interventions and promised that if he were elected he would not tolerate misconduct on the part of occupation personnel. The Democratic vice presidential candidate, Franklin D. Roosevelt, inadvertently added to the controversy by flippantly claiming to have drafted the Haitian constitution while serving as assistant secretary of the navy. In response Colby announced (September 20, 1920) that the United States was nearing the completion of its “benevolent purpose” in Haiti and “hopes to withdraw and leave the administration of this island to the unaided efforts of the Haitian people.”³¹ In the case of the Dominican Republic, Colby and Wilson approved a proclamation prepared by the chief of the State Department’s Latin American Division, Sumner Welles, announcing the United States’ intention to return control of the government to the Dominican people. No schedule for the withdrawal was outlined. However, in 1924 the Republicans terminated the Dominican occupation, although United States troops remained in Haiti until 1934.

Colby’s one-year tenure as secretary of state concluded with a two-month tour aboard the battleship USS *Florida* to Brazil, Uruguay, and Argentina. The trip was designed as a goodwill tour to allay Latin American suspicions and reaffirm America’s commitment to hemispheric solidarity. Colby would not have been human had he failed to perceive the personal advantages of spending the months of December and January at government expense visiting a warmer climate. By all accounts the trip went extremely

well; Colby and his flowery oratory were universally well received. The secretary's graciousness, as well as his knowledge of and interest in Latin American affairs, impressed his audiences. At least symbolically the final months of the Wilson administration saw modest efforts to liquidate past interventionism and to establish the spirit of the good neighbor.

With one major exception, the Senate's rejection of the Versailles Treaty, the last year of Wilson's presidency was a lucky one. No major crisis or exterior threat materialized to expose the power vacuum at the top of the United States government. In the absence of leadership from the White House, Lansing and his successor, Colby, avoided major mistakes and dealt with problems as they arose. Colby did take the initiative in condemning Lenin's Russia as a blot on the history of civilization, a policy based upon the unquestioned assumption that Lenin's regime was not long for this world. The most positive legacy of Wilson's final year in office was the effort of his administration to initiate a modest good neighbor policy toward Latin America. At the same time the Wilsonians became increasingly disenchanted with America's wartime partners due to their perceived ingratitude, greed, and militarism. Disillusionment with Europe combined with a tendency to deliver self-righteous moral lectures to the world were two of the more prominent features of Democratic foreign policy passed on to the Harding administration.

NOTES

1. William Gibbs McAdoo, *Crowded Years: The Reminiscences of William G. McAdoo* (Boston, 1931), 376.
2. Oscar T. Crosby, "The American War-Loans and Justice," *Atlantic Monthly* 130 (December 1922), 825.
3. *Congressional Record*, 65 Cong., 1 Sess., 119 (April 2, 1917).
4. Thomas A. Bailey, *Woodrow Wilson and the Lost Peace* (New York, 1944), 333-34.
5. Eugene Trani, "Woodrow Wilson and the Decision to Intervene in Russia: A Reconsideration," *Journal of Modern History* 48 (September 1976), 458.
6. Thomas A. Bailey, *Woodrow Wilson and the Great Betrayal* (New York, 1945), 385.
7. Daniel M. Smith, *The Great Departure: The United States and World War I, 1914-1920* (New York, 1965), 121.
8. Smith, *Great Departure*, 128.
9. Bailey, *Woodrow Wilson and the Lost Peace*, 193.
10. Ralph Stone, *The Irreconcilables: The Fight Against the League of Nations* (Lexington, 1970), 159, 163.
11. Bailey, *Woodrow Wilson and the Great Betrayal*, 11.
12. Stone, *Irreconcilables*, 75.
13. John Maynard Keynes, *The Economic Consequences of the Peace* (New York, 1920), 41.
14. Bailey, *Woodrow Wilson and the Lost Peace*, 158-59.

15. Herbert Hoover, *The Memoirs of Herbert Hoover* (New York, 1951), Vol. 1, 449–50.

16. In a Senate speech on April 1, 1926, Senator Kenneth McKellar of Tennessee charged that the king of Italy had been bribed by Mussolini during the fascist march on Rome in 1922. The Italian ambassador responded by lodging a formal protest. Consequently, the State Department prepared a summary of insulting remarks made by Italians at the time of the Adriatic crisis in the spring of 1919, including the offensive remark attributed to the poet D'Annunzio. Memorandum by H. Carter, April 2, 1926, General Records of the Department of State, File No. 800.51W89 Italy/144, RG 59, National Archives.

17. Diary of Edward M. House, January 4, 1919, Papers of Edward M. House (Yale University).

18. Thomas W. Lamont, "Reparations," in Edward M. House and Charles Seymour, editors, *What Really Happened at Paris: The Story of the Peace Conference, 1918–1919* (New York, 1921), 289.

19. Glass to Wilson, December 19, 1918, United States Senate, Hearings Before the Special Committee Investigating the Munitions Industry, 74 Cong., 2 Sess. (Washington, 1936), 10448–49.

20. Rixey Smith and Norman Beasley, *Carter Glass: A Biography* (New York, 1939), 158.

21. Woodrow Wilson to Norman H. Davis, January 4, 1919, Carter Glass Papers (University of Virginia).

22. Bailey, *Woodrow Wilson and the Great Betrayal*, 5–6.

23. Stone, *Irreconcilables*, 150–51.

24. Bailey, *Woodrow Wilson and the Great Betrayal*, 185.

25. Sir Arthur Willert, "An Appreciation of the Republican and Democratic National Conventions held at Chicago and San Francisco in June and July, 1920," undated, FO414/246/6815, Public Record Office.

26. Daniel M. Smith, *Aftermath of War: Bainbridge Colby and Wilsonian Diplomacy, 1920–1921* (Philadelphia, 1970), 20.

27. Smith, *Aftermath*, 86.

28. Smith, *Aftermath*, 88.

29. Smith, *Aftermath*, 62–64.

30. Smith, *Aftermath*, 65–68.

31. Smith, *Aftermath*, 126–27.

CHAPTER 3

Harding, Hughes, and Republican Moral Diplomacy

Historians of American foreign policy during the interwar period all have available to them the same basic facts. Yet, in their writings, they give the impression of being on completely different pages. Traditionalists, who view world events as determined by such factors as balance of power, physical force, public opinion, and/or domestic political considerations, see the interwar era as one of shortsighted American diplomacy characterized by self-deluded efforts to ignore legitimate world responsibilities. In short, the period was a tragic retreat to isolation. The opposing viewpoint emphasizes economics as the decisive factor in shaping foreign policy and concludes that the period was actually one of vigorous expansion. Led by Secretary of State Charles Evans Hughes and Secretary of Commerce Herbert Hoover, the Republicans sought through the use of American bankers and trade expansion to establish a new international structure for world order. Anything but passive, Republican policy aggressively sought foreign markets and repayment of war debts, and financed European recovery through two bailouts of German reparations. Traditionalists would say that the United States' refusal to play an active role in the balance of power—especially in Europe—amounted, for all practical purposes, to a near isolationist policy. They would contend that shortsighted American foreign policies had, by the mid-1930s, under Democrats and Republicans, left the nation without a single close friend in the world, with the possible exception of Finland. It is not the facts used by the two historical schools that are in dispute. The issue is how to interpret those facts.

“Republican” foreign policy began with the inauguration of Warren G. Harding on March 4, 1921. Except for the partisan disagreement about the League of Nations, there were many points of similarity between the foreign policies of the two parties. From the Democrats the Republicans inherited and continued to possess an attitude of skepticism toward Britain,

France, and Japan. The new administration continued Wilson's policies on war debts and reparations, refused to recognize Russia, and sought, without spending any money, to improve relations with Latin America. Even on the topic of the League of Nations, the Republicans demonstrated some flexibility, establishing a policy of informal cooperation, but refraining from active membership. And, to the dismay of the irreconcilables, the new administration advocated joining the World Court, an institution established under the auspices of the League of Nations.

Warren G. Harding is usually relegated to the bottom ranks of United States presidents because of his unsavory Ohio cronies, his White House drinking and poker parties, his extramarital affairs, and above all, his administration's scandals involving the naval oil reserves and the Veterans Bureau. Harding was lucky in the sense that he won the Republican nomination because he was handsome and because his rivals canceled each other out. He was unlucky in that, once elected, he was over his head and knew it. Like his predecessor, Harding was not deeply interested in foreign policy, despite having been a member of the Senate Foreign Relations Committee. But Harding was not a provincial simpleton. Prior to his election, for example, he had traveled fairly widely: three times to Europe and once to Hawaii. His bombastic, convoluted speaking style and his background as editor of the *Marion Star* made him appear hopelessly unsophisticated. Wilson's new world order based on universal justice and world government was too radical a concept for Harding and his supporters. But Harding's vision of a return to normalcy, in which the nation sought to advance its national interest through traditional balance-of-power tactics, was a more pragmatic foreign policy concept than Wilson's.

Harding did not intend to be his own secretary of state. He made that clear when he named the fastidiously bearded New York lawyer Charles Evans Hughes to the post. "From the beginning," announced Harding, "the Secretary of State will speak for the State Department."¹ Hughes was the son of a strict Baptist minister who immigrated from Wales in 1855. He was educated at Baptist colleges; he first attended Madison University (the name was later changed to Colgate University) and graduated from Brown University. His legal training was completed at Columbia University at the precocious age of twenty-two. In his practice of law, as a mountain climber in the Swiss Alps, as governor of New York (1906–1910), and as an associate justice of the Supreme Court, Hughes demonstrated self-control and efficiency combined with emotional detachment. In 1916 Hughes almost defeated Wilson for the presidency; his narrow loss was attributable to continued divisions within Republican ranks between conservatives and progressives and the interventionist antics of Theodore Roosevelt. In selecting Hughes, Harding followed Wilson's example of 1913 when Bryan was chosen as secretary of state. Both Hughes and Bryan were former presidential candidates who were named secretary of state to unify their respective

parties. For all his expertise as a technical lawyer, Hughes was almost as naive and moralistic in his approach to foreign policy as had been Bryan. A practitioner of the legal-moralistic approach, Hughes hoped to establish international rules and agreements promoting such worthy goals as conciliation, arbitration, and disarmament. The good faith of the signatories would ensure the sanctity of the resulting agreements.

Hughes's reputation as a great secretary of state is largely based on a dramatic speech he delivered at the opening of the Washington Conference of 1921. That Hughes, through oratory and force of personality, took the conference by storm is indisputable. Less certain is whether the naval limitations Hughes negotiated were in the long-term national interest of the United States. Actually it was neither Harding nor Hughes, but the unpredictable Senator William E. Borah of Idaho who took the first steps to head off a world naval race. Even before Harding's inauguration Borah introduced a Senate resolution (December 14, 1920) proposing a naval limitation conference. The United States, Great Britain, and Japan would be invited, with the goal being a fifty percent reduction in naval construction over a five-year period. In a second resolution (January 25, 1921) Borah proposed a six-month moratorium on American naval construction while the nation pondered whether to concentrate on reducing battleships, submarines, or aircraft carriers. When Hughes (on July 11) invited four major powers (Great Britain, Japan, France, and Italy) and four lesser powers (China, Portugal, Holland, and Belgium), he included not just disarmament as a topic for discussion, but the stability of the Chinese mainland and the Pacific as well. Ten days later, as Hughes was immersed in preparations for the conference, General William Mitchell of the Army Air Service performed the spectacular feat of sinking the German battleship *Ostfriesland* off the Virginia coast with 2,000-pound bombs dropped from the air. Because the vessel was anchored as a sitting duck, the demonstration—said defenders of the battleship—failed to prove the vulnerability of battleships to air power. The bitter truth did not sink in until December 1941 when Japanese aircraft caught and sank off the Malay coast the British cruiser *Repulse* and the battleship *Prince of Wales* just three days after the Pacific fleet of the United States had been decimated at Pearl Harbor.

Hughes's preparations for the conference were exceptionally thorough and imaginative. Shrewdly he outflanked the irreconcilables by appointing as delegates Senator Henry Cabot Lodge and Elihu Root, a former senator and secretary of state. Senator Oscar W. Underwood represented the minority Democrats. Then on November 11, the third anniversary of the Armistice, the delegates to the conference, together with 100,000 onlookers, witnessed an impressive state ceremony: the burial of the Unknown Soldier at Arlington Cemetery. The next day the conference opened at Constitution Hall with welcoming speeches by Harding and Hughes. The only hitch in

the proceeding occurred when Aristide Briand, the chief French delegate, was assigned a seat at the corner rather than at the head of the table. Sir Auckland Geddes, the British ambassador to the United States and the second-ranking British delegate next to Arthur Balfour, diplomatically relinquished his seat in favor of Briand.

In his opening address to the conference Hughes rose magnificently to the occasion by dramatically spelling out the sacrifices he expected from each participant. Hughes took the delegates by surprise; they were expecting a typically harmless welcome to the national capital. And to be sure, Hughes's opening was mundane enough, but before he was through he had proposed the abandonment of 1.8 million tons of existing and planned capital ships; the American contribution was to be 845,740 tons. A common cliché held that Hughes in thirty minutes had destroyed more ships than had gone down in all the naval battles in world history. Fearing a possible leak, Hughes boldly decided to announce his proposals at the very beginning of the conference. The ratio he proposed for limiting battleships (5:5:3:1.75:1.75 for the United States, Great Britain, Japan, France, and Italy respectively) roughly maintained the status quo. Hughes's idea was to extend the battleship ratio to other classes of ships, combined with a ten-year moratorium on further construction.

Three months of bargaining elapsed before Hughes's efforts met success. Three principal treaties were signed by the time the conference adjourned in February 1922. First of all, the Five Power Treaty limited battleships according to the "Rolls Royce: Rolls Royce: Ford" ratio proposed by Hughes. In the process Hughes made several compromises, such as permitting Great Britain to construct two new battleships and agreeing that Japan might retain the battleship *Mutsu*, the sister ship of the infamous *Nagato*, which served as Admiral Isoroku Yamamoto's flagship during the Pearl Harbor attack and which was sunk by an underwater atomic blast at Bikini Atoll in 1946. The agreement provided for a ten-year "holiday" on the new construction of capital ships. Furthermore, aircraft carriers were limited to 135,000 tons for the United States and Great Britain, 81,000 tons for Japan, and 60,000 tons for France and Italy. An effort to limit submarines failed, due to the opposition of France.

The key to the success of the conference was the willingness of the western powers to accept the Four Power Treaty, which replaced the Anglo-Japanese Alliance by, in effect, expanding it into a four-power arrangement between the United States, Great Britain, Japan, and France. Specifically the treaty guaranteed the status quo in the Pacific "with regard to fortifications and naval bases." In practical terms this meant that the United States and Great Britain were forbidden from fortifying such bases as Hong Kong, the Philippines, or Guam. The final major treaty, the Nine Power Treaty, was signed by all the Washington participants. Principally drafted by Elihu Root, the document guaranteed the independence and territorial integrity

of China and proclaimed the principle of equal commercial opportunity for all in China. And, in separate agreements negotiated outside the conference, Japan agreed to return Shantung to China and to withdraw all its remaining soldiers from Siberia.

At the time, Hughes was hailed as the greatest secretary of state in the history of the United States. Hughes was praised for his open diplomacy and credited with singlehandedly ending the naval race. Through a combination of charisma and morality he was credited with an accomplishment that, in the words of Arthur Balfour, was "unique in history."² Actually the secretary hid behind his beard the fact that he had not hesitated during the conference to read the mail of others. In a New York brownstone, nicknamed the "Black Chamber," American cryptographers deciphered Japanese code messages provided courtesy of American cable companies. A cable decoded in late November revealed that Japan would not insist on battleship parity with the United States and Great Britain if the western powers would accept the status quo in the Pacific. Subsequently Hughes commended the cryptographers for facilitating the success of the conference. Yet, when tension with Japan intensified after 1931, the quest for naval disarmament seemed less and less farsighted because the United States found itself lacking in adequate bases, ships, carrier planes, and workable torpedoes to back up an increasingly tough policy toward Japan. Belatedly it dawned on Americans that a high price had been paid for the Washington treaties. Japan had acquired *de facto* naval superiority in the Pacific and had prevented the United States and Great Britain from fortifying their bases in the region. In view of the enormous human and financial expenditures of World War II, Hughes did not seem so clever after all. However, in defense of Hughes it can be argued that depression economy measures also explained American naval weakness, leaving the United States Navy more than 100 ships short of treaty strength by 1934. Hughes, in defending himself from criticism after Pearl Harbor, contended that his diplomacy had averted a naval race between the United States and Great Britain. He further held that the United States had ample time under the New Deal to modernize the fleet and to fortify Guam, but that Washington complacently failed to take action.³ Human reputations are fragile, and by the end of the interwar era Hughes's reputation as a miracle worker had faded badly, even though it was hardly fair to have blamed America's glaring military weakness solely on one man.

Less dramatic and less productive of publicity than the Washington Conference, but ultimately more farsighted, was the Harding administration's effort to follow in Colby's footsteps and improve relations with Latin America. In just his second month as president Harding was able to convince the Senate to approve a \$25 million indemnity to Colombia for Theodore Roosevelt's 1903 "Rape of Panama." Roosevelt had enraged

Latin Americans by quickly recognizing the Republic of Panama when the former province of Colombia declared its independence in November 1903. Latin Americans were further infuriated when Roosevelt transformed Panama into an American protectorate by acquiring a ten-mile-wide canal zone in perpetuity. Under Wilson a treaty had been drafted with Colombia expressing America's regret and providing a \$25 million payment. During Roosevelt's lifetime his friends kept the treaty bottled up. But Roosevelt's premature death of a stroke in 1919 combined with the desire of American oil companies to develop Colombian oil fields improved the treaty's prospects. Thus, minus the apology, the treaty, which provided an opening for American oil interests and demonstrated new American good-neighborliness, received Senate approval. Likewise the American evacuation of the Dominican Republic, but not Haiti, made a minor contribution to lessening Latin American resentment. The withdrawal was arranged by Hughes and Sumner Welles and completed in September 1924. Another tangled Latin American policy inherited from Wilson was nonrecognition of Mexico on moral grounds. For two and a half years a deadlock ensued, which was largely attributable to Hughes's insistence that Mexico must guarantee American property rights prior to recognition. Several decisions by the Supreme Court of Mexico favorable to foreign investors paved the way for American recognition of the government of General Alvaro Obregon in August 1923. On a modest scale Harding and Hughes had made the good-neighbor policy bipartisan.

The new administration could also take credit for a badly needed overhaul of the State Department. Originally drafted by Wilbur Carr, the director of the Consular Service, the reorganization bill was introduced in 1919 by Massachusetts Representative John J. Rogers. Sensibly the Rogers Act proposed the elimination of an illogical feature of American diplomacy, namely the existence of two branches: the Diplomatic Service and the Consular Service. The former was designed as a visible, socially prestigious service for negotiating with foreign governments. On the other hand, the Consular Service, founded in 1792, was designated to perform the routine, unglamorous work of facilitating commercial relations and issuing passports and visas. Hughes strongly supported combining the two services and raising salaries so as to open diplomatic careers to a broad range of candidates and not restrict the field to the affluent. The measure, which also provided for pensions, merit appointments, and promotions, finally cleared the Senate in May 1924, more than a year after its passage by the House of Representatives. In theory the consuls now enjoyed equal opportunity with the diplomats in all respects, but in practice men of means and social status continued to dominate the State Department bureaucracy. (According to the journalist Drew Pearson, their motto was borrowed from the placards displayed in the vestibules of Pullman cars: "Quiet is requested for the benefit of those who have retired.") Notwithstanding the bill's administrative

improvements, the Foreign Service remained predominantly white, male, eastern educated, and socially arrogant—the very embodiment of “a pretty good club.”⁴

Harding and Hughes were not isolationists in the sense that they wanted to bury their heads in the sand and abolish the Department of State. Unlike the irreconcilables, Harding and Hughes were not sullen and selfish in purpose. They were representatives of a party that had rejected Wilson’s internationalism at great political profit. Considering the entrenched isolationism within their own party, the new leaders showed imaginative practicality in promoting peace through disarmament as an alternative to Wilson’s program of peace through world government. They looked upon themselves as inheritors of traditional American concepts of non-entanglement in European politics, not as isolationists. Culturally and intellectually the vast majority of Americans and their leaders during the 1920s were anything but isolationist as they vigorously exported American films, music, and art, as well as concepts of business efficiency and peace through international cooperation. Economically, Americans were extroverted; they invested over \$80 billion in Europe, Latin America, and Asia. When Germany experienced difficulty in making reparations payments, it was American, not European, bankers who arranged the Dawes Plan in 1924 and the Young Plan in 1928. Prodded by the Department of Commerce, American exporters made American goods ubiquitous abroad: American foreign trade doubled between 1913 and 1929 despite the maintenance of an illogically high tariff policy. To the extent that there was an American plan to establish world order, it was understated and unstructured. Politically Americans still took as little responsibility as possible for international stability. The country was essentially hoping for the best by neglecting to maintain close ties with the League of Nations and the British Empire, by taking a hard line against its World War I debtors, and by seeking to isolate Soviet Russia while waiting for communism to collapse. If America was internationally engaged culturally and economically during the interwar period, the nation was politically disengaged.

America’s platonic political relationship with Europe during the interwar period can be illustrated by the hesitant connection established by the Harding administration with the League of Nations. Harding’s overwhelming election victory in 1920 had decisively settled in the negative the question of American membership in the League of Nations. Although thirty-one prominent Republicans, including Hughes and Hoover, had signed a manifesto advocating membership in a revised league, Harding had no intention of wrecking his administration at the beginning by starting a bitter fight with the irreconcilables. The new president, therefore, ignored “The Thirty-One” and told Congress the League “can have no sanction by us.”⁵ Hughes likewise had no stomach for a fight that he believed was

unwinnable. Nevertheless, without American participation, the League of Nations was organized at the neutral site of Geneva, Switzerland. By the spring of 1921 forty-three nations had already joined. At first, as revealed by a series of embarrassing articles in the *New York Times*, the State Department refused even to acknowledge communications from the League; a minor State Department official had relegated all League mail to the dead-letter file. Even though the error was rectified, Hughes's correspondence with the League was as technical, legalistic, and impersonal as possible. By the second year of the Harding administration, Hughes permitted Joseph Grew, the American minister to Switzerland, to establish direct contacts with League officials and to convey informally the American point of view without committing the United States in any way. Under Harding the United States began to participate in League humanitarian activities such as the control of anthrax in cattle and suppression of traffic in opium, prostitutes, and obscene publications. The United States quietly participated in League activities that were in America's interest while holding the League at arm's length. The idea of membership or the assumption of financial responsibility for League activities was anathema.

Less stealthy was the new administration's attitude toward the World Court, which was established in 1922 under the auspices of the League of Nations. Both Harding and Hughes, and later Coolidge, were unambiguously in favor of American participation. Hughes had long supported the principle of international adjudication of disputes. As the leading advocate of American membership in the World Court, Hughes showed flashes of the brilliance he had displayed at Washington. But this time there was to be no miracle at Washington. The irreconcilables were waiting in ambush to employ the same tactics against the World Court that had previously defeated Wilson's League of Nations. Led by Borah and Hiram Johnson, the opponents of the World Court saw American membership as a traitorous first step toward joining the League itself. The struggle began in February 1923, when Hughes recommended to Harding that the United States join the World Court and proposed four reservations designed to disarm the irreconcilables. Hughes's reservations were: first, that membership in the World Court carried with it no legal obligation to the League; second, that America could participate equally with the members of the League in the selection of judges; third, that Congress would determine America's fair share of World Court expenses; and fourth, that the regulations establishing the World Court could not be altered without American approval. Harding risked much of his political capital in challenging his former Senate colleagues and forwarding Hughes's proposal to the Senate. Henry Cabot Lodge, still chairman of the Senate Foreign Relations Committee, responded with determined tactics of delay. Taking his cue from Borah, Lodge tried to trap Hughes by demanding that he explain whether the United States would be required to submit to the judgment of the court all

disputes that could not be settled through diplomacy. Lodge added that, as Congress was about to complete its session, a reply was not expected prior to adjournment. Hughes then scored heavily by immediately responding. First, he rejected Lodge's thesis that it was necessary for the United States to submit every dispute to the World Court; that would be futile and a waste of time, he contended. Hughes then pointedly denied that international arbitration of disputes would constitute an entanglement in European politics. Instead, he argued, membership in the World Court was in the national interest of the United States and was consistent with America's past support of arbitration (a point that Hughes exaggerated, since the United States had usually arbitrated only if dealing with minor matters or with stronger powers). Despite Hughes's heroics, the irreconcilables held together and were able to delay a vote during the tenure of Harding and Hughes. The opponents of the World Court retained a potent weapon of their own which they were prepared to unleash in due course—namely, crippling irreconcilable reservations after the model of those employed by Lodge in 1919–1920.

With the benefit of hindsight, one of the more shortsighted aspects of American interwar foreign policy was the failure to maintain amicable relations with the two powers that served as America's allies in World War II: Great Britain and Soviet Russia. Regarding Britain, relations were never outwardly hostile, but they were consistently testy. A case in point was the Anglo-American quarrel over overcrowding and unsanitary conditions at Ellis Island, the dilapidated immigrant reception station maintained by the United States in New York Harbor. The trouble coincided with the passage of the 1921 Immigration Act, which established a quota system based upon national origin. Only twenty percent of a country's quota could be admitted each month. Thus, it was not uncommon for immigrants to arrive at Ellis Island only to discover that their national quota had been exhausted for the month in which they arrived; to be admitted they would have to remain in confinement until the next month's quota began. Immigrants from the British Empire were frequently caught in an administrative limbo and forced to stay in close proximity with Eastern European immigrants who had crossed the ocean in steerage.

Sir Auckland Geddes, the forty-one-year-old British ambassador, was first instructed to protest Ellis Island congestion and confusion in the fall of 1921. Lord Curzon of Kedleston, the Foreign Secretary, formally objected to the lack of governmental machinery warning travelers that they might be denied admission if the quota for their country was exhausted. Furthermore, complained Curzon, travelers to the United States were not warned in advance that they might "be subjected to detention in conditions unworthy of a civilized country."⁶ Hughes, playing the role of defense attorney, vigorously denied each and every British allegation. The congestion at Ellis

Island, he implausibly maintained, was the fault of British steamship companies, especially the Cunard Line, which deliberately transported inadmissible persons to the United States. Hughes's sole concession was to admit that the physical conditions at Ellis Island were "not satisfactory," but he maintained that the British had greatly exaggerated the shortcomings of the facility.⁷

Hoping to quiet the controversy, Labor Secretary James J. Davis invited Geddes, who had been trained as a medical doctor at the University of Edinburgh, to tour Ellis Island on December 28, 1922. From the perspective of the former anatomy professor, the facility at Ellis Island failed to pass muster. First of all, Geddes was struck by the inefficient arrangement of the buildings and their shocking lack of maintenance, as evidenced by peeling paint and a leaking roof. One of the most unpleasant features was the location of the toilets directly adjacent to the sleeping and living rooms. Everywhere he observed "impacted greasy dirt," combined with a "flat stale smell" and "the pungent odour of unwashed humanity." If given the choice, Geddes said, he would prefer incarceration at Sing Sing Prison to Ellis Island. For the next day and a half Geddes found he was accompanied by a distasteful souvenir of the experience. As he explained to Curzon: "After leaving the island, it took me thirty-six hours to get rid of the aroma which flavoured everything I ate or drank."⁸

For more than half a year the existence of Geddes's thoughtful report remained unknown to the general public. However, in the latter part of June 1923, in answer to a parliamentary question, the undersecretary for foreign affairs alluded to Geddes's visit and report. Responding to questions about Englishmen "incarcerated in cages" at Ellis Island, the official disclosed that Geddes had made an inspection and communicated his findings to the Foreign Office and the State Department. Following press reports that fifty British citizens had been hostilely questioned and then deported for being in excess of the British quota, it was decided to make the report public as a Parliamentary White Paper. A brief newspaper controversy ensued in which Geddes was attacked for having unjustly depicted Ellis Island as a "modern Black Hole of Calcutta." But by luck the furor was pushed to the back pages of the press because it coincided with the unexpected elevation to the presidency of Vice President Calvin Coolidge. Moreover, Ambassador Geddes, already blind in his left eye, was in London undergoing unsuccessful surgery to repair a detached retina in his right eye. Unable to read or see facial expression, he was forced into a premature retirement at age forty-four. Ultimately the United States did accept Geddes's suggestion that immigrants to the United States be examined at American consular offices in Europe rather than at Ellis Island. But instead of modernizing Ellis Island, Congress in 1924 imposed more restrictive quotas that slowed immigration from a flood to a trickle. The dispute illustrated the contentious state of Anglo-American relations as well as the cavalier atti-

tude of Congress and the executive branch toward maintaining America's image as the world's asylum.⁹

One American foreign policy of the interwar era attracted the attention of the common man to a far greater degree than any other. It was not the League of Nations, the World Court, or disarmament, but the payment of war debts by Europe to the United States Treasury. Europe's notable lack of enthusiasm for repaying the \$10.3 billion loaned by the United States during World War I occasioned great finger-pointing and head-shaking from American irreconcilable politicians. Spokesmen such as Senator Kenneth McKellar of Tennessee and Senator Henry W. Ashhurst of Arizona characterized the American loans as valid commercial obligations. Europe should promptly honor its obligations, they sermonized, instead of spending on armaments. If Europe failed to pay with interest, the American taxpayer would be saddled with the bill. On the other side, a phalanx of international bankers warned that debt repayment would depress Europe's ability to purchase American goods. The war debts were political, not commercial, said the bankers, and therefore they were subject to cancellation or substantial reduction. When Harding took office, Americans were divided into two distinct camps: those (the majority) who favored the payment of every dollar of principal and interest owed by Europe, and those who believed that collection would inevitably ruin the economies of Europe and America.

Soon after taking office, Andrew W. Mellon, Harding's Secretary of the Treasury, ordered a review of the foreign loans made under Wilson. A Pittsburgh banker and collector of art, Mellon was one of the world's richest men. But as secretary of the treasury he rejected the cancellationist views of his fellow bankers. Mellon concluded that the most efficient solution would be for Congress to confer upon him discretionary power to negotiate terms of settlement with each debtor including maturity dates and the interest rate. In Congress, which was seeking to regain power lost during the war to the executive branch, questions were raised as to whether it was wise to delegate so much authority to Mellon. The final version, delayed in passage until February 1922 by efforts to attach a veterans' bonus, sharply altered Mellon's proposal. Instead of granting sole negotiating authority to the secretary of the treasury, Congress created a five-man collection agency known as the World War Foreign Debt Commission. According to the strict terminology of the bill, the Debt Commission was instructed to collect the loans at an interest rate of 4.25 percent. To close any possible loophole, the commissioners were forbidden to agree to "cancellation of any part of such indebtedness except through payment thereof."¹⁰

In practice the members of the Debt Commission appointed by Harding were practical moderates. Mellon was designated by statute as the chairman. The other appointees were Hughes and Hoover, both cabinet officers,

and two members of Congress, Senator Reed Smoot of Utah and Representative Theodore Burton of Ohio. Repeatedly the Debt Commission, ignoring the stringent terms laid down by Congress, negotiated the best terms it could get and then submitted each settlement to Congress for separate approval. The Debt Commission hoped that Great Britain, America's largest debtor to the tune of \$4.6 billion, would be the first to negotiate. Until 1922 Great Britain's policy on debts had been to stall for time, hoping for a general cancellation of debts. In 1920, for example, Prime Minister David Lloyd George had broken off debt discussions between the United States and British treasuries and appealed unsuccessfully to President Wilson to accept an "all-round arrangement of inter-allied debts."¹¹ A final cancellationist ploy on the part of the British, which badly backfired, was the so-called Balfour Note of August 1, 1922.

The Balfour Note, signed by Arthur J. Balfour, the British Acting Secretary of State for Foreign Affairs, was sent to each of Britain's debtors—France, Italy, Yugoslavia, Rumania, Portugal, and Greece. The purpose of the communication was to inform the debtor countries that the British government had decided "with the greatest reluctance" to require them "to make arrangements for dealing to the best of their ability" with the loans advanced by the British Treasury. The note portrayed Great Britain as a magnanimous, generous creditor which had always favored a policy of "writing off, through one great transaction, the whole body of inter-allied indebtedness." The United States was depicted as a hard-hearted Shylock. Particularly distasteful to American officialdom was the statement: "In no circumstances do we propose to ask more from our debtors than is necessary to pay our creditors. And while we do not ask for more, all will admit that we can hardly be content with less. For it should not be forgotten, though it sometimes is, that our liabilities were incurred for others, not for ourselves."¹²

Contrary to the intentions of Balfour, his note was universally condemned in the United States. The Treasury Department was especially irritated. According to his nephew, Andrew Mellon was "really mad" and described the Balfour Note as "a lie."¹³ According to Undersecretary of the Treasury S. Parker Gilbert, the Balfour Note was "dangerously near to an attempt at repudiation." Furthermore, added Gilbert: "The insistence of the British on the theory that our loans to them were made in order to help their allies is about as irritating a piece of nonsense as has been pulled in the whole discussion about inter-governmental debts." The statement that Britain's debt was incurred for others, Gilbert told Mellon, "is absolutely untrue and the British Government knows it, though for some years past it has lost no opportunity to spread this theory as to the advances made to the British Government by this Government."¹⁴ The American press also criticized the Balfour Note, stressing that cancellation would be a gift to Britain while the American taxpayer remained saddled with a crushing burden.

Gradually the furor subsided. First, the Treasury was greatly pleased when the British made a goodwill payment of \$100 million to cover interest due on the debt. Then, in January 1923, a seasick British delegation headed by Chancellor of the Exchequer Stanley Baldwin arrived in Washington for two weeks of talks before returning to London. The stumbling block was the rate of interest. On the basis of capacity to pay, Mellon offered to fund the \$4.6 billion debt over sixty-two years at 3.3 percent interest. Prime Minister Andrew Bonar Law had been erroneously led by George Harvey, the indiscreet American ambassador to Britain, to expect an interest rate of only 1.5 to 2 percent. Baldwin and Geddes urged Law to accept the American terms so as to avoid "serious damage to our prestige," and Geddes argued it was "beyond doubt" that any better terms could be negotiated.¹⁵ For the time being the prime minister resisted and called Baldwin home for consultations.

A revealing insight into the real state of Anglo-American relations came in the form of an exceptionally candid dockside interview given by Baldwin on his return. He spoke of being "bound in regard to that debt in the most stringent hands you can possibly imagine." He criticized American provincialism ("The people in the West merely sell wheat and hogs and other products and take no further interest in connection with the international debt. . . . A great many people in America think all we have to do is send the money over"). To Baldwin's shock his interview was widely publicized and criticized in America. A typical response came from Senator Kenneth McKellar of Tennessee who characterized Baldwin's statements as "coarse and uncouth." In Britain's hour of need Americans greeted the Balfour Mission (of 1917) with respect and esteem, said McKellar, but "when pay day comes around they send another commission over here that deals in the dark."¹⁶ The controversy over the Baldwin interview subsided when Geddes announced on February 1, 1923, that the cabinet had accepted the American terms. A few irreconcilables, such as Senator James Reed of Missouri and Senator McKellar, contended that no concessions should have been made on interest, and the *Chicago Tribune* expressed disappointment that Britain had not ceded the British West Indies to the United States.¹⁷ In Congress the settlement easily passed both houses and was signed into law by Harding on February 28, 1923.

The official signing ceremony for the British settlement was finally held on June 18, 1923, a scant week before the first payment was due. Actually Finland, a month and a half earlier, had become the first debtor to sign and seal a war debt settlement with the United States. Shrewdly, Finland agreed to pay its tiny debt of \$9 million (which included \$1 million in back interest) at the British terms over a sixty-two-year period at 3.3 percent interest. From the perspective of the Harding administration the British and Finnish agreements were ideal models for future settlements because they were reasonable, businesslike, and based on the principle of capacity to pay.

Harding called the British agreement “the first clearing of the war-clouded skies in a debt-burdened world, and the sincere commitment of one great nation to validate its financial pledges and discharge its obligations in the highest sense of financial honor.”¹⁸ Temporarily and superficially the British agreement improved Anglo-American relations until the British began to have second thoughts about the wisdom of the terms they had accepted. Lacking a crystal ball, the statesmen of 1923 can be excused for failing to foresee that their work would soon end in instability, illwill, and default. But the fault lay not exclusively with “Republican” foreign policy, since Harding was carrying out a policy that originated with Wilson.

A final Harding policy inherited from Wilson and adhered to with great rigidity was nonrecognition of Soviet Russia. In this case the state department of Charles Evans Hughes and the intensely anti-Bolshevik Assistant Secretary of State Robert Kelley took the anti-communist lead so vociferously that the few advocates of normal relations with Russia were overwhelmed. Justified on the basis of the highest moral principle, the nation’s anti-communist paranoia led to another lost opportunity for American interwar diplomacy. In practice, Charles Evans Hughes proved even more rabid an anti-communist than his predecessor. In the first month of the Harding administration the Soviets approached Hughes requesting the opening of trade and diplomatic ties. Using the same arguments advanced by Colby, Hughes told the cabinet that the Soviets would use recognition to distribute revolutionary propaganda; besides, they would not pay legitimate debts, nor would they protect life and property in Russia. With the approval of the cabinet, Hughes announced that the United States saw “no proper basis” for trade relations. Diplomatic ties could only be established when the United States was satisfied that the Soviets would guarantee sanctity of life, contract, property, and the freedom of labor.¹⁹ Despite this unpromising start, a strange two-year interlude of Soviet-American friendship and cooperation began quite unexpectedly a few months later. The cause of the unusual rapprochement was the work of neither statesmen nor conspirators, but a product of drought and civil war: a devastating famine that was most acute in the lower Volga region, the Crimea, the Urals, and even in Ukraine.

The catastrophe produced a human wave of refugees fleeing the devastated countryside to cities where they had heard there was food. For those with money, ample supplies of food, with the exception of bread and flour, were available even in the famine region. But for the penniless, exhausted, and vermin-infested refugees, the results were often tragic, as children were lost or abandoned and hospitals and children’s homes overwhelmed. Epidemics of typhus and cholera added to the desolation. To subsist the destitute consumed seed grain, draft animals, cats, dogs, and nearly indigestible, greasy bread made from such substitutes as grasses, roots, bones, bark,

acorns, straw, sawdust, clay, weeds, and manure. Numerous cases of cannibalism, corpse eating, insanity, and suicide were reported. A famous appeal for aid by the writer Maxim Gorky made the world aware of the calamity. "I ask all honest European and American people for prompt aid to the Russian people," he wrote. "Give bread and medicine."²⁰ According to the estimate of the Norwegian humanitarian Fridtjof Nansen, two million people perished from hunger and disease in Russia during the famine years 1921–1922.

The residents of the famine region experienced one stroke of good fortune in that the United States happened in 1921 to have available the world's best prepared relief organization. Founded in 1919 as an official government agency by the mining engineer, financier, and humanitarian Herbert Hoover, the American Relief Administration (ARA) continued in existence after World War I as a private organization with close ties to the United States government. By the terms of an agreement reached at Riga with the Soviets, the ARA mounted a \$60 million, two-year effort that required the efforts of more than 200 American supervisors, inspectors, and physicians, as well as numerous grain ships, port officers, and United States Navy destroyers. The ARA's first priority was to establish kitchens for feeding Russian children plain but nutritious meals of corn bread, corn grits, maize gruel, and maize pudding (a combination of number two grade mixed corn with canned milk, sugar, fats, and salt). Having complied with its rule of "Feed Them First," the ARA then turned its attention to providing dry rations to hungry adults and to the distribution of food remittance packages, seed grain, clothing, shoes, socks, and medical supplies. The work of unloading, shipping, preparing, and serving ARA food required the services of almost 80,000 Russian employees and the setting up of 15,700 kitchens. At its high point in August 1922, the ARA was feeding more than ten million people every day. The exact number of lives saved can only be guessed but certainly numbered in the millions. Herbert Hoover's estimate was somewhere between ten and twenty million lives, although the Moscow office of the ARA leaned toward the more modest estimate of no fewer than five million.

Throughout the famine region the picture of Herbert Hoover became ubiquitous. Children playing in the streets would shout "Arah" when an ARA car or truck passed. American officials were inundated with emotional expressions of gratitude, often in verse and accompanied by illustrations showing intertwined Russian and American flags and the unloading of American food and medical supplies. According to the Riga agreement of 1921, which permitted the ARA to operate on Russian soil, the ARA was to confine itself solely to relief of the destitute. Political involvement was forbidden, at least in theory. But in practice many ARA workers and administrators, including economist Lincoln Hutchinson and former Indiana Governor James P. Goodrich, concluded that establishing trade and

diplomatic relations with the Soviets was in America's best interest. Optimistically they believed the Soviets were moving inevitably toward capitalism and that recognition and trade would accelerate the abandonment of the foolish communist economic system. On June 19, 1922, Governor Goodrich and Stanford University historian Frank Golder met at the Kremlin with top Communist leaders including L.B. Kamenev, Maxim Litvinov, Aleksii Rykov, Leonid Krassin, and Grigori Sokolnikov. In a wide-ranging discussion, Goodrich found the Soviets had substantially met the conditions laid down by Hughes and that the two sides were not far apart on such issues as trade and debts. In combination with Senator Borah, Raymond Robins, and the Russian-American businessman Alexander Gumberg, Goodrich sought to interest the Harding administration in sending a commission to Russia to explore recognition. When that idea floundered, due to the opposition of Hughes, Goodrich received a promise from Harding to reassess his administration's Russian policy following his return in August 1923 from Alaska. Optimistically Goodrich wrote Alexander Gumberg, "I am really somewhat hopeful of getting results after the return of the President if nothing happens between now and then to complicate the situation. In the past something has always happened. I hope it won't this time."²¹ Once again fate was against the advocates of normalizing Soviet-American relations as Harding became ill at San Francisco on his return from Alaska and died there on August 2, 1923. In the meantime the ARA operation in Russia was terminated and political contact between the two nations severed. Even the saving of millions of Russian lives failed to alter the political impasse. For all practical purposes the door to normal relations was closed for another decade.

NOTES

1. Betty Glad, *Charles Evans Hughes and the Illusions of Innocence: A Study in American Diplomacy* (Urbana, 1966), 132.
2. Mark Sullivan, *The Great Adventure at Washington: The Story of the Conference* (Garden City, 1922), 269.
3. Merlo J. Pusey, *Charles Evans Hughes* (New York, 1951), Vol. 2, 520–22.
4. Drew Pearson, *Washington Merry-Go-Round* (New York, 1931), 147. See also Martin Weil, *A Pretty Good Club: The Founding Fathers of the U.S. Foreign Service* (New York, 1978).
5. Robert K. Murray, *The Harding Era: Warren G. Harding and His Administration* (Minneapolis, 1969), 136.
6. Curzon to Geddes, September 16, 1921, FO414/248/A6238, Public Record Office.
7. Hughes to Curzon, October 3, 1921, General Records of the Department of State, File No. 150.08/92, RG 59, National Archives.
8. Geddes to Curzon, January 18, 1923, *Parliamentary Paper* (1923, XXV, Cmd. 1940), 4.

9. See Benjamin D. Rhodes, "A Modern 'Black Hole of Calcutta'? The Anglo-American Controversy Over Ellis Island, 1921-1924," *New York History* (July 1985), 229-48.
10. World War Foreign Debt Commission, *Combined Annual Reports of the World War Foreign Debt Commission with Additional Information Regarding Foreign Debts Due the United States* (Washington, D.C., 1927), 89.
11. Lloyd George to Wilson, August 5, 1920. *Combined Annual Reports*, 72-73.
12. Ambassador George Harvey to Hughes, August 4, 1922, Department of State, *Papers Relating to the Foreign Relations of the United States* [1922] (Washington, D.C., 1938), Vol. 1, 406-9 (hereafter cited as FRUS).
13. William Larimer Mellon, *Judge Mellon's Sons* (Pittsburgh, 1948), 447-48.
14. Gilbert to Eliot Wadsworth, August 17, 1922, and Gilbert to Mellon, August 17, 1922, "Fiscal Relationship of the United States and Foreign Countries, 1917-1941," Department of the Treasury, Records of the Bureau of Accounts, RG 39 (National Archives).
15. Law to Sir Robert Horne, January 22, 1923, FO371/8503/A440, Public Record Office (PRO); Geddes to Law, January 26, 1923, FO371/8504/A194, PRO.
16. *New York Times*, January 28, 1923; *Congressional Record*, 67 Cong., 4 Sess., 2669 (January 29, 1923).
17. *Literary Digest* 76 (March 3, 1923), 10-11; *Chicago Tribune*, February 2, 3, 1923.
18. World War Foreign Debt Commission, *Combined Annual Reports*, 98.
19. Murray, *The Harding Era*, 349.
20. Harold J. Goldberg, editor, *Intervention, Famine Relief, International Affairs, 1917-1933*, Vol. 1, *Documents of Soviet-American Relations* (Gulf Breeze, Florida, 1993), 198-99.
21. Quoted in Benjamin D. Rhodes, *James P. Goodrich: Indiana's "Governor Strangelove": A Republican's Infatuation with Soviet Russia* (Selinsgrove, Pennsylvania, 1996), 134.

CHAPTER 4

Foreign Policy Under Coolidge and Kellogg: A Relative Bed of Roses

Calvin Coolidge was one of the unlikeliest American presidents and easily the most eccentric. The son of a Vermont politician, Coolidge was educated at Amherst College, then read law at Northampton, Massachusetts, and began a relentless climb up the Massachusetts political ladder. His election in November 1918 as governor of Massachusetts appeared to be a fitting pinnacle to a career founded exclusively on local and state issues. But a series of chance events brought Coolidge to national attention. First, he became a hero when he took a hard line during the Boston police strike of 1919. Styling the strikers “deserters,” Coolidge supported the dismissal of those who had not reported for service. Then at the 1920 Republican convention at Chicago, to Coolidge’s surprise, the delegates revolted against their party leaders and nominated him for vice president. When asked by his wife whether he would accept the post, the taciturn Coolidge replied, “I suppose I shall have to.”¹

Had it not been for the accident of Harding’s death, Coolidge would likely have faded into the same political oblivion that had befallen such recent vice presidents as Charles Fairbanks, James S. Sherman, and Thomas R. Marshall. To the presidency he brought common sense, a conciliatory style of problem solving, and a reputation for remaining composed under fire. The latter quality he demonstrated in the early morning hours of August 3, 1923, when he learned of Harding’s death while he and his wife were visiting the family farm at Plymouth Notch, Vermont. On the advice of Hughes, Coolidge secured a copy of the presidential oath, which his father administered by the light of an oil lamp amid a small audience of neighbors and reporters. Later when asked what had been his first thought on learning he had become president, Coolidge typically responded, “I thought I could swing it.”²

In domestic affairs Coolidge was adequately equipped to “swing it,” as evidenced by his efficient prosecution of the scandals he had inherited from Harding. Foreign policy, however, was an area where Coolidge found himself utterly inexperienced and uninformed and therefore dependent upon his secretaries of state, Charles Evans Hughes and Frank B. Kellogg. Coolidge’s inclination was to solve problems as they came to him rather than to launch foreign policy initiatives. Basically he continued his predecessor’s policies on war debts, disarmament, the League of Nations, the World Court, and nonrecognition of the Soviet Union. Toward Latin America his good-neighborliness was modified by fears of communist subversion. The boldest Coolidge foreign policy initiative, which in time made him look foolish, was the 1928 Pact of Paris for the renunciation of war.

For a position that required frequent public appearances and speech-making, Coolidge often appeared taciturn and introverted. Usually he went about the business of delivering a speech stoically, rarely acknowledging applause or the presence of friends through nods or smiles. And, although the silences of “Silent Cal” were very evident, he often combined awkward gaps in conversation with a dry Yankee sense of humor. Sir Esme Howard, who replaced Sir Auckland Geddes as British ambassador in 1924, observed during his first meeting with Coolidge that when the president chose to make a humorous remark his eye would suddenly show a sparkle “rather like that in the eye of a parrot that is about to give someone a tweak.” When Howard presented Lord Robert Cecil to the president, he received his visitor with a painful silence. Then with a gleam in his eye Coolidge remarked, “When folks come to see me I expect them to do the talking.” That broke the ice and permitted conversation to flow “as much as it ever did with Mr. Coolidge.”³

Coolidge had never left the United States and often, in self-righteous platitudes, he conveyed the impression that he was a Vermont boy who had never left the farm. Once, probably with tongue in cheek, Coolidge shocked Lady Isabella Howard by stating that he would never visit Europe because America possessed everything he wished to learn. For all his apparent Yankee provincialism, Coolidge was not in sympathy with the irreconcilables, whom he regarded as obstructionists. Like Harding, Coolidge had no intention of being his own secretary of state and, as had been the case with Harding, Coolidge relied heavily on Hughes. One of Coolidge’s first foreign affairs problems was finding a replacement for Ambassador to Great Britain George Harvey, who had long been in Hughes’s bad graces due to his frequent indiscretions, including heavy drinking—prohibition notwithstanding. Coolidge first offered the post to Elihu Root and then to former Illinois Governor Frank Lowden, both of whom declined. Coolidge next interviewed former Minnesota Senator Frank B. Kellogg, who was in Washington arguing a case before the Supreme Court. By agreeing to go to

London, Kellogg won the confidence of the new president and became a likely candidate to head the State Department should a vacancy occur.

As long as Hughes headed the State Department, he dominated the formulation of foreign policy. That was made plain when, in his carefully prepared 1923 State of the Union message, Coolidge, at the urging of Raymond Robins, included a conciliatory overture to the Soviets. The United States, said the president, ought to be “the first to go to the economic and moral rescue” of Russia, provided the Soviets ended revolutionary propaganda, paid for confiscated property, and recognized repudiated debts. “We have every desire to help and no desire to injure,” Coolidge concluded. Grigori Chicherin, the Soviet Commissar for Foreign Affairs, expressed a “complete willingness” to discuss outstanding problems.⁴ However, instead of unconditionally accepting Coolidge’s conditions, Chicherin called for basing discussions upon reciprocity and the principle of non-intervention in the internal affairs of others. The legalistic Hughes then decisively intervened and ruled out any thought of negotiation until Moscow first restored confiscated property, recognized its debt, and promised not to spread propaganda. Hughes’s nonrecognition stance prevailed despite the decision of the British to recognize the Soviets in the spring of 1924. On July 1 Hughes reaffirmed his hard-line nonrecognition position, contending that the Soviets had refused to pay valid debts, engaged in subversive efforts to undermine the United States government, and had imposed the will of a small minority upon the Russian people. Strangely, Coolidge, preoccupied with the Harding scandals and his own election campaign, took no public notice of the contradiction between his State of the Union overture and the intense anti-communism of Hughes.

Much of Hughes’s final year as secretary of state was devoted to seeking a solution to the German financial crisis, caused by runaway inflation and a default of German reparations payments to the Allies. Hughes had to move cautiously to avoid the scrutiny of the irreconcilables. Theoretically reparations were not a concern of the United States since, from the time of the Peace Conference, the official American position had been that the payment of German reparations to the Allies was unrelated to the Allies’ payment of war debts to the United States. To everyone else the connection seemed clear enough. Hughes first suggested, in a speech to the American Historical Association on December 29, 1922, that the United States should assist in an adjustment of reparations. Specifically he suggested that “distinguished Americans” should prepare a payment plan. Behind the scenes Hughes engineered the appointment of Chicago banker Charles G. Dawes as chairman of a commission of experts to study currency stabilization. The plan proposed by Dawes provided for a sliding scale of German payments beginning with one million marks the first year, increasing

to two and a half million marks annually after five years. An essential feature of the Dawes Plan was a \$200 million loan to Germany to be extended by American and European bankers. Both Hughes and Kellogg played crucial roles in convincing the Allies and Germany to accept the arrangement. At London in mid-July, Kellogg used a Dawes Plan conference to pressure France and Germany to accept. Simultaneously Hughes made an unofficial European visit, masquerading in his role as president of the American Bar Association, to promote a reparations settlement. The American squeeze play paid off handsomely when French Premier Edouard Herriot capitulated and the Dawes Plan temporarily relieved the German financial crisis.⁵ Typically the American role had been indirect, unofficial, and involved no governmental commitment.

Before leaving office, Hughes had to grapple with another minor Anglo-American dispute, but one that typified the less-than-cordial state of relations between Washington and London. This time the two nations clashed over national prohibition, which went into effect in the United States with the passage of the Volstead Act of 1920. The measure, which enforced the Eighteenth Amendment to the Constitution, banned the sale of any beverage containing more than one half of one percent alcohol. Immediately there appeared a lucrative liquor-smuggling industry, which was headquartered at Nassau in the Bahamas. To the highly taxed British liquor industry and the depressed Bahamas, prohibition proved a financial godsend. Seeking to avoid seizure by the United States Coast Guard, American rum runners rushed to secure the safety of British registry at Nassau. British liquor exports to the Bahamas, which were legal, soared from a mere 27,427 gallons in 1918 to 567,940 gallons in 1921, and the revenue of the Bahamian government increased correspondingly. Cooperative officials in the Bahamas encouraged smuggling by issuing bootleggers, for a fee, two sets of papers designed to outwit the Coast Guard. One set, to be produced if the vessel was halted, purported that the ship was legally transporting liquor from the Bahamas to Canada. The other, designed for use if the liquor was successfully unloaded into the boats of collaborators, stated that the ship was sailing empty from the Bahamas to the United States. By the summer of 1921 a "rum fleet" of as many as fifty-five British vessels began hovering off the coasts of New York and New Jersey (known as Rum Row), waiting for an opportunity to discharge Scotch whiskey into speedy rum runners.

Initially the liquor dispute fell into the category of a minor nuisance. However, on April 30, 1923, the Supreme Court in *Cunard v. Mellon* held that the attorney general had the power to seize foreign liquor within the territorial waters of the United States. In a test case, United States customs officials boarded the British liner *Berengaria* and removed its sealed store of liquor while leaving undisturbed liquor earmarked for medicinal purposes. Thereafter British liners were able to sell liquor only on voyages to

the United States, with any excess thrown overboard upon reaching the three-mile limit. Hughes found an apparent solution to the imbroglio in the Anglo-American Liquor Treaty, which was ratified by the Senate on March 13, 1924. The British agreed to permit the visit and search of suspected smugglers and allowed the Coast Guard to apprehend fleeing bootleggers at a distance of up to one hour, depending upon the speed of the vessel concerned, from the coast of the United States. In practice the Liquor Treaty was hardly a landmark in Anglo-American friendship. One immediate benefit was that the size of the rum fleet was reduced to ten to twelve vessels hovering thirty to ninety miles off the coast. However, Britain had only signed the treaty to prevent further damage to its trans-Atlantic transit industry. And the one-hour limit contained in the treaty proved unworkable as a legal proposition. Moreover, the federal courts refused to permit Coast Guard entrapment techniques or the use of hypothetical measurements of the distance a smuggler could cover within an hour. The most serious disputes were the cases of the *W.H. Eastwood*, which in 1926 was struck by machine gun fire from a Coast Guard cutter engaged in "target practice," and the 1929 case of the *I'm Alone*, which was sunk by shell fire after a chase of 200 miles into the Gulf of Mexico. It was not the Liquor Treaty that ended the trans-Atlantic bickering over deliberate and flagrant British bootlegging, but the repeal of national prohibition in 1934.⁶

The Charles Evans Hughes era at the State Department ended in January 1925, when the sixty-three-year-old secretary of state announced his intention to return to the practice of law. After twenty years of public office, Hughes was said to be tired and in need of augmenting his income. At least that was the public explanation for his departure. In reality Hughes hoped and expected to remain in office following Coolidge's inauguration on March 4, 1925. As a formality he and other cabinet members submitted their resignations and to Hughes's shock his was accepted. The secretive Coolidge never offered an explanation, but his desire for a change was likely influenced by Hughes's distant, arrogant, and legalistic personality. "Silent Cal" apparently felt uncomfortable with the stiff, bearded, but not silent, Hughes.

Hughes was easily the most dominating secretary of state of the interwar era. He left office having won the respect of his associates for his hard work and keen legal mind. Theoretically he left a more professional foreign service, although in practice members of the diplomatic branch managed to control the promotion process to the detriment of the former Consular Service. Instead of creating a happy family of professionals, the Rogers Act left a legacy of bitter internal feuding. To contemporaries, Hughes seemed the greatest of American secretaries of state, with the possible exception of John Quincy Adams. But Hughes's reputation, like those of such other American interwar leaders as Harding, Coolidge, Mellon, and Hoover, faded badly with the collapse of prosperity and the perception that Hughes's

legal and moralistic vision, as represented by the Washington Conference treaties, was irrelevant and impotent in meeting the fascist challenge of the 1930s. If Hughes was not quite the miracle worker described in legend, his was unquestionably a tough act to follow.

Former Minnesota Senator Frank B. Kellogg, sixty-eight years old, was Hughes's hand-picked successor. In terms of direct contact with foreign affairs, Kellogg was better prepared than his predecessor. A wealthy Minnesotan corporation lawyer, he was the successful Republican candidate for the Senate in 1916. He served on the Foreign Relations Committee, and during the debate over the Versailles Treaty he was a mild reservationist. Defeated for reelection in 1922, he was appointed ambassador to Great Britain in 1923. In that position he managed to keep his hot temper under control, but as secretary of state his temperamental outbursts became legendary. Behind his back he was often called "Nervous Nellie," a nickname which was malicious and mean spirited.⁷ He was appointed secretary of state by a president who was anxious to maintain the status quo in foreign policy and to avoid fractious disputes within his own party. Coolidge later boasted he had been a president who minded his own business and he expected his secretary of state to do the same. Kellogg was appointed to keep the State Department on an even keel and to avoid rocking the boat, and within those parameters he succeeded.

From the beginning of his appointment (March 3, 1925), Kellogg followed paths previously charted by Hughes. On the topic of the Soviet Union, he disappointed the advocates of recognition by taking an even more dogmatic position than had Hughes. Senator Borah had now become the chairman of the Senate Foreign Relations Committee following the death of Henry Cabot Lodge in November 1924. But Borah found Kellogg's mind closed to any suggestion of recognition as he brandished "intercepted" documents supposedly proving a diabolical Kremlin plot to subvert American blacks. Former Indiana governor James P. Goodrich met a similar response. Following a Russian tour in the fall of 1925, Goodrich urged Coolidge to use his 1925 State of the Union address to endorse Russian recognition. The exchange of ambassadors, Goodrich advised Coolidge, would advance world stability, strengthen American business ties with Russia, and "accelerate rather than retard the march now going on from communism to capitalism." Coolidge dashed the hopes of the recognition advocates with a typically bland two-sentence reply thanking Goodrich for his "very interesting letter on the situation in Russia. I am always glad to have your views and am obliged to you for writing me so fully."⁸

Fear of possible Communist subversion in the vicinity of the Panama Canal lay behind the Latin American policy of the Coolidge administration, which represented a decided pause in the development of the Good

Neighbor Policy. Actually both Coolidge and Kellogg lacked basic information and interest in the region and heavily relied on those in the field for advice. Ambassador to Mexico James Rockwell Sheffield and Assistant Secretary of State Robert E. Olds, both wealthy and conservative attorneys, largely determined American policy toward Mexico. The immediate dispute between the two nations was an outgrowth of the great social revolution that had swept over Mexico during the presidencies of William Howard Taft and Woodrow Wilson. In 1917 Mexico adopted a new constitution designed to reverse the virtual giveaway of Mexican land and resources which had characterized the long dictatorship (1876–1911) of Porfirio Díaz. Article 27 of the 1917 Constitution vested ownership of subsoil mineral rights in the Mexican nation. If literally enforced, Article 27 would have expropriated the holdings of foreign oil companies. The threat of Plutarco Elías Calles, who was elected president of Mexico in 1924, to enforce the 1917 Constitution through legislation produced a new crisis in Mexican-American relations. Both Sheffield and Olds argued for a hard-line American response, and Olds made the sensational, but unsubstantiated, charge that Bolshevik influence was spreading southward from Mexico toward the Panama Canal.

In 1927 the crisis subsided almost as quickly as it had appeared largely due to a rare example of successful personal diplomacy. To replace the unpopular Sheffield, Coolidge named the New York financier Dwight Morrow, who had just ended his ties with J.P. Morgan and Company. The new ambassador employed unconventional methods, including traveling to Mexico City in his private railroad car and hiring a competent personal staff out of his own pocket. Morrow also displayed old fashioned charm and succeeded in establishing a flexible and conciliatory relationship with Calles. The controversy was all but settled when the Supreme Court of Mexico, under pressure from Calles, handed down a favorable decision permitting American petroleum companies, which had begun development prior to the 1917 Constitution, to retain ownership.⁹

Nicaragua was the other major Latin American trouble spot during the Coolidge administration. As in the case of Mexico, relations with Nicaragua were complicated by repeated American interventions, the most recent of which had occurred in 1912 during Taft's "dollar diplomacy." A token legation guard of marines still was stationed at Managua until it was unwisely removed in August 1925. Former president Emiliano Chamorro, who had been fraudulently counted out in the 1924 election, maneuvered his way into power at the expense of President Carlos Solózano and Vice President Juan Sacasa. As revolution flared along Nicaragua's east coast in the spring of 1926, United States marines were landed with instructions to suppress the fighting. Nevertheless, the fighting spread by 1927 to the west coast. A few months previously, Chamorro had fallen from power and had been replaced by one of his confederates, Adolfo Díaz, whom Coolidge

recognized. At the same time, Mexico recognized Juan Sacasa and encouraged his revolution against the Díaz government. The credibility of both Kellogg and Coolidge suffered when they attributed the instability of Nicaragua to Bolshevik plotting.

Coolidge managed to extricate himself from the dilemma by dispatching to Nicaragua, as he had to Mexico, a skilled troubleshooter in the person of Henry L. Stimson. Already Stimson had served Taft as secretary of war, a position to which he was again named in 1940. In between he served Hoover as secretary of state. Arriving at Managua in the spring of 1927, Stimson insisted that Díaz remain in power and that the United States supervise the 1928 election so as to guarantee fairness and stability and forestall the standard Latin American solution of a revolution. With the exception of the revolutionary Augusto C. Sandino, all parties agreed to the terms negotiated by Stimson. To the relief of Washington, the 1928 election, won by the liberal candidate José Moncada, was generally agreed to have been fair and peaceful.¹⁰

On the whole, the Latin American policy of the Coolidge administration had been improvised at the last minute and was based on the false assumption that Soviet agents were behind Latin American instability. Neither Coolidge nor Kellogg took much serious interest in the region and found it the path of least resistance to fall back on Theodore Roosevelt's policy of "big stick" intervention in the internal affairs of banana republics. Much more farsighted was the drafting in 1928, at Kellogg's request, of the J. Reuben Clark Memorandum rejecting any right for the United States to intervene in Latin America under the authority of the Monroe Doctrine. In 1905 Theodore Roosevelt had twisted the "hands off" theme of the Monroe Doctrine to justify American intervention in Latin America so as to avert chaos. However, the Clark Memorandum, named for Kellogg's under-secretary of state, was not published until 1930, and it did not categorically rule out intervention. As late as the 1928 Havana Pan American Conference, the American representative, Charles Evans Hughes, refused to endorse a statement denouncing the right of intervention under all conditions.¹¹ When Coolidge and Kellogg left office in 1929 American relations with Latin America were at their lowest level of the interwar era.

To contend that the Department of State was in mothballs during Kellogg's tenure would be going too far. But Kellogg had little direct influence on two major foreign policies of the period that made the United States appear narrow-minded as well as sullen and selfish in purpose. In fairness to Kellogg, both the question of joining the World Court and the conflict over repayment of European war debts were issues so enmeshed in partisan politics that probably no secretary of state could have made a difference. Both Coolidge and Kellogg advocated United States membership in the World Court. In his first State of the Union message, Coolidge urged

the Senate to approve participation in the World Court with the four reservations suggested by Hughes. Likewise Kellogg, speaking to the American Society of International Law, endorsed American participation. All appearances were that the World Court proposal would pass, especially after the House of Representatives overwhelmingly approved membership by a vote of 302 to 28.

Senator Borah, taking his cue from the deceased Henry Cabot Lodge, denounced what he called the "League Court." He contended, rather transparently, that he favored the concept of a world court, but opposed one related to the League of Nations. Borah, and other World Court opponents, found a solution by adding a fifth reservation stating that the World Court could not, without American approval, hand down an advisory opinion on any matter involving the United States. (According to the League constitution, the League Council could request advice from the World Court on current matters that were before it.) In reality, rendering advisory opinions was a minor function of the World Court, but the strategy worked for the irreconcilables. With five reservations the proposal passed the Senate on January 27, 1926, by a vote of 76 to 17. But it proved impossible to secure acceptance of the reservations by all forty-seven World Court members.¹² With good reason, Coolidge abandoned hope, and the World Court issue faded into oblivion until debated for a final time in 1935. Given the determination and skill of the World Court opponents, it is hard to see what more Coolidge and Kellogg could have done to join the World Court; it is equally difficult to see whether American membership would have affected world events to any great extent.

It was during Coolidge's presidency that America's image abroad sank disastrously. The immediate cause was clear enough: European resentment against the United States' closing of the New York loan market and simultaneously imposing war debt settlements under duress. Instead of the wartime image of generous "Uncle Sam," the United States was widely stereotyped abroad as the sinister creditor "Uncle Shylock." The role played by the State Department in settling the war debts was only a peripheral one inasmuch as the basic collection policy had been established by Congress and was implemented through the World War Foreign Debt Commission headed by Treasury Secretary Mellon. Nevertheless, the unpopular debt settlements imposed by the Debt Commission complicated Kellogg's conduct of foreign policy and reinforced the American impression that Europeans were ungrateful.

When Coolidge took office, model debt settlements with Great Britain and Finland had already been completed. It was his intention to continue the process begun under Harding, and Coolidge supposedly summarized his views on the topic with the shallow remark, "They hired the money, didn't they?" To collect "the money" the Coolidge administration made use of a

new method: closing the domestic loan market to countries with unfunded debts to the United States. In 1924 the Debt Commission used closure of the loan market to convince such minor debtors as Hungary, Lithuania, and Poland to accept the British terms; Czechoslovakia, Estonia, Latvia, and Rumania followed in 1925. At the same time Belgium, the United States' fourth largest debtor after Britain, France, and Italy, agreed to terms. Belgium's debt of \$417,780,000 was unusually controversial because the Versailles Treaty had made Germany responsible for Belgium's pre-Armistice debt to the United States of about \$172 million. Since the Senate rejected the Versailles Treaty, the Debt Commission included that amount in the total due. When Belgium sought a \$50 million loan in May 1925 from J.P. Morgan and Company, Kellogg (who was now a member of the Debt Commission) told the bankers that the State Department would not look with favor upon the loan until Belgium funded its debt. To secure access to the credit market Belgium then came to terms; the Debt Commission agreed to charge no interest on Belgium's pre-Armistice debt, which was payable over the standard sixty-two-year period. The British terms (3.3 percent interest over sixty-two years) were required on the remainder of \$246 million. Although the Belgian settlement was the most liberal made by the Debt Commission up to that time, it was highly unpopular in Belgium. The Belgian press printed news of the settlement under the headline "THE AMERICAN SHYLOCK WANTS TO BE PAID AT ONCE," and charged that the signature of President Wilson had become a mere scrap of paper.¹³

Even more generous terms were extended to Italy, which, including back interest, owed just over \$2 billion. The Italian government of Benito Mussolini pleaded poverty and suggested that the debt be retired over a century without interest; if Germany failed to pay reparations, Italy asked for the right to suspend payments. Both Mellon and Kellogg adopted a hard line. The Italian proposal did not constitute a valid offer, they said. Mellon bluntly told the Italians that he would insist on payment of the principal at once plus five percent interest if Italy did not modify its terms. So almost immediately the Italians capitulated and for the usual reason: they needed access to the New York loan market. In November 1925 an Italian debt commission arrived in Washington and, accompanied by economists with skillfully prepared pamphlets and statistics, presented a convincing description of Italy's dubious capacity to pay. After two weeks of negotiations the Debt Commission extended Italy its most generous terms: the \$2 billion debt was to be repaid over sixty-two years at just 0.4 percent interest. Despite the objections of congressional Democrats, who contended the low interest rate subsidized Italian militarism, Congress gave its approval.¹⁴

The most bitter recriminations of all emanated from the French who, including unpaid interest and the purchase of American surplus war stocks, owed the Treasury slightly more than \$4 billion. In 1922 Premier Raymond Poincaré took the intransigent position that "France is not in a position to

make any agreement concerning the payment of her political debts." The implication was that France's debt, incurred on behalf of a common cause, was subject to bargaining or cancellation. Two years later Myron T. Herrick, the American ambassador to France, was handed a typically unacceptable proposal by the French finance minister suggesting a settlement on the basis of a complete moratorium for ten years, no interest for the next ten years, and 0.5 percent interest for the following ninety years. French opinion passionately held that France had paid in blood at Verdun and the battles of the Marne. The French Chamber of Deputies gave Louis Marin, its former vice president, a demonstrative standing ovation when he proclaimed: "If in this world the power of gold has so much influence on the policy of nations, then farewell to justice and farewell to the power of conscience and the high influence of the great heart of humanity." When Senator Borah accused the French of "finessing for cancellation," Marin retorted that the United States had substituted a golden calf for the Statue of Liberty.¹⁵

Headed by Finance Minister Joseph Caillaux, a French debt commission arrived at Washington in an uncompromising frame of mind in September 1925. Prior to his departure, angry French war veterans presented to Herrick—for him to present to Senator Borah—a wooden leg, an American medal, khaki and blue helmets, and a history of the American Revolution. They stated to Herrick: "We attach a medal which one of our comrades received for saving the life of an American officer at the front. He does not want it any longer. He is returning it to Senator Borah: we owe him so much money. We also add a wooden leg such as those worn by thousands of French soldiers. All of it you have here in a blue helmet such as fought side by side with the American khaki helmet on the field of battle in 1918. Ask if Senator Borah would only understand that the day will come when the price in gold which he wishes to collect won't be worth the price in blood which we have shed."¹⁶

The primary stumbling block in the negotiations was Caillaux's insistence on a "safeguard clause," permitting France to suspend payments in the event Germany failed to pay reparations. Commerce Secretary Herbert Hoover, a member of the Debt Commission, rose to the occasion by devising a disarmingly simple statement: "This agreement is based upon the economic capacity of France to meet the annual payments set out. It is therefore agreed that if it shall be proved that these payments are beyond the capacity of France to pay the payments are to be jointly reviewed by the two governments." When the French rejected Hoover's statesmanlike proposal the talks collapsed and Caillaux returned home. Finally, in the spring of 1926, a new French ambassador, former Senator Henry Bérenger, reached a settlement with the Debt Commission. In return for relinquishing the concept of a safeguard clause, Bérenger secured significant concessions on the rate of interest. Over the sixty-two years of the agreement the average

interest rate was just 1.6 percent. And under the Mellon-Bérenger Accord, France would pay only \$160 million during the first five years as compared to \$220 million agreed to by Caillaux.¹⁷

In theory the settlements negotiated by the Debt Commission provided that the United States, over the standard sixty-year payment period, would receive slightly more than \$22 billion. Mellon maintained that the Debt Commission had achieved “a true balance . . . between the duty of the debt commission to the American taxpayer and fairness toward those nations to which was extended aid during and after the war.”¹⁸ American opinion accorded the issue more attention than it warranted from a purely economic viewpoint. The reality was that the debt payments were less important to the national finance of the United States than contemporaries believed because, with the exception of Great Britain, the payments were scaled down in the early years of the agreements. Italy and France received special treatment and France did not ratify the Mellon-Bérenger Accord until 1929. The significance of the war debts was political, not economic: they poisoned relations with the United States’ former allies and intensified isolationism at home by convincing Americans that Europe was ungrateful, morally bankrupt, and unworthy of American attention. In France resentment against the “Shylock” American debt settlement took the form of a Paris demonstration (July 11, 1926) by 20,000 veterans, headed by the blind, the maimed, and the shell shocked parading in silent protest. Various other outrages and insults were directed at American tourists, and cynical editorials criticized America’s love of money at the expense of ideals. Joining the criticism was Chancellor of the Exchequer Winston Churchill who, in the summer of 1926, attacked the “rigour” the United States had meted out to Britain in the 1923 debt settlement. Senator Borah accused Churchill of launching a “Gallipoli campaign,” and Kellogg called in the British chargé to protest.¹⁹

The atmosphere of mutual recriminations did not help at all when the United States, Britain, and Japan met at Geneva, Switzerland, from June to August 1927 to consider further steps toward disarmament. The objective was simple enough: to extend the Washington Conference ratio to lesser ships, especially cruisers. Kellogg invited all the Washington Conference participants to attend, but France and Italy declined due to their growing naval rivalry in the Mediterranean. So, at Geneva only the three ranking naval powers were in attendance: the United States, Great Britain, and Japan. Three months of negotiation led precisely nowhere and the conference adjourned an obvious failure. Why did it fail? A standard answer was that a lack of preparation and prior agreement was the culprit; this was the view of Vice President Charles G. Dawes. A more convincing explanation is that the conference failed because of Anglo-American distrust and naval rivalry.

At the outset prospects seemed bright for success since both the United States and Britain paid lip service to applying to cruisers the 5:5:3 tonnage ratios agreed to at Washington for battleships. But the conference was dominated by the egos and professional aspirations of naval experts, such as Rear Admiral Hilary P. Jones of the United States and Sir William Bridgeman of Great Britain, rather than by the political leaders who had been in charge at Washington. Superficially the two positions were not far apart. The basic problem was how to apportion the tonnage quotas among heavy and light cruisers. United States naval policy emphasized the construction of heavy 10,000-ton cruisers with eight-inch guns and a long cruising range. The British stressed light cruisers of 6,000 tons and six-inch guns. Bridgeman insisted upon Britain's "absolute need" for seventy cruisers; fifty-five would be of the 6,000-ton class and only ten of the 10,000-ton category. Britain, said Bridgeman, must have a superiority in numbers of cruisers, although he would concede overall tonnage parity.

The conference was soon tangled in a semantic dispute. The American position was that the conference must first agree on maximum tonnage limits before considering a limit on numbers. On the other hand, the Admiralty insisted that the number of vessels should be agreed to before limiting tonnage. To the man on the street such a disagreement was unintelligible. In reality, the debate over technical matters disguised the fact that, in the event of another world conflict, the two nations were potential naval rivals. With the experience of World War I behind them, the British wanted a large fleet of light cruisers to protect commerce and their far-flung empire. Moreover, the light cruisers would be essential for enforcing maritime belligerent rights, including blockade. On the other hand, the United States Navy envisioned the heavy cruisers as useful commerce raiders and as essential weapons for breaking blockades. As aptly summarized by General Preston Brown in a conversation with the British military attaché in Washington, the British wanted more light cruisers so as to be able to establish a blockade; the United States Navy wanted the large cruisers so as to challenge potential British blockades. Kellogg and Coolidge regarded the British performance at Geneva as a stab in the back, and Coolidge recommended that the United States undertake a massive naval buildup, which was partially implemented in the Naval Construction Act of February 1929, which authorized the construction of fifteen cruisers. In fact the act proved to be a bluff, because it also provided for suspension by the president if a naval limitation agreement became reality. After the London Naval Conference of 1930 and the crisis in American finance produced by the Great Depression, the United States quietly capitulated, so that by 1932 the United States Navy had only nineteen cruisers to Britain's fifty-two.²⁰

To later generations Kellogg's reputation as a muddleheaded statesman was established because he lent his name to what was one of the most

bizarre treaties ever conceived: the Kellogg-Briand Pact for the renunciation of war as an instrument of national policy. Originally conceived as a Franco-American pact, it was endorsed by sixty-four nations when it went into effect. Even Kellogg in his retirement became disillusioned and suspected that the treaty, for which he had received the 1930 Nobel Peace Prize, had become (to use a phrase coined by Senator James A. Reed) an "international kiss."²¹

In retrospect it seems incredible that two such experienced statesmen as French Foreign Minister Aristide Briand and Kellogg could have associated themselves with such a strange document. In truth they brought much of the problem upon themselves through opportunistic political maneuvering on the part of Briand and misplaced idealism on the part of Kellogg. Skillful and energetic pressure generated by dedicated pacifists completed the picture. Just who originated the concept of outlawing war is still a subject of some dispute. Among American pacifists, Columbia University President Nicholas Murray Butler, Columbia University historian James T. Shotwell, and Chicago attorney Salmon O. Levinson played the major organizational and public relations roles. Levinson and Raymond Robins combined to enlist the critical support of Senator Borah behind the cause of renouncing war. Briand, at the suggestion of Shotwell, took the first step by proposing a Franco-American treaty outlawing war. His motive was primarily political: to elevate French prestige and to send a message to Germany that the United States' backing of France was unwavering. Briand followed up his proposal by submitting a draft treaty.

Kellogg, who was at first skeptical of the outlawry concept, became by 1928 an enthusiastic convert. A barrage of pacifist pleading and the realization that a renunciatory pact could be his historical legacy as well as the likely route to the Nobel Peace Prize accounted for his change of heart. The fifteen signatories, "deeply sensible of their solemn duty to promote the welfare of mankind," pledged "that they condemn recourse to war for the solution of international controversies, and renounce it as an instrument of national policy in their relations with one another." Only a few Latin American nations failed to attach their approval when the document went into effect in 1929; even today it remains harmlessly in force. Senators James A. Reed of Missouri and George Moses of New Hampshire led a movement to attach reservations so as to protect the Monroe Doctrine and America's right of self-defense. Foreign Relations Committee Chairman Borah, demonstrating his formidable ability as a debater and parliamentary tactician, outmaneuvered the opposition. In the closing weeks of the Coolidge administration the opponents were routed as the Senate approved the pact by a vote of 85 to 1. No American reservations were attached, although Borah read into the record a report of the Senate Foreign Relations Committee explaining that the committee understood that the pact in no

way abridged the United States' right of self-defense. Kellogg treated the report as merely an expression of opinion that required no legal action or exchange of notes.²²

The Coolidge administration departed office indulging in expressions of self-congratulation and praising itself for having brought peace and prosperity to mankind. Condescendingly Coolidge, in his final State of the Union message, announced: "We must extend to other countries the largest measure of generosity, moderation, and patience. In addition to dealing justly, we can well afford to walk humbly." A few skeptics such as Senator Carter Glass of Virginia regarded the Pact of Paris as a "worthless, but perfectly harmless peace treaty."²³ Privately many senators agreed with Glass but hesitated in a presidential election year to go on record against the sacred cause of peace. Hailed by pacifists as the triumph of conciliation, arbitration, and the rule of law, the outlawry movement expressed the near isolationist hope of the 1920s that war would just go away without the inconvenience and cost of binding obligations. The jubilation was short-lived once new conflicts broke out in the Far East—not only dooming the reputations of the authors, but making it clear that the world had bought not peace, but a mess of pottage.

NOTES

1. Claude M. Fuess, *Calvin Coolidge: The Man from Vermont* (Westport, 1976, reprint of 1939 edition), 265.

2. Fuess, *Coolidge*, 311.

3. Esme Howard, *Theatre of Life* (Boston, 1953–1955), Vol. 2, 491–92.

4. Coolidge, State of the Union Address, December 6, 1923, *Papers Relating to the Foreign Relations of the United States, 1923* (Washington, 1939), 1, 8–9 (hereafter cited as FRUS); Chicherin to Hughes, December 16, 1923, FRUS, 1923, 2, 787.

5. For the United States and reparations see Harold G. Moulton and Leo Pasvolsky, *War Debts and World Prosperity* (New York, 1932); Herbert Feis, *The Diplomacy of the Dollar, 1919–1932* (Baltimore, 1950); John D. Hicks, *Republican Ascendancy, 1921–1933* (New York, 1960); Bruce Kent, *The Spoils of War: The Politics, Economics, and Diplomacy of Reparations, 1918–1932* (Oxford, 1989); and Stephen A. Schuker, *The End of French Predominance in Europe: The Financial Crisis of 1924 and the Adoption of the Dawes Plan* (Chapel Hill, 1976).

6. For prohibition diplomacy see Lawrence Spinelli, *Dry Diplomacy: The United States, Great Britain, and Prohibition* (Wilmington, Delaware, 1988).

7. L. Ethan Ellis, *Frank B. Kellogg and American Foreign Relations, 1925–1929* (New Brunswick, 1961), 7–8; Robert H. Ferrell, *Frank B. Kellogg*, in Robert H. Ferrell and Samuel Flagg Bemis, editors, *The American Secretaries of State and Their Diplomacy* (New York, 1963), Vol. 11, 1–24.

8. Benjamin D. Rhodes, *James P. Goodrich: Indiana's "Governor Strangelove": A Republican's Infatuation with Soviet Russia* (Selinsgrove, Pennsylvania, 1996), 154.

9. Ellis, *Frank B. Kellogg and American Foreign Relations*, 23–57; Ferrell, *Frank B. Kellogg*, 28–44.
10. Ellis, *Frank B. Kellogg and American Foreign Relations*, 58–85; Ferrell, *Frank B. Kellogg*, 44–57.
11. Ferrell, *Frank B. Kellogg*, 58–61.
12. Robert J. Maddox, *William E. Borah and American Foreign Policy* (Baton Rouge, 1969), 168–70.
13. Kellogg to William Phillips, May 29, 1925, FRUS, 1925, 1, 114–15; World War Foreign Debt Commission, *Combined Annual Reports* (Washington, 1927), 171–77; Phillips to Kellogg, September 16, 1925, General Records of the Department of State, File No. 800.51 W89 Belgium/109, RG 59, National Archives.
14. Alexander DeConde, *Half Bitter, Half Sweet: An Excursion into Italian-American History* (New York, 1971), 192–200.
15. Benjamin D. Rhodes, “Reassessing ‘Uncle Shylock’: The United States and the French War Debt, 1917–1929,” *Journal of American History* 55 (March 1969), 794.
16. *New York Times*, September 16, 1925.
17. Benjamin D. Rhodes, “Herbert Hoover and the War Debts, 1919–1933,” *Prologue: The Journal of the National Archives* 6 (Summer 1974), 134–36.
18. World War Foreign Debt Commission, *Combined Annual Reports*, 59–60.
19. See Benjamin D. Rhodes, “The Image of Britain in the United States, 1919–1929: A Contentious Relative and Rival,” in B.J.C. McKercher, editor, *Anglo-American Relations in the 1920s: The Struggle for Supremacy* (London, 1990), 202.
20. B.J.C. McKercher, *The Second Baldwin Government and the United States, 1924–1929: Attitudes and Diplomacy* (New York: 1984), 55–104; Brian McKercher, “Wealth, Power, and the New International Order: Britain and the American Challenge in the 1920s,” *Diplomatic History* 12 (Fall 1988), 411–41.
21. Ferrell, *Frank B. Kellogg*, 115.
22. See Robert H. Ferrell, *Peace in Their Time: The Origins of the Kellogg-Briand Pact* (New Haven, 1952), esp. 266–69.
23. Ferrell, *Peace in Their Time*, 251.

CHAPTER 5

Foreign Policy Under Hoover and Stimson: A Bed of Pain

Prior to their inaugurations the three previous presidents of the interwar era (Wilson, Harding, and Coolidge) had been men without much, if any, exposure to foreign policy. Herbert Clark Hoover, Coolidge's successor, was a notable exception. Born at West Branch, Iowa, to Quaker parents in 1874, Hoover was not a provincial midwesterner. Both his parents died before he was ten, and he spent his formative years on the west coast, first in his uncle's home at Newberg, Oregon, and then as a college student of engineering and geology at the newly opened Stanford University. His reputation as the "great engineer" was a result of an international career in which the superefficient Hoover traveled the globe as a "doctor of sick mines." Simultaneously Hoover was highly proficient as a financier, an activity that he later preferred to minimize.

Hoover's fame as the "great humanitarian" was established by his hard driving organization in 1915 of the Commission for Relief in Belgium (CRB); all international relief to Belgium was funneled to that occupied nation through Hoover. During the Peace Conference many CRB men joined Hoover's American Relief Administration, which, on credit, fed the destitute of Europe. It was not Hoover's fault that Congress later ungraciously insisted on being repaid for American aid with interest. Continuing as chairman of the ARA in the 1920s, Hoover responded to Soviet pleas and supervised the distribution of bulk corn to the starving people of Ukraine and southern Russia. Between 1915 and 1923 Hoover had the distinction of having saved tens of millions of human beings from starvation. Serving as secretary of commerce under Harding and Coolidge, Hoover was easily the outstanding cabinet officer of the 1920s. He served on every important commission of the era, amazing his associates with his energy, even when his famous scowl and temper were evident. When Coolidge, in typically eccentric fashion, announced in August 1927, "I do not choose to run for

president in 1928," Hoover staked out his claims. No strong candidate arose against him in the Republican Party, and in the November 1928 election he easily defeated the wet and Catholic Democratic candidate, New York Governor Alfred E. Smith.

Foreign policy was not a closed book to Hoover. At the Paris Peace Conference he had advised Wilson to take a hard line against establishing diplomatic relations with the Bolsheviks, a position that he consistently adhered to afterward. As secretary of commerce, Hoover aggressively promoted the growth of American exports, and he played a leading role in shaping United States war debt policy as a member of the World War Foreign Debt Commission. Raymond Moley, a member of Franklin D. Roosevelt's "brain trust," justifiably called Hoover "the best informed individual in the country on the question of the debts."¹ Sir Esme Howard, the departing British ambassador, shrewdly summarized Hoover as a man characterized by "complete self-reliance and belief in himself and his country, an immense power of work and talent for organization, a hatred of what he terms the 'European frozen strata of classes,' and of tyranny in any form which prevents completely free development of an individual who has merit above his fellows." In Howard's opinion, one of Hoover's few shortcomings was his dislike of criticism, "which is not likely to make the White House a bed of roses for him, nor perhaps his staff." Howard also detected a certain social awkwardness on Hoover's part, noting that he was "lacking entirely in those lesser graces of life which . . . help to make the wheels of the machine around him move smoothly." Unlike the passive Coolidge, Hoover appeared ready to solve problems in "a bold spirit of statesmanlike efficiency." The greatest problem confronting Hoover and the country, Howard prophetically observed, "was how to keep new wine in an old bottle without either damaging the taste of the old wine or bursting the bottle."²

For his first seven and a half months as president, Hoover experienced a relative bed of roses, at least in comparison with the bed of pain that materialized once the shattering of the economic bottle destroyed the bright promise of his presidency. Initially American business and political leaders underestimated the seriousness of the economic damage. Hoover's secretary of commerce assured the commercial attaché of the British Embassy that all was well: the period of recession would be confined to only three months, and the economy would then resume its upward momentum. Perhaps that rosy scenario would have played out had not a second and even more devastating financial crisis struck from Europe in 1931. Now American foreign lending practically ceased, giving some support to Hoover's often ridiculed argument that Europe, not the United States, was the source of the depression. The unwise Hawley-Smoot Tariff of 1930 was another contributing factor. Passed as the result of legislative log-rolling run amuck, Hawley-Smoot raised rates to a prohibitive fifty-nine percent level, producing a suicidal international trade war.

In the interim, before the economic storm clouds overshadowed everything else, Hoover managed several modest foreign policy achievements in Latin American policy and disarmament. In both cases Hoover built upon precedents set earlier in the interwar era. Moreover, unlike the two Republican presidents who had preceded him, Hoover took an active interest in foreign policy, even though he did not try to be his own secretary of state. Henry L. Stimson was not Hoover's first choice to head the Department of State. The job was first offered by Hoover to men he knew such as Kellogg, Hughes, and Borah, but they all rejected the offer. On the advice of Elihu Root, Hoover appointed Stimson, who was sixty-two years old and governor of the Philippines. In his forties Stimson had served Taft as secretary of war, a position to which he returned, somewhat traitorously, in 1940 under Franklin D. Roosevelt. Stimson belonged to the liberal, internationalist wing of the Republican Party, although (with the exception of his Nicaraguan troubleshooting mission of 1927) he had not been involved directly in shaping specific policies. The new secretary of state found Hoover a difficult taskmaster as the president thought nothing of starting the day with a vigorous game of medicine ball and then working long hours, even on weekends. As the depression deepened, the president became even more dour, humorless, and pessimistic than ever. Stimson, who purchased a sumptuous Washington estate called Woodley, preferred a more relaxed pace. Until the Manchurian crisis of 1931–1932 they managed to co-exist. As Hoover came to see Stimson as too assertive and too self-promoting, the influence of the secretary of state waned. Had Hoover been reelected in 1932, there is little doubt he would have looked for a different secretary of state, most likely Undersecretary William R. Castle, whom Hoover found more compatible in terms of policy and personality.

Improving relations with Latin America was one of Hoover's highest priorities. Even before his inauguration, Hoover (taking a cue from Bainbridge Colby) made an extensive ten-week tour of Latin America in which he dispensed goodwill and Wilsonian assurances that the United States wished to turn over a new leaf. Being human, Hoover wanted to visit one of the few regions of the earth that was foreign to him. Moreover, Hoover would not take office until March 4, 1929, and the trip gave him something constructive to do and kept him out of Washington while the outgoing president was in the process of leaving. Hoover's trip aboard the battleships *Maryland* and *Utah* was far more extensive than Colby's tour of 1920–1921. Starting at San Pedro, California, Hoover visited Honduras, El Salvador, Nicaragua, Costa Rica, Ecuador, Peru, Chile, Argentina, Uruguay, and Brazil. Hoover, in a day before presidents employed speech writers, composed all of the twenty-five addresses delivered on the tour. His only purpose, he told a Lima audience, was to seek pan-American unity and to increase his knowledge and understanding of the South American

republics. The phrase "good neighbor" was repeatedly invoked by the president-elect. Furthermore, Hoover took pains to reject the paternalistic concept of the United States as a "big brother" to Latin America. At Santiago Hoover took leave of the *Maryland* and crossed the Andes by train to Buenos Aires. Montevideo and Rio de Janeiro were his final stops before returning to the United States aboard the *Utah*. Symbolically the tour demonstrated Hoover's commitment to the principles of the good neighbor. A few demonstrations and a bomb threat to Hoover's train suggested that not all were impressed by Hoover's pacific assurances, but Latin America could not help but feel flattered by the attention and interest demonstrated by the president-elect.

Once in office Hoover did not lose interest in the region. The most immediate result of the goodwill visit was Hoover's successful arbitration of the Tacna-Arica dispute among Chile, Peru, and Bolivia. At issue was a long-standing conflict left over from the War of the Pacific (1879-1883) in which Bolivia lost its outlet to the sea as Chile prevailed over Peru and Bolivia. Under Harding and Coolidge, repeated but unsuccessful efforts had been made to resolve the dispute through the scheduling of a plebiscite. Suddenly on Hoover's trip a solution appeared—one that appeased the national pride of Peru and Chile, but left Bolivia out in the cold. Acting as an arbitrator Hoover awarded Tacna to Peru and Arica to Chile. To make the settlement acceptable to Peru, Chile was required to extend commercial privileges to Peru in Arica and pay Peru \$6 million in compensation. As Stimson noted in his autobiography, the Tacna-Arica arbitration was Hoover's "greatest personal triumph."³

With less success Hoover tried to arbitrate the Leticia controversy between Peru and Colombia over Peru's occupation of a remote jungle region in dispute between the two countries. Both sides were guilty of fanning the flames of nationalism, encouraging armed skirmishing, and rejecting Stimson's appeals to accept a peaceful solution. After Hoover was out of office, the dispute was submitted to a League of Nations commission, which found that Peru's claims to Leticia were invalid. The patience of Hoover and Stimson was also sorely tried when they sought to resolve the Chaco dispute between Bolivia and Paraguay over a remote and pristine region desired by Bolivia as a potential outlet to the Atlantic. Through a neutral commission, Stimson sought unsuccessfully to bring the adversaries to the peace table. Meanwhile small-scale fighting escalated into a formal war just after Hoover left office. As neither side was capable of conducting an extended conflict, the hostilities ended in a stalemate in 1935. The incidents demonstrated the difficulty, even in the western hemisphere, of securing the acceptance of such lofty principles as the renunciation of force and respect for established boundaries.

Hoover's intention to launch a new era in relations with Latin America was most emphatically illustrated by the publication in the summer of 1930 of the Clark Memorandum. Latin American press opinion approvingly greeted the repudiation of the Roosevelt Corollary, with the exception of a few dissenters who questioned Hoover's sincerity. Hoover followed up the publication of the Clark Memorandum by gradually withdrawing the marines from Nicaragua after the 1932 presidential election. And, in the case of Haiti, Hoover promised in a 1932 treaty to end the American occupation by December 31, 1934. Some of the goodwill was dissipated by the onset of the depression and the trade stagnation associated with the Hawley-Smoot Tariff signed by Hoover in 1930 under duress.⁴ Hoover, nevertheless, can be credited with laying the groundwork for the expansion of the good neighbor policy by Franklin D. Roosevelt. Finally, Hoover's advocacy of better relations with Latin America was based on principle, not politics, as there was no major American voting bloc to reward Hoover for his idealistic vision. By sponsoring arbitration and liquidating imperialism, Hoover had taken a giant step toward making better relations with Latin America bipartisan.

All the frustrations and misconceptions of American interwar diplomacy were summed up in the deliberations of the London Naval Conference of 1930. It was called to resolve the cruiser issue that had stymied the Geneva Conference of 1927; it consumed, for the better part of a year, the energies of the highest American and British officials, and it produced a result that was ultimately futile. This time, profiting from the experience at Geneva, there was extensive high level advance preparation. First of all, the new American ambassador in London, former Vice President Charles G. Dawes, and disarmament expert Hugh Gibson discussed with the new British Prime Minister Ramsay MacDonald the American idea of a mechanical "naval yardstick" for gauging the strength of world navies. MacDonald, in principle, accepted the idea of parity between the American and British fleets. Hoover contributed the sensible suggestion that, to avoid another Geneva fiasco, the British and American naval officers should be locked in a room and only consulted on technicalities. Unlike the Washington Conference, there was to be no assistance from the "Black Chamber," as Stimson had disbanded the code-deciphering operation on the high moral ground that "gentlemen do not read each other's mail." Then in October, MacDonald, to the accompaniment of enormous publicity, sailed to New York for an eight-day American tour—the first time a sitting British Prime Minister had visited the United States. The highlight was MacDonald's visit to Hoover's "camp" in the Blue Ridge Mountains on the Rapidan River. Sitting on a log in their work clothes the two leaders "threshed out" (Hoover's phrase) the details of naval disarmament, namely that an

agreement would be struck on the basis of giving the United States superiority in heavy cruisers, with Britain being compensated with a superiority in light cruisers.

The politicians, deftly outflanking the naval officers, had established the basis for the nominally successful London Naval Conference (January-April 1930) attended by the United States, Britain, and Japan. Hoover profited from Wilson's example by naming a bipartisan delegation including Senators Joseph Robinson of Arkansas, a Democrat, and David A. Reed of Pennsylvania, a Republican. Stimson, Dwight Morrow, Secretary of the Navy Charles Francis Adams, and Hugh Gibson, the disarmament specialist, completed the delegation. The end product, signed after four months of maddeningly technical and jargon-filled negotiation, was a complex treaty of twenty-six articles. The heart of the agreement (article 16) allotted the United States 180,000 tons of heavy cruisers to 146,800 tons for Britain and 108,400 for Japan. However, in the light cruiser category, Britain was assigned 192,200 tons, to 143,500 for the United States and 100,450 for Japan. A British effort to limit aircraft carriers was resisted by the United States, which under the Washington Conference treaties, had most of its 135,000-ton quota taken by the converted cruisers *Lexington* and *Saratoga*. In the destroyer category the London treaty assigned 150,000 tons each to the United States and Britain, while Japan accepted 105,000 tons (which worked out to a 10:10:7 ratio). In submarines Japan achieved parity with the other signatories, with each accepting a limit of 52,700 tons. The agreement was to last until 1936; it included a holiday on further battleship construction and an "escalator" clause (article 21) permitting the parties to disregard the agreement if they felt "materially affected" by naval construction by a power not a party to the treaty.⁵

Back in the United States the irreconcilables were unhappy. According to the Hearst press, Hoover had left the American merchant marine defenseless against British cruisers. Also critical was the *Chicago Tribune*, which argued that Hoover should have listened to the naval experts. In the Senate, Hiram Johnson attacked Hoover's "secret diplomacy." In support of Johnson, Tennessee Senator Kenneth McKellar introduced a resolution demanding that the White House turn over "all letters, cablegrams, minutes, memoranda, instructions and dispatches, and all records, files, and other information touching the negotiations of said London naval treaty." Senator Borah successfully urged the Senate to "rise in its majesty" and demand the documents. Although the resolution passed 53 to 4, Hoover asserted executive privilege on the ground the request "would be incompatible with the public interest." Hoover held the feet of the irreconcilables to the fire by calling a special session of the Senate, which ratified the treaty by a vote of 58 to 9 after adding an innocuous reservation repudiating any secret documents or understandings pertaining to the treaty.⁶

Whether the London Naval Treaty did any real good is questionable. In a sense the limitations were irrelevant since none of the participants, naval or civilian, had any appreciation of the role air power was to play in future conflicts. Furthermore, the London agreement, combined with the economic depression, led to the abandonment of the American cruiser program begun under Coolidge. So, numerically the United States Navy fell far behind its potential adversaries; by 1939 the United States had only thirty-two cruisers and nine under construction, compared to sixty-two cruisers built and seventeen under construction for Britain. Furthermore, Japan denounced the treaty in 1935 and launched a naval race that by 1941 gave its navy ten aircraft carriers to five for the United States. Whereas the participants hoped their efforts had set a precedent for future arms reduction conferences, the London Naval Conference used up bales of paper but failed to add to the reputations of the statesmen involved or to provide a lasting solution.

The year 1931 saw the domestic and foreign policy roof fall in for the Hoover administration. Domestically the economy failed to snap back despite government spending on public works projects and the purchase of farm surpluses. The dominant trends were growing unemployment, banking and farming bankruptcies, the omission of corporate dividends, a growing federal deficit, and a further decline in the stock market, all of which proved serious political liabilities for the unfortunate occupant of the White House. Already, according to his critics, Hoover's reelection slogan should have been, "Don't change toboggans in the middle of the slide." Hoover's bad luck continued in mid-1931 as the German economy collapsed and Japan launched a military venture in Manchuria.

The financial health of Germany was not just an academic question for the Hoover administration, since in 1924 the United States had taken a leading role in arranging the Dawes Plan, which temporarily restored Germany's reparation payments but set no final date for their completion. And in 1928, as Germany again experienced difficulty in meeting its obligations, the American financier Owen G. Young lent his name to the Young Plan, which reduced the reparations bill to about \$8 billion. But in May 1931, the German and Austrian financial structure took a sudden turn for the worse. The largest bank in Austria, the Creditanstalt, teetered on the brink of insolvency, and the mood of panic began to engulf Germany, producing a flight from the mark. Hoover was concerned partly about the likely suspension of German reparations payments to the Allies. It is likely he had some awareness that a German default might have touched off a new financial crisis in the United States since New York bankers had an estimated \$700 million in loans at stake. Hoover, who was anxious to avoid any implication that he had acted on behalf of bankers, gave the impression he

had lacked full information about the risky exposure of American bankers until later.⁷

Hoover, in a conference on June 5, 1931, with Stimson, Treasury Secretary Mellon, and Undersecretary Ogden Mills, first suggested the idea of a one-year moratorium on intergovernmental payments. Stimson and Mills were enthusiastic, but Mellon, who was about to leave on a European vacation, questioned whether such drastic action was appropriate. Afterwards Hoover told Stimson that he "was leaving Mellon to find out for himself and he thought that it would be quite a shock to him."⁸ For the next two weeks Hoover kept a close watch on the situation while trying to decide whether to act or not. While attending the dedication of the beautiful memorial to the discredited Harding at Marion, Ohio, Hoover learned that the Reichsbank had lost almost a third of its gold reserve in the previous two weeks. On his return to Washington, a fatigued Hoover (according to Stimson) seemed hesitant to act. As noted by Stimson after a discussion with Hoover on June 18: "The President was tired and as usual when particularly busy, he went through all the blackest surmises for it. It was like sitting in a bath of ink to sit in his room; and on top of the hard work that Mills and I had been doing, it pretty nearly took everything out of me. But I think he is moving at least."⁹ Finally, following appeals for action from Mellon and J. Ramsay MacDonald, Hoover on June 20 released the text of his moratorium proposal. Boldly Hoover called for a postponement for one year of all intergovernmental obligation, meaning war debts and reparations, but excluding private debts. So far as the war debts were concerned, the moratorium would extend for a year and a half, since the June 15, 1931, payments had already been received. Assuming all parties accepted Hoover's proposal, the next payments would not be due until December 15, 1932—three weeks after the forthcoming presidential election.

Everywhere, except in France, the moratorium proposal was received with enthusiasm. Not only were the French offended by what Premier Pierre Laval called Hoover's "shock tactics," but they regarded the plan as the first step toward the permanent loss of reparations. Sixteen days of tortuous trans-Atlantic negotiation were required to induce the French to accept. Andrew Mellon, his vacation in shambles, and Ambassador to France Walter E. Edge presented the American case in Paris, with assistance from Hoover via the newly inaugurated trans-Atlantic telephone. Hoover also twisted congressional arms by securing an advance commitment from thirty-nine members of Congress that they would support the moratorium when Congress reconvened in December. Yet this tactic was not entirely successful, since many congressmen regarded Hoover's heavy handed methods as an infringement upon the powers of Congress. Congressional resentment over Hoover's moratorium resurfaced in December when Congress was asked to formally ratify the document. A final piece in Hoover's hastily improvised palliative was to stabilize short-term credits to Germany. In a short

London conference (July 20–23, 1931) the United States, Britain, France, Germany, Italy, Belgium, and Japan recommended a six-month “standstill” on short-term credits to Germany including the continuation of a \$100 million credit advanced by the principal central banks on June 25.¹⁰

The breathing spell produced by Hoover’s politically courageous moratorium and the “standstill” agreement proved of short duration. Pressure shifted from Germany to the London gold market, and on September 21 Britain was forced off the gold standard. The possibility that at the conclusion of the one-year moratorium the world could resume payments of debts and reparations was becoming more and more doubtful. The inevitability of revising the existing structure was squarely faced by Hoover on December 11, when he presented the moratorium to Congress for approval. Either courageously (the view of his defenders) or naively (the view of his critics), Hoover stated: “I recommend the re-creation of the World War Foreign Debt Commission, with authority to examine such problems as may arise in connection with these debts during the present economic emergency, and to report to the Congress its conclusions and recommendations.”¹¹ Never has a president so misjudged the political climate of Washington as did Hoover in December 1931.

Determined resistance met Hoover’s proposal. Borah stated, “I am not in favor of recreating the World War Foreign Debt Commission. There is no business for it to transact. I do not see any evidence that Europe proposes to reduce armaments or that she proposes to adjust reparations upon any proper basis.” Mississippi Democrat John E. Rankin asked the House: “Why revive the debt Commission? There can be but one object and that is to further reduce or cancel these foreign debts to the United States. Postpone them? This postponement talk is mere camouflage.”¹² The new British ambassador, Sir Ronald C. Lindsay, aptly described the congressional atmosphere as consisting of “fear, unreason and hostility.” The congressional mood reminded Lindsay of the situation that confronted Wilson on his return from the Paris Peace Conference in 1919. “Throughout a week of unrelieved gloom and gaining alarm,” reported Lindsay, “Congress has given an exhibition of irresponsibility, buffoonery and ineptitude that could hardly be paralleled in the Haitian legislature.”¹³

When the House Ways and Means Committee approved a bill endorsing the Hoover Moratorium there was no mention of a new debt commission. By the terms of the bill, Hoover was authorized to sign agreements with each debtor whereby the deferred payments would be refunded in ten annual installments at four percent interest. Section five of the legislation contained a calculated rebuke to Hoover: “It is hereby expressly declared to be against the policy of Congress that any of the indebtedness of foreign countries to the United States should be in any manner cancelled or reduced; and nothing in this joint resolution shall be construed as indicating a contrary policy, or as implying that favorable consideration will be

given at any time to a change in the policy hereby declared.”¹⁴ At first the Senate failed to take action because it was preoccupied with the selection of a president pro tempore, a position of only symbolic importance. A filibuster was directed against New Hampshire Senator George Moses because he had once referred to congressional progressives as “sons of the wild jack-ass.” Hurriedly debating the moratorium one day prior to the Christmas recess, the Senators took a tough stand against debt concessions. According to Senator Hiram Johnson, “There is only one way in my opinion to deal with those debts, just one way. Stand our ground in reference to those debts! Let any nation default that desires to do so. Let any nation that wishes refuse to pay what we legitimately and rightfully ought to be paid.”¹⁵ Senator McKellar described the Hoover Moratorium as the “entering wedge for further cancellations.”¹⁶ And Senator Thomas Gore of Oklahoma facetiously suggested that the proviso “Provided, that this is no joke,” be added to the statement that debt cancellation was contrary to the policy of Congress.¹⁷ Hoover’s hands were tied when the House denied Hoover’s request for a new debt commission by a vote of 318 to 100; the Senate vote of 69 to 12 left Hoover with little maneuvering room. Sir Ronald Lindsay aptly described the congressional attitude of intransigence toward debt revision as “100 percent cowardice.”¹⁸

Simultaneously the Hoover administration was forced to turn its attention to a Far Eastern dilemma that it had been doing its best to ignore in the vain hope that the League of Nations would take action. The problem had been festering since September 18, 1931, when the crack Kwantung Army of Japan staged the Mukden incident and commenced the conquest of Manchuria. From the notorious Twenty-one Demands of 1915, Japan had gained special privileges in Manchuria, including the right to guard Japanese-owned railroads with Japanese troops. Deliberate Chinese sabotage to the South Manchurian Railroad, it was claimed, compelled defensive countermeasures by the Kwantung Army. As testimony at the Tokyo war crimes trials later demonstrated, the Manchurian conquest was the daring brain child of officers of the Kwantung Army and had been carefully planned for months, including such details as quietly moving howitzers from Port Arthur to Mukden and arranging to shell the Mukden airfield to prevent the Chinese from using their French fighter planes. The young conspirators, led by Colonel Itagaki Seishiro, Lieutenant Colonel Ishiara Kanji, and Major Hanaya Tadashi, saw the seizure of Manchuria as vital to Japan’s hopes for major power status and as essential for the spiritual regeneration of the Manchurian region and Japan itself under the principle of benevolent imperial rule.¹⁹

Watchful waiting was the initial response of the Hoover administration. In view of America’s economic troubles at home and the British financial

crisis, Washington hoped Manchuria would fade away and that the civilians in the Japanese government would gain control of the situation. Instead the Kwantung Army methodically and efficiently drove the Chinese “bandits” from Manchuria. As Hoover was absorbed with the domestic economic crisis, much of the Manchurian burden fell upon Stimson. At first he tried to work through the League of Nations, but found himself frustrated by its timorous response. Seeking to prod the League, Stimson authorized Prentiss Gilbert, the American Counsel at Geneva, to attend League Council sessions as an observer. He was only permitted to join the discussion if the possible invocation of the Kellogg-Briand Pact became a topic of debate. But since that subject never arose, Gilbert was compelled to sit in silence. On October 24 the League weakly pleaded with China and Japan to make peace and asked Japan to withdraw by November 16, 1931. When Japan paid no attention, the League appointed a commission to investigate, headed by the Earl of Lytton. Unimpressed, the Kwantung Army on January 2, 1932, occupied the port city of Chinchow in southern Manchuria.

Since Japan was flagrantly thumbing its nose at the peace structure assembled by previous Republican administrations, specifically the Nine-Power Treaty and the Kellogg-Briand Pact, Stimson decided to carry out an idea suggested by Hoover at a cabinet meeting on November 9. Hoover’s thought was to refuse diplomatic recognition of military conquests that altered established national boundaries. It was not a new idea, but one borrowed from the Wilson administration (and an idea that had not worked all that well for Wilson). In 1915 Japan had presented China with the Twenty-one Demands, which aimed at turning China into a Japanese protectorate. As was the case in 1931, the Twenty-one Demands came at an awkward time, since it coincided with the *Lusitania* crisis—Germany’s sinking of a famous British liner, drowning 1,198 persons. In the May Caveat (May 11, 1915), composed by Robert Lansing and sent to Japan under the signature of Secretary of State William Jennings Bryan, the policy was stated that the United States would not recognize any agreement impairing the territorial or administrative integrity of China. Although the May Caveat satisfied America’s sense of moral outrage, it came too late to save China, since the Chinese had already capitulated to most of Japan’s demands. In the case of Manchuria, history in a sense repeated itself, as the Hoover administration eventually followed Wilson’s example of delivering an ineffective moral protest backed up by hollow threats.

With Hoover’s approval, Stimson on January 7 sent Japan a famous note containing what is variously known as the Stimson Doctrine or the Hoover-Stimson Doctrine. In its wording Stimson’s note was similar to Lansing’s 1915 effort: he stated that the United States would not recognize any treaty, agreement, or de facto situation that impaired the rights of American citi-

zens or the territorial and administrative integrity of China, or that violated the Kellogg-Briand Pact. As was the case with Wilson's May Caveat, the Stimson Doctrine satisfied the need to uphold the nation's moral purity. To have looked the other way would have constituted a moral defeat of the first order. However, Stimson's nonrecognition doctrine, which contained no threat of sanctions, did nothing practical to deter Japan, and received only lukewarm support from the League of Nations Council.

That Japan was not impressed was demonstrated by the punitive raid staged against Shanghai, which began on January 28, 1932. Launched by a glory-seeking admiral to punish the Chinese for anti-Japanese riots and boycotts, the invaders met determined Chinese resistance. In order to sack the city the Japanese landed 50,000 troops and bombed and strafed civilians. Assistant Secretary of State James Grafton Rogers suggested to Stimson, while they were horseback riding, that the secretary of state indirectly express his outrage by writing a letter to Senator Borah. Theoretically Stimson could have protested through diplomatic notes, but with good reason he feared he would receive "yellow-bellied" responses from the recipients. Hoover gave his approval, and Stimson's letter to Borah was delivered on February 24, 1932. After reiterating America's refusal to recognize territorial changes brought about by force, Stimson indirectly threatened Japan by referring to the Washington Conference treaties. As he put it: "The willingness of the American government to surrender its then commanding lead in battleship construction and to leave its positions at Guam and in the Philippines without further fortification, was predicated upon, among other things, the self-denying covenants contained in the Nine Power Treaty"²⁰ Although Stimson had used an imaginative device, the Borah letter proved no more effective than the Stimson Doctrine. Realizing that Stimson was bluffing, Japan was not deterred either by the Stimson Doctrine or the Borah letter. Instead, Japan organized and recognized the new state of Manchukuo. And Japan emphatically rejected the report of the Lytton Commission (October 3, 1932), which found that Japan had no legitimate reason for occupying Manchuria. When the League adopted the report, Japan withdrew from the League, retaining its Pacific mandates over the Mariana, Marshall, and Caroline Islands.

Considering the depression, the public mood of withdrawal, and America's lack of power in the region, the Manchurian incident placed the Hoover administration in a vise. To have ignored Japan's trampling of the Open Door Policy, the Nine Power Treaty, and the Kellogg-Briand Pact was morally out of the question for any American administration. Economic sanctions were ruled out by Hoover, who doubted—probably correctly—that they would do any good. An ineffective moral protest combined with an empty threat were the only avenues remaining open. Over the next four

years the Manchurian situation calmed down temporarily as Japan consolidated its acquisition. Still only dimly perceived by public opinion was that the Manchurian controversy signaled that the peace structure erected by Hughes and Kellogg rested upon an increasingly unstable foundation.

The remainder of 1932 found the Hoover administration focusing less and less on foreign policy and more and more on the sinking economy and the forthcoming presidential campaign. The main exception was that the two parties competed over which would do more to collect the war debts when the moratorium expired in December 1932. In July, just as the campaign between Hoover and the Democratic nominee, Governor Franklin D. Roosevelt of New York, was heating up, the war debts reemerged as a political issue. Meeting at Lausanne, Switzerland, the Allies had just reduced Germany's obligation under the Young Plan to a nominal \$715 million. And the payment of even that modest amount was to be made in nonnegotiable bonds deposited with the Bank for International Settlements. Theoretically the Lausanne reduction in German reparations was contingent upon a war debt reduction by the United States, but since no concessions were forthcoming from Washington the incomplete agreement went into effect anyway, ending the reparations dilemma.

American isolationists, as expressed by the *Chicago Tribune*, angrily described the Lausanne decision as a cynical European ploy to hand the American taxpayer the bill for World War I. William Randolph Hearst called the conference "a crooked conspiracy by European confidence men and their American confederates to rob the American people." Senator McKellar, without any proof, accused Hoover of giving Europe a secret assurance that the war debts would be cancelled. Senator James E. Watson of Indiana, the Senate majority leader, likewise castigated the Allies, stating "We are not going to revise or cancel the debts, no matter what agreement or promises were made at Lausanne. I do not believe any American Congress will ever revise or reduce those debts." The reaction of the unpredictable Senator Borah, however, was to propose that the adjustment of war debts and other economic questions should be referred to a world economic conference.²¹ In reality such a conference was in the process of being arranged under the auspices of the League of Nations, although it was not held until Hoover was out of office and the subject of war debts was illogically excluded from the agenda.

Only the Democrats officially addressed the debts in their platform, promising to oppose "cancellation of the debts owing to the United States by foreign nations." Governor Franklin D. Roosevelt of New York, the Democratic candidate, criticized Hoover for lacking "the moral courage" to tell the debtors they must "acknowledge their debts." The Democrats

also advanced the argument that it was an economic contradiction for the United States to demand payment and then impose a high tariff that made payment impossible. Recent scholarship suggests that, at least until the Hawley-Smoot Tariff, the nation's trade surplus was not an insuperable barrier to payment because debtor nations more than covered their trade deficit with such invisible payments as immigrant remittances and tourist expenditures. Hoover, in his acceptance speech, offered the debtors a vaguely defined reduction in payments if they would agree to increase their consumption of American products. Specifically Hoover was willing to offer America's debtors a payment reduction for every percentage point increase they accepted in American farm products above the 1932 level. In the case of Britain, Hoover's plan, according to Treasury Secretary Ogden Mills, would have reduced its payments by \$30 million to \$40 million a year. In a conversation with Andrew Mellon, now ambassador to Britain, Mills stressed that the credits would apply only to future payments and not to the payments due to resume on December 15, 1932. When Mellon noted that no one in Britain had yet raised a question about the December 15 payment, Mills correctly forecast, "I think they will raise it Mr. Mellon, a week from Wednesday morning, right after election."²²

Mills's prediction proved almost accurate. Two days, not one, after the defeat of Hoover by Franklin D. Roosevelt, the British ambassador, in Stimson's words, "sprung a bombshell" about the debt payments. At the State Department's regular diplomatic hours on December 10, Sir Ronald Lindsay presented a formal note stating that "the regime of intergovernmental financial obligations as now existing must be reviewed." Since there was insufficient time to accomplish a revision prior to December 15, when the next payments were due, Britain asked for a postponement of that payment.²³ Within a few days similar requests arrived from France, Belgium, Czechoslovakia, Estonia, Latvia, Lithuania, and Poland. Mussolini shrewdly decided not to submit a request until it was seen how Washington responded.

Herbert Hoover was the last president required by the Constitution to serve as a lame duck for four entire months after being rejected by the voters. The Twentieth Amendment to the Constitution, ratified in 1933, mercifully provided for the presidential term to begin on January 20, instead of the traditional starting date of March 4, saving future presidents the "compound hell" endured by Hoover from November 3, 1932 to March 4, 1933. Painfully aware that his ability to function as president had been weakened by his election defeat, Hoover, on the advice of Stimson and Mills, decided to clear his course of action with the president-elect. Constitutionally, however, the president-elect was not obligated to consult with the president or to assume responsibility for policy. The first Hoover-Roosevelt meeting at the White House (November 22, 1932) was polite but

strained. Despite pitchers of orangeade and fine cigars, Hoover and Roosevelt found it difficult to put aside the partisanship of the campaign. Hoover brought Ogden Mills to the meeting as his witness, while Roosevelt was accompanied by Columbia University Professor Raymond Moley. Falling back on his earlier plan, Hoover suggested recreating the debt commission and inviting Roosevelt to participate in the selection of its members. Hoover came away with the impression that Roosevelt had agreed to cooperate, probably because Roosevelt had an affable habit of saying "yes" when he really meant "I see what you are saying." In a statement, Roosevelt refused to endorse the creation of a new debt commission on the ground that regular diplomatic channels presented the best method for dealing with debtor nations. Afterward Hoover told Stimson he had spent much of the meeting educating "a very ignorant [but] well meaning young man," a remark that may have been meant to apply to Moley rather than Roosevelt.²⁴

On December 15, the day of reckoning, Britain, to the great relief of the weakened Hoover administration, paid its full installment, making it clear that Britain expected a revision of the 1923 settlement prior to the next payment due June 15, 1933. In France Premier Edouard Herriot, who made the December 15 payment a vote of confidence, was voted out of office. The Chamber of Deputies by a vote of 380 to 57 justified France's default on the ground that the cessation of German reparations had rendered the Mellon-Bérenger Accord "no longer executory." Joining France in defaulting were Austria, Estonia, Greece, Hungary, and Poland. Mussolini, veiling his intentions until the last minute, paid in full.

In the eyes of isolationist spokesmen and newspapers, Hoover was the hero of the hour for refusing to recommend a suspension of the December 15 payments. In a self-styled campaign of "sound Americanism," Hearst argued that Europe had sufficient money for everything except a debt of honor. "Mr. Hearst and his papers," stated Senator McKellar, "have performed a wonderful service to the American people in fighting efforts to unload these foreign debts onto the backs of the American taxpayer." The *Chicago Tribune* contended that the United States, in the original debt settlements, should never have forgiven a penny of principal or interest. If the debtors could not pay in cash, the United States should accept French territories in the Pacific, or British colonies such as Bermuda or the Bahamas, or battleships, cruisers, submarines, and works of art. The *Washington Post* agreed on the ground that accepting capital ships from the debtors would relieve them of the burden of making cash payments as well as the expense of maintaining excessive armaments. Both the *Denver Post* and the *Columbus Ohio State Journal* advised insisting on payment without change even if such a policy led to repudiation. A few dissenting voices (the *Baltimore Sun* and the *San Francisco Chronical*) suggested that the United States should revise the debts downward to stimulate world trade, but they were drowned out by a chorus of isolationism and xenophobia.²⁵

When Hoover left office very little progress had been made in resolving the dispute. A second Hoover-Roosevelt meeting on January 20, 1933, ended in a procedural stalemate. About the only hopeful development was Roosevelt's announcement that he would receive British representatives early in March to discuss debts and other world economic problems. What possible solution did Roosevelt have in mind? On January 29 the president-elect disarmingly told Sir Ronald Lindsay he was only interested in the moral side of the debt question and was prepared to justify to Congress a settlement based on forgiving interest. When Lindsay objected that payments under Roosevelt's plan would far exceed what was due to Britain under Lausanne, Roosevelt responded in the manner of a practical politician. As reported by Lindsay, Roosevelt said "it would be quite impossible to get Congress to agree to more than remission of interest and that if he and Hoover and an archangel from Heaven were all to be united in asking for more it would not avail."²⁶ In a second meeting with Lindsay (February 20), Roosevelt backed away from cancelling Britain's interest payments, admitting to Lindsay he had no specific plan in mind, but would look for something that might "gild the pill for Congress."²⁷ Thus the four months of the Hoover interregnum produced little forward movement. The bitter recriminations over the December 15 payments merely stimulated renewed isolationist bashing of Europe as ungrateful and unworthy of American association. Finding a solution had defied the best efforts of Hoover and Roosevelt, and had even baffled Roosevelt's figurative archangel from heaven.

NOTES

1. Raymond Moley, *After Seven Years* (New York, 1939), 72.
2. Howard to Lord Cushendun, November 16, 1928, FO414/262/A8126, Public Record Office (PRO); Howard to Chamberlain, March 8, 1929, FO414/263/A1973, PRO.
3. Henry L. Stimson and McGeorge Bundy, *On Active Service in Peace and War* (New York, 1948), 185.
4. For United States policy toward Latin America, see Alexander DeConde, *Herbert Hoover's Latin American Policy* (Stanford, 1951). See also Robert H. Ferrell, *American Diplomacy in the Great Depression: Hoover-Stimson Foreign Policy, 1929-1933* (New Haven, 1957), 215-30.
5. B.J.C. McKercher, *The Second Baldwin Government and the United States, 1924-1929: Attitudes and Diplomacy* (New York, 1984), 193-99; Ferrell, *American Diplomacy in the Great Depression*, 87-105.
6. Raymond G. O'Connor, *Perilous Equilibrium: The United States and the London Naval Conference of 1930* (Lawrence, 1962), 114-18.
7. Edward W. Bennett, *Germany and the Diplomacy of the Financial Crisis, 1931* (Cambridge, 1962), 136-38.
8. Diary of Henry L. Stimson, June 5, 1931, Yale University.

9. Stimson Diary, June 18, 1931.
10. Harold G. Moulton and Leo Pasvolsky, *War Debts and World Prosperity* (Washington, D.C., 1932), 333–37; Bennett, *Germany and the Financial Crisis*, 274–77; and Elting Morison, *Turmoil and Tradition: A Study of the Life and Times of Henry L. Stimson* (Boston, 1960), 297–302. See also Louis P. Lochner, *Herbert Hoover and Germany* (New York, 1960), chapter 7.
11. Special message to Congress from President Hoover, December 11, 1931, *Papers Relating to the Foreign Relations of the United States, 1931* (Washington, 1946), Vol. 1, xxiii–xxv.
12. Benjamin D. Rhodes, “Herbert Hoover and the War Debts, 1919–1933” *Prologue: The Journal of the National Archives* 6 (Summer 1974), 138–39.
13. Lindsay to Sir John Simon, December 17, 1931, FO414/268/A7539, PRO.
14. *Congressional Record*, 72 Cong., 1 Sess., 996 (December 22, 1931).
15. *Congressional Record*, 72 Cong., 1 Sess., 1081 (December 22, 1931).
16. *Congressional Record*, 72 Cong., 1 Sess., 1097 (December 22, 1931).
17. *Congressional Record*, 72 Cong., 1 Sess., 1090 (December 22, 1931).
18. Rhodes, “Herbert Hoover and the War Debts,” 139; Lindsay to Simon, December 31, 1931, FO371/15905/C394, PRO.
19. Takehiko Yoshihashi, *Conspiracy at Mukden: The Rise of the Japanese Military* (New Haven, 1963), 132–43.
20. Robert H. Ferrell, *Henry L. Stimson* (New York, 1963), 219–260; Ferrell, *American Diplomacy in the Great Depression*, 120–93; Morison, *Turmoil and Tradition*, 303–33.
21. *Literary Digest* 114 (July 23, 1932), 3–5; *New York Times*, July 17, 1932.
22. *New York Times*, June 21 and 30, 1932; memorandum of a trans-Atlantic telephone conversation between Stimson, Mills, and Mellon, October 31, 1932, General Records of the Department of State, File No. 800.51 W89 Great Britain/336 1/2, RG 59; Stephen A. Schuker, *American “Reparations” to Germany, 1919–1933: Implications for the Third-World Debt Crisis* (Princeton, 1988), 97–101.
23. Stimson Diary, November 10, 1932; Lindsay to Stimson, November 10, 1932, FRUS, 1932, I, 754–56.
24. Moley, *After Seven Years*, 73; Arthur M. Schlesinger, Jr., *The Crisis of the Old Order* (Boston, 1957), 441–45; Herbert Hoover, *The Memoirs of Herbert Hoover* (New York, 1951–1952), Vol. 3, 179–84.
25. *New York American*, December 1, 1932; *Chicago Tribune*, November 24, 1932; *Washington Post*, December 3, 1932; *Literary Digest*, 114 (November 26, 1932), 1–2.
26. Lindsay to Simon, January 30, 1933; E.L. Woodward and Rohan Butler, editors, *Documents on British Foreign Policy, 1919–1939* Second Series (London, 1956), Vol. 5, 748–49.
27. Lindsay to Simon, February 21, 1933; Woodward and Butler, *Documents*, Vol. 5, 769–71.

CHAPTER 6

Early New Deal Foreign Policy: The Limits of Improvisation

Three of the five presidents of the interwar era have left behind voluminous records that serve as a vital resource to historians seeking to judge their characters and reconstruct the human drama of their administrations. The exceptions are Harding, some of whose papers were burned by his wife, and Coolidge, who left very little in his own hand. Franklin D. Roosevelt, the first chief executive to have established a presidential library, left an unusually rich legacy of personal correspondence, public papers, press conferences, speeches, recordings, and photographs. But in Roosevelt's case, the quantity of documentation notwithstanding, his basic character has remained as elusive as ever.

The general outline of Roosevelt's career is familiar. Born on January 30, 1882, at Hyde Park, New York, he was the product of a marriage of two generations. An indifferent student, Roosevelt charmed his way through the exclusive Groton School and Harvard University. At the Columbia University Law School he learned enough law to pass the New York bar exam, although he never completed his degree requirements. His wife, Eleanor, was the niece of Theodore Roosevelt, yet Franklin Roosevelt entered politics as a Democrat, the party of his father. Not yet thirty, he was elected a New York state senator in 1910, then appointed by Wilson as assistant secretary of the navy, a post once held by Theodore Roosevelt. At age thirty-eight, mainly because of his famous name, he was nominated for vice president and together with Ohio Governor James Cox was decisively defeated by Harding and Coolidge. In the summer of 1921 Roosevelt contracted infantile paralysis, an illness which left him permanently paralyzed and which seemed to have ended his hopes for a public career. Roosevelt displayed qualities of fortitude and determination in facing his infirmity; instead of retiring as desired by his mother, Roosevelt remained an active and ambitious Democrat who kept an eye open for a return to politics.

During his recovery Roosevelt, who was philosophically a defender of Wilsonian internationalism, dabbled amiably in foreign policy. In 1923 he prepared, but did not submit, an entry for the Bok Peace Plan contest—a competition sponsored by a wealthy retired publisher. Roosevelt proposed American membership in a weak society of nations that would confine itself to affairs of the western hemisphere and would lack the territorial guarantee of the League of Nations. Senator Borah would have been pleased by Roosevelt's apparent retreat from Wilsonian internationalism. In his 1932 presidential campaign he called for collecting the war debts, and he specifically rejected membership in the League, contending (in a transparent effort to placate the publisher William Randolph Hearst) that it was no longer the league of Woodrow Wilson. As president-elect, Roosevelt combined a typically superficial command of foreign policy details with a brilliant ability to improvise. The war debts were not his baby, he quipped to reporters after his first White House meeting with Hoover. And he told Henry L. Stimson, during a six-hour conversation at his Hyde Park home, that he supported Stimson's Manchurian policy because of a family interest in the Far East. When he took office he continued to display his brilliance as an improviser, because he had developed few specific plans for either domestic or foreign policy. Using a sports metaphor, he told a press conference he regarded himself as a "quarterback," who would experiment or invent plays if the need arose.¹

Was Roosevelt a Wilsonian internationalist in disguise during the early years of his presidency or a neo-isolationist? There are as many answers as there are historians since Roosevelt projected so many different personalities, moods, and roles. On the one hand he was charming, warm, gracious, photogenic, and capable of writing fighting speeches laden with memorable phrases delivered with a beautiful voice and an expert sense of timing and phrasing. Presumably it was these qualities that led the Reichsbank president Hjalmar Schacht to praise Roosevelt as reminding him "in every way of Hitler."² Roosevelt could also be hard-boiled, intimidating, manipulative, devious, self-centered, and ungrateful to those who had served him loyally. Most baffling of all was Roosevelt's serene and genial manner of seeming to agree with his visitors while actually keeping his own counsel. Revisionist authors (Charles A. Beard and Charles C. Tansill) criticized Roosevelt for abandoning internationalism and reverting to isolationism; his defenders portray the president as a Wilsonian internationalist who pragmatically decided to emphasize domestic recovery as his first priority.³ Certainly there was a glaring gap between the New Deal's dynamic, clear direction in domestic policy and the corresponding inconsistency and drift in foreign policy. Much of the explanation for the futility of early New Deal foreign policy is found in the fact that Roosevelt hated to delegate authority and tried to do everything himself. Even a man of Roosevelt's energy, ambition, and ability as a diplomatic juggler found himself stretched thin.

Consistently during Roosevelt's first years in the White House, it was foreign policy that suffered from a lack of clear presidential attention and vision.

Taking office during a time of unprecedented economic crisis, Roosevelt displayed an infectious verve, self-confidence, and self-control. He was the first American president to master the art of speaking over the radio. Through his brilliant inaugural address and his equally brilliant fireside chats and press conferences, Roosevelt established his credentials as a leader and restored public confidence in the federal government. During the famous "one hundred days" session of Congress, Roosevelt launched an unprecedented program of "alphabet soup" agencies designed to restore and reform agriculture, banking, electric power, and public works, and to provide relief through jobs to the destitute. In the area of foreign policy the New Deal record, despite rhetorical flourishes to the contrary, continued many of the main themes of previous interwar presidents—in terms of the League of Nations, the World Court, disarmament, collection of war debts, and the good neighbor—usually with results that were less than impressive.

The indefatigable president immersed himself in every aspect of the foreign policy process. His appointment of Tennessee Senator Cordell Hull to the premier position in the cabinet left little doubt that Roosevelt intended to function as his own secretary of state. Hull was a veteran of Tennessee politics. He had served as a member of the Tennessee legislature and the House of Representatives, as chairman of the Democratic National Committee, and was elected in 1930 to the Senate. Hull had made his mark in Congress as the author of the first federal income tax law and as an opponent of the Republican war debt settlements, which he criticized as too generous. He was even better known as a crusader for reducing tariff barriers as a means for advancing world peace and improving the lives of people everywhere. Roosevelt viewed Hull as a link between northern and southern Democrats, and in 1928 he had favored Hull for vice president on the Democratic ticket. As had been true of Harding, Hull's appearance was one of his greatest assets: he was a dignified, soft spoken southern gentleman who carried himself like a state circuit judge—a position to which he had once been appointed. Behind his courtly image, Hull concealed the temper and profane vocabulary of a Tennessee frontiersman; in the 1930 Tennessee senatorial primary Hull denounced his opponent as the "damnest liar" in the state. Hull was self-righteous (in his entire two-volume autobiography he expressed no second thoughts about any of the policy issues that came before him), secretive (he carefully concealed his wife's Jewish ancestry), and unforgiving toward those, such as Raymond Moley and Sumner Welles, who disagreed with him. Roosevelt often treated Hull cavalierly by failing to furnish him with basic information concerning debts and the planned world economic conference. Sir Ronald Lindsay found his conferences with Hull inevitably pleasant but uninformative and a waste of

time. Displaying what Lindsay described as “the utmost integrity, dignity and charm,” Hull would patiently answer any question posed by visiting diplomats, “but when they return to their houses they usually have difficulty in remembering anything he has said that deserves to be reported.”⁴

William Phillips, who had been assistant secretary of state under Wilson and undersecretary under Harding and Coolidge, was appointed by Roosevelt as undersecretary because of his experience, his social graces, and his personal friendship with the president—who had the effrontery to offer Phillips the position in a midnight telephone call. Roosevelt selected Columbia University professor Raymond Moley as assistant secretary of state, a member of the campaign “brain trust,” who had accompanied Roosevelt during his meetings with Hoover about war debts. During the interregnum Moley served as Roosevelt’s “man Friday,” assisting the president-elect in selecting personnel for his administration. Moley’s duties, as indicated by Roosevelt, included: “The foreign debts, the world economic conference, supervision of the economic advisor’s office and such additional duties as the President may direct in the general field of foreign and domestic government.”⁵ The delegation of such sweeping responsibilities to an assistant secretary of state was personally galling to Hull, who admitted he “was not at all enthusiastic” about the appointment of Moley. The relations of the two men were less than cordial from the beginning, since Hull viewed Moley as a rival, not a colleague. For his part Moley managed to offend virtually every State Department employee due to the gruff, self-assured manner in which he threw his weight around. Behind his back Moley was known as “the General Patton” of the State Department. During the first weeks of the New Deal, Moley had an interview with Hull in which he stated that, rumors to the contrary, he had no ambitions for Hull’s job. Hull’s suspicions were not allayed, and his remark that “Moley at least has the subject on his mind” illustrated the internal strains within the new administration.⁶

The differences between Hull and Moley went much deeper than a mere personality conflict. Moley was a confirmed economic nationalist who was highly skeptical that international measures, such as tariff reductions or currency stabilization, would prove effective in fighting the depression. Instead, he stressed national recovery measures such as the New Deal’s Agricultural Adjustment Administration and National Recovery Administration, as well as a devalued dollar to stimulate exports. On the other hand, Hull was committed to an international tariff reduction of ten percent, and an international tariff truce, to be followed by further tariff reductions through reciprocal agreements. As for Roosevelt, he displayed a blithe willingness to tolerate widely differing policy approaches. Personally he was convinced that economic questions were not as complicated as professional economists would have him believe. Thus as Roosevelt launched the New Deal, his administration had embarked with bickering personnel upon a

contradictory foreign economic policy of simultaneously pursuing internationalist and nationalist agendas.

The immediate foreign policy problems for Roosevelt were interrelated: preparing for the London Economic Conference and resolving Britain's request for a revision of war debts. Somehow Roosevelt found the energy to guide his domestic program through Congress and to receive a parade of foreign dignitaries, the most prominent of whom were British Prime Minister J. Ramsay MacDonald and former French Prime Minister Edouard Herriot. The economic conference was inherited by Roosevelt from the Hoover administration. The idea for a world economic conference originated in a British proposal at the conclusion of the Lausanne Conference in the summer of 1932. A preparatory committee of experts met at Geneva in October and, had Hoover been reelected, the conference would probably have met early in 1933. With the understanding that he was not going to the United States to reach a debt settlement, MacDonald accepted Roosevelt's invitation to visit Washington to survey the economic landscape. While in mid-ocean MacDonald received the shocking news that Roosevelt had abandoned the gold standard in an effort to stimulate the domestic economy and American exports. MacDonald could hardly protest publicly since Britain had done the same thing in 1931, but he was irritated by Roosevelt's timing, which smacked of diplomatic blackmail.

The talks themselves were productive of few concrete results. For five days (April 22–26, 1933) Roosevelt and MacDonald ranged over the field of world politics. Much of their time was spent in what Moley called "we must work shoulder to shoulder to save the world talk."⁷ A case in point was Roosevelt's enthusiastic endorsement of MacDonald's arms reduction proposals to be presented to the Geneva Disarmament Conference. In reality the Geneva Conference proved an exercise in futility due to the determination of Nazi Germany to rearm. Against his better judgment, MacDonald agreed to Roosevelt's proposal for a tariff truce to last the duration of the conference. Privately MacDonald compared Roosevelt's truce plan with a man who, having finished his breakfast, says to his friend, "Let's have a truce on breakfasts."⁸ On the fourth day the debt question was discussed without much success, as MacDonald ineptly confused millions and billions of pounds and dollars. Their joint statement, which emphasized that they had achieved "a clearer understanding of the situation" and had commenced "preliminary explorations of many different routes" toward a solution, was a masterpiece of ambiguity. (Without Hull's knowledge Sir Frederick Leith-Ross, the Chief Economic Advisor of His Majesty's Government, remained in Washington to discuss debts with Moley. When Hull inadvertently learned from Sir Ronald Lindsay of the talks, he was understandably infuriated.) Finally, in their last session, the leaders agreed that the Economic Conference should open at London on June 12. That

date was chosen because the special session of Congress would then be over, and besides, MacDonald facetiously noted, a later date would interfere with the grouse hunting season and "all the British statesmen would walk out" of the conference.⁹

Next Roosevelt received Edouard Herriot, Italian Finance Minister Guido Jung, Hjalmar Schacht of Germany, and representatives of China, Chile, Mexico, Brazil, and Japan. The public statements following these meetings were replete with the usual mutual protestations of friendship and recognition of the urgency of international economic cooperation, but other than endorsing Roosevelt's tariff truce, no definitive agreements were concluded. The need for international action to combat the depression was also a theme sounded by Roosevelt in his second fireside chat on May 7. The Economic Conference, he said, "must succeed. The future of the world demands it and we have pledged ourselves to the best joint efforts to this end."¹⁰ The urging of international action was again stressed on May 16 when Roosevelt appealed to fifty-three governments to "end economic chaos." That worthy goal would be achieved at London, said the statement, "by a stabilization of currencies, by freeing the flow of world trade, and by international action to raise price levels."¹¹ By endorsing currency stabilization, Roosevelt carelessly placed himself in the embarrassing position of advocating a program he soon decided to repudiate.

Also careless was Roosevelt's last-minute selection of the delegation and the drafting of its instructions. The chairman was Secretary of State Cordell Hull, who undertook the mission with the understanding that Roosevelt would submit to Congress a reciprocal agreements bill demonstrating America's desire to reduce tariff barriers. Former Ohio Governor James M. Cox of Ohio, Roosevelt's running mate in 1920 and a low-tariff advocate, was selected as vice chairman. Senator Key Pittman of Nevada, the chairman of the Foreign Relations Committee, went to look after the interests of western silver producers. The chairman of the House Foreign Affairs Committee, Representative Samuel McReynolds of Tennessee, who shared the tariff views of the secretary of state, was talked into making the trip. The last two delegates were not chosen until virtually the last minute. They were Senator James Couzens of Michigan—reputedly the only Republican senator willing to attend, after Hiram Johnson had declined—and a retired San Antonio banker and cotton dealer, Ralph W. Morrison, who was chosen on the recommendation of Vice President John Nance Garner.

The instructions for the delegates were also a last-minute production. The delegates were permitted to discuss a tariff truce, the coordination of monetary and fiscal policy, the removal of exchange restrictions, the "laying of the groundwork" for an international monetary standard, the gradual abolition of trade barriers, and the "control of production and distribution of certain basic commodities." As for currency stabilization, that topic was purposely removed from the jurisdiction of the delegation. Now that the

dollar had fallen against the pound, and the stock market and domestic prices had risen, Roosevelt was becoming hesitant to stabilize until it was known how far the dollar might fall. A further consideration was that stabilizing currency too early might reverse the rise in American domestic prices. Two separate delegates were named by Roosevelt to discuss stabilization: Oliver Sprague of Harvard University and George Harrison, governor of the Federal Reserve Bank of New York. Their discussions in regard to stabilization, according to Roosevelt's instructions, were to be carried on "wholly independently of the Economic Conference."¹² The delegation that sailed for London was unclear about what they were expected to accomplish as well as divided among themselves.

In the meantime British and American representatives in Washington were making little progress in resolving the impending crisis over the British war debt, the next installment of which was due on June 15, 1933. For several weeks Sir Ronald Lindsay and Sir Frederick Leith-Ross studied an imaginative plan, known as the "Bunny," which was dreamed up by the financier James P. Warburg, whereby Britain's payments would be reduced to about \$2.5 billion, twenty-five percent of which would be in gold. On the basis of the British gold payments the Treasury would issue new treasury bills to be used for financing American public works. However, as was so often the case during the interwar era, the participants decided not to take action. In this case the British cabinet was lukewarm to the idea, unless Britain's debt was cut to \$1 billion and the requirement for gold payments eliminated.

As a revised debt agreement was out of reach, MacDonald turned to the June 15 payment. In a personal letter to Roosevelt, the prime minister urged Roosevelt to suspend the June installment on the ground it would imperil the economic conference and interfere with the negotiations for a final settlement. Roosevelt's response was to suggest a partial payment, noting that such a procedure "would make it clear in both countries that there had not been a default. It avoids a debate on terminology."¹³

As the deadline approached, Lindsay vigorously pleaded Britain's inability to pay its installment of \$75,950,000, even alluding to the "we forgive our debtors" phrase of the Lord's Prayer. Twice Lindsay met with Roosevelt to explore possible solutions. His impression was that Roosevelt was "extraordinarily fresh and vigorous," although there were "plenty of contradictions" in his understanding of international finance. On behalf of the cabinet, Lindsay offered a token payment of \$5 million, but when Roosevelt objected that in the United States a "token" was considered a small worthless coin, London raised the offer to \$10 million. A formal note explained that the June payment could not be made "without gravely imperiling the success of the [London Economic] Conference and involving widespread political consequences of a most serious character." The \$10 million payment was made "as an acknowledgment of the debt pending a final

settlement.” Lindsay confessed to Sir John Simon, “I don’t know how my nerves can stand a third such crisis.”¹⁴

Britain’s example of a token payment was followed at the last minute by several other debtor governments. Italy paid only \$1 million on a total due of more than \$13.5 million, despite Roosevelt’s suggestion that the amount was similar to the “kind of tip which one gave in a very unfashionable restaurant.”¹⁵ Czechoslovakia made a token payment of \$180,000 and Latvia paid \$6,000. Hungary ostensibly met its obligation, but deposited its payment in a blocked account. Rumania and Lithuania notified the State Department of their inability to pay, but recanted when other debtors made partial payment. Rumania then paid slightly more than \$29,000, and Lithuania belatedly remitted \$10,000. With the exception of Finland, which paid in full, all the remaining debtors, including France and Belgium, defaulted.

At London nothing seemed to go well for Chairman Cordell Hull and his diverse collection of delegates. On his arrival, Hull learned that Roosevelt, believing he had pressured Congress as far as was possible, had decided not to submit a reciprocal trade agreements bill until 1934. The news came as a “terrific blow” to Hull because he had hoped to be able to display the bill as evidence of America’s willingness to reduce trade barriers. Hull, in his *Memoirs*, bitterly recalled that he had “left for London with the highest of hopes, but arrived with empty hands.”¹⁶ Hull was also upset when Prime Minister MacDonald, in his opening address to the conference, boldly brought up a subject that, even he freely admitted, was officially excluded from the conference agenda. “I refer,” he stated, “to the question of the war debts, which must be dealt with before every obstacle to general recovery has been removed, and it must be taken up without delay by the nations concerned. Lausanne has to be completed and this vexed question settled once for all in the light of present world conditions.”¹⁷ Ambassador Robert W. Bingham, expressed the mood of the Americans in London, when he wrote Roosevelt that he was “simply aghast” at MacDonald’s “breach of faith.”¹⁸

As the conference organized during its first week, Sprague and Harrison negotiated a stabilization agreement with the British and French. The agreement would have maintained existing exchange rates of the dollar, pound, and franc for the duration of the conference, and it obligated the Treasury to expend up to \$60 million in defense of the dollar and to compensate the Federal Reserve Bank of New York for any losses incurred. Earlier Roosevelt had endorsed currency stabilization, but once the conference began he reconsidered his position, fearing that stabilization at too low a level would be premature. General Hugh Johnson, the outspoken director of the National Recovery Administration, put the position of the more nationalistic New Dealers bluntly when he told Moley, “an agreement to stabilize now on the lines your boy friends in London are suggesting would bust to hell

and gone the prices we're sweating to raise." Roosevelt sided with the nationalists in his administration when he quickly rejected the Sprague-Harrison plan as too vague. "As a general principle," wrote Roosevelt, "I am at present opposed to any agreements aimed at close stabilization of pound and dollar with small leeway either way, especially at present approximate levels."¹⁹

Roosevelt's reversal of his position on stabilization threw the American delegation and the conference into a state of confusion. Even Hull, still demoralized by the rejection of his tariff reduction hopes, felt "the conference was showing unmistakable signs of bogging down."²⁰ Moreover, the behavior of several members of the delegation, with the conspicuous exception of Cox, was bizarre: attendance at meetings was sporadic, especially on the part of McReynolds and Morrison. Couzens repeatedly criticized Hull's policies in press interviews. Hull appeared despondent and later complained to Moley that the delegation had been "disobedient and recalcitrant."²¹ And Pittman disgraced himself by lapsing into a state of chronic intoxication, by picking quarrels, and physically assaulting staff members of the delegation. In a conversation with Henry L. Stimson a few weeks later, MacDonald burst out: "How on earth did Roosevelt ever send such a delegation to the conference? It had no cohesion or initiative. It could act only on daily reports and instructions from Washington."²²

An equally bizarre performance was Raymond Moley's voyage to London. It was preceded by Moley's descent, by seaplane and destroyer, upon Roosevelt's vacation schooner *Amberjack*. Roosevelt, cordial as ever, wrote out in his illegible handwriting a memorandum stating that Moley was being sent at the president's request to act as a "messenger or liaison officer," that he would bring the delegation firsthand information, and that after about a week he would return to brief the president. Hazily the president indicated to Moley that he could accept a limited stabilization agreement to keep the conference from failing, or at least that was Moley's impression. For the reputations of both Moley and Roosevelt, the mission to London proved singularly ill-advised.

During the six days it took for Moley to reach London, the conference came to a virtual standstill. Hull was deeply mortified as the Moley mission gave at least the tacit impression that Hull had proved incapable of adequately representing American interests. Therefore, it was rumored, Roosevelt was sending his "man Friday" to replace Hull as secretary of state. On his arrival, to Hull's acute embarrassment, Moley was lionized by the press, while Hull was ignored. At one point MacDonald asked Hull if he would "send Moley over to me? I'd like to talk to him," adding as an afterthought, "and you can come too if you like." Hull's impression, contained in his *Memoirs*, was that Moley "appeared to act as if he were in entire charge for the United States Government, notwithstanding his transparent protests and denials as to occupying such a status."²³

Subsequently Moley, at the urging of MacDonald and with the approval of Sprague, Harrison, Bernard Baruch, Secretary of the Treasury Will Woodin, and his Undersecretary Dean Acheson, endorsed an exceptionally ambiguous stabilization proposal designed to keep the conference from collapsing. In vague generalities the agreement spoke of restoring international monetary stability "as quickly as possible" and endorsed the abstract desirability of ultimately restoring the gold standard "when the time comes." To control currency speculation, central banks were requested to coordinate their operations. In trans-Atlantic telephone conversations, which were then a novelty, Roosevelt's economic advisers endorsed the plan (in one telephone conference an inadvertent \$400 charge was incurred when Woodin, who was suffering from cancer, suddenly fainted and the phone was left off the hook). Moley magnanimously arranged for Hull to announce the president's acquiescence when the expected favorable reply was received from the USS *Indianapolis*, where Roosevelt was headquartered.²⁴

Instead Roosevelt surprised everyone, especially Moley, by dispatching his "bombshell" message of July 3, 1933, in which he emphatically rejected stabilization, saying it would be a world tragedy if the conference were to be "diverted by the proposal of a purely artificial and temporary experiment affecting the monetary exchange of a few nations only." Realizing that Moley "had reached the end of his rope," Hull rebuked him with the advice, "You had better get back home. You had no business over here in the first place," and Hull continued "to elaborate along those lines." In discussing Moley with Stimson, Hull remarked, "You can properly call him a son of anything you please," and in a conversation with James P. Warburg, Hull referred to Moley as an untrustworthy "piss-ant." As for MacDonald, he was devastated by Roosevelt's "bombshell." In frustration MacDonald burst out, "This doesn't sound like the man I spent so many hours with in Washington. This sounds like a different man. I don't understand."²⁵

To save face the conference remained in session until July 27 when it "recessed," never to reconvene. But the remaining three weeks were largely wasted in what Hull called "a kind of paper chase during which we sought to find odds and ends of topics that could be discussed."²⁶ First, an effort to agree on a new agenda ended in a stalemate between the gold and nongold nations. The efforts of the Monetary and Economic Commission, headed by Cox, produced almost nothing of substance: a harmless resolution calling on debtors to make every effort to pay their debts, as well as resolutions that urged central banks to cooperate in making agricultural loans available, to discourage the circulation of gold coins, and to establish central banks in countries where they did not already exist. The effect of these resolutions was aptly summarized for Roosevelt by Pittman, who reported "all these resolutions were innocuous, gave opportunity for unobjectionable speeches and seemed to satisfy Near East groups."²⁷ The other major branch of the conference, the Economic Commission, was just as

unsuccessful, adopting a report stating that the lowering of tariffs was “indispensable,” but agreement could not be reached even on a generalized resolution. Equally futile were the results achieved by the division’s sub-commissions on the coordination of production and marketing, on timber, on governmental subsidies to shippers, and indirect protective measures (meaning customs regulations, quarantines, and administrative red tape). The subcommission reports merely called for further study or admitted that the deliberations had revealed conflicting positions. Somewhat ironically the chief accomplishment at London, achieved outside the framework of the conference, was the handiwork of Senator Pittman. The so-called London Silver Agreement established quotas for sales to the international silver market for the major silver producers, and committed the United States to purchase the current production of the American silver industry.

For all parties concerned the London Economic Conference had been an exercise in futility. Ramsay MacDonald was humiliated by the waste of time. But if Roosevelt felt any embarrassment for “torpedoing” the conference, he hid it behind bravado and contended he had preserved the nation’s integrity against the greedy designs of European central bankers. In 1937, in discussing the “bombshell” message with the journalist Arthur Krock, Roosevelt made the ridiculous statement: “I’m prouder of that than anything else I ever did.” The reality was that there was much in Roosevelt’s diplomacy of which he should have been embarrassed: his selection of a weak, poorly instructed delegation; his adoption of a contradictory policy of simultaneously pursuing a nationalist policy at home while calling for international action at London; his apparent failure to even read Moley’s stabilization proposal; and his casual humiliation of a loyal, if abrasive, assistant. One of the more unflattering explanations for Roosevelt’s angry “bombshell” is that he wrote it at a time when he was upset as a result of the inevitable frictions that occur in even the best of marriages, namely that his wife had spoken sharply to him about what she regarded as Moley’s excessive influence and had raised objections when Roosevelt served a cocktail to his teenage son, and then criticized her husband for being thirty minutes late to dinner; his excuse was that he didn’t know what time dinner was being served.²⁸ In defense of Roosevelt’s unsteady economic diplomacy, it has been argued that the gold standard nations should share the blame for the failure at London by insisting on stabilization as a precondition for accomplishing anything else. Moreover, even if Roosevelt had accepted Moley’s stabilization agreement, it is unlikely much would have been accomplished. But Roosevelt and the United States would have escaped the blame for torpedoing the conference and retreating to isolationism.

The adjournment of the London Economic Conference by no means ended the New Deal’s foreign economic troubles. By the fall of 1933 the White House, the State Department, and the Treasury Department were

forced once again to turn their attention to the unpleasant topic of war debts, this because the six debtors who had made token payments in June had requested further negotiations. According to Moley, Roosevelt conceived the idea toward the end of the London Economic Conference of offering Finland, the only debtor paying in full, a substantial reduction of its debt, which would presumably serve as a model for general debt revision. To the surprise of the State Department the Finns, whose payments were insignificant and who enjoyed a favorable balance of trade with the United States, showed no interest. Likewise Czechoslovakia declined to be the first to negotiate, noting that they would be criticized by other debtors if they broke ranks. By default, therefore, the British, who sent Sir Frederick Leith-Ross to Washington in October, became the sole debtor to negotiate, while the remaining token payment debtors watched and waited.

Typically, few preparations were made on the American side until virtually the last minute. Undersecretary of State William Phillips plaintively wrote Hull, "Someone has got to talk to Leith-Ross, who will arrive in Washington in a few days. Someone ought to be studying the voluminous information which our Embassy in London has sent us, under the Department's instructions with respect to Great Britain's financial situation."²⁹ Belatedly it was decided to divide the negotiations between the treasury and state departments. Undersecretary of the Treasury Dean Acheson was placed in charge, and Assistant Economic Adviser Frederick Livesey was named as his assistant. The selection of the urbane Acheson was not entirely fortunate because Acheson was rapidly falling out of favor with Roosevelt due to his opposition to the bizarre theory of Professor George Warren that buying of gold by the Treasury would increase agricultural prices; a few weeks later the dispute led to Acheson's forced resignation. No doubt it would have been more sensible to have named a negotiator with the full confidence of the president. In practice it soon became evident that the two sides were so far apart that the lack of rapport between Roosevelt and Acheson was irrelevant.

It did not take Acheson long to discover that he had been "garlanded for sacrifice" and dispatched on a "kamikaze mission." The futility of the negotiation was immediately apparent as neither side was prepared to alter the positions taken the previous spring. Roosevelt told Acheson to hear Leith-Ross sympathetically, but to accept no settlement involving a drastic sacrifice. Fundamentally, British strategy also remained unchanged. Chancellor of the Exchequer Neville Chamberlain, showing no hint of being a weak appeaser, insisted on a settlement that would pass on to the United States the remnants Britain had received at the Lausanne Conference. Roosevelt, thinking of the congressional reaction to any drastic reduction, was adamant. The most he could offer, Roosevelt told Acheson, was to reduce Britain's debt to \$2.26 billion and spread the payments over fifty years without interest. If Britain accepted, its annual payments would be

reduced to about \$40 million and in Roosevelt's opinion, conveyed to Leith-Ross through Acheson, "it was nonsense to say [the] British Government could not pay this."³⁰

At the cabinet meeting of October 13, Acheson embarked upon an ill-starred effort to modify Roosevelt's views. Believing the situation presented a unique opportunity to direct public opinion away from the mentality of Calvin Coolidge, Acheson enlisted the support of Hull and Secretary of Labor Francis Perkins. But the president brusquely indicated he was holding out for more favorable terms. When Acheson stated that it was time to face the facts, Roosevelt decisively interrupted him with the comment: "Nothing new. I was afraid so. I must go into it with you later. It's not a matter of general interest here." Hull cleared his throat, but perhaps intimidated by Roosevelt's demeanor, declined to enter the fray. Afterward Hull, who pronounced his Rs as Ws, explained that the President "didn't give me a chance to begin maneuvering."³¹

Two weeks of further negotiation failed to discover a middle ground. Tentatively the British suggested a temporary settlement involving a lump sum payment of perhaps \$50 million to cover three or four years. Again Roosevelt was critical, and by October 27 Leith-Ross confided to Stimson that he was "not getting anywhere, but simply batting the air." Nor was the impasse broken by a White House conference between Lindsay, Leith-Ross, and the president on November 1. "His mind seemed to be quite decided," reported Leith-Ross, "and he brushed aside all the arguments which we put forward in favour of a longer period of agreement. There seemed no chance therefore of getting anything except another temporary arrangement covering the December 15 payment."³² Roosevelt freely conceded that the 1923 debt settlement had been too severe, but in his political judgment neither the American public nor Congress was ready for a settlement that would reduce Britain's payments to only \$10 or \$15 million a year. The same objection applied to a temporary settlement of three or four years. Congressional authorization would be required for such an expedient, explained the president, and he argued it would be futile to approach Congress until a permanent settlement could be achieved. There was common agreement that the only course of action was to repeat the token payment procedure, and Roosevelt said he was willing to state again that he did not consider the British to be defaulters.

But Roosevelt, who liked to pride himself on his ability as a horse trader, was outsmarted on the amount of the token payment. Originally Chancellor of the Exchequer Neville Chamberlain had authorized a \$10 million payment. Leith-Ross and Lindsay, neglecting to mention that they were able to pay the same amount as on June 15, shrewdly offered \$7.5 million and Roosevelt readily accepted. A carefully worded statement drafted by Roosevelt artfully announced that the two governments had decided "to adjourn the discussions until certain factors in the world situation—

commercial and monetary—become more clarified.” In view of the token payment Roosevelt added, “I have no personal hesitation in saying that I shall not regard the British Government as in default.”³³

The British debt issue was not the only relic of World War I to intrude upon Roosevelt’s thoughts. For months the president had been exploring the possibility of ending the United States’ sixteen-year diplomatic black-out of the Soviet Union. Like his predecessors Roosevelt found that a major obstacle to recognition was the Soviet government’s repudiation of loans made by the Wilson administration to the Provisional Government totaling nearly \$193 million. By 1933 the logic behind nonrecognition was no longer persuasive. Its permanency established, the Soviet Union appeared less and less as a diabolical menace, and its purchases under the first Five Year Plan seemed to offer hope for the United States’ sagging export trade. Moreover, Roosevelt and Hull believed it unnatural for two such pivotal nations not to maintain diplomatic relations.

Roosevelt took the initiative by writing directly to the president of the Soviet Union inviting the Russians to send a representative “to explore with me personally the questions outstanding between our countries.” No advance conditions were mentioned either by Roosevelt or in the Soviet reply accepting the invitation. On the sixteenth anniversary of the Bolshevik Revolution, Soviet Commissar for Foreign Affairs Maxim Litvinov arrived in Washington to conduct the negotiations. At the outset Roosevelt found that Litvinov was as intractable on the question of debts as were the United States’ capitalist debtors. In the Roosevelt-Litvinov Agreement, announced on November 16, 1933, it was Roosevelt who made most of the concessions. In return for diplomatic recognition, Litvinov made paper promises to refrain from propaganda and to guarantee freedom of worship to Americans living in Russia. On the question of the Soviet debt the two leaders initialed an exceptionally imprecise “gentleman’s agreement.” In this remarkable document, seemingly dictated by Roosevelt, the president agreed to accept a minimum settlement of \$150 million and expressed his opinion that Congress probably would reject a smaller sum. Litvinov, describing Roosevelt’s figure as excessive, stated that he would, “without making any commitment,” advise his government to accept \$100 million as a fair compromise. But in the same breath Litvinov expressed confidence that “when the President had looked into the facts he would not feel that a sum greater than \$75 million was justified.”³⁴ Immediately the agreement was subject to conflicting interpretations, and by 1935 the negotiations reached an impasse over Soviet insistence that an American loan must precede a settlement. Years later Roosevelt was derided by critics for what they described as his hopelessly naive “Be Good to Russia” policy of wartime collaboration with Stalin. But in this case it is highly unlikely Roosevelt entered into an understanding with the Soviets in a spirit of childlike naivete. More likely Roosevelt accepted the agreement with Litvinov as an expedient,

believing that the potential benefits of recognition outweighed whatever might be received on the comparatively small debt inherited by the Soviets. Not surprisingly the Treasury is still waiting for the first debt installment.

Simultaneously with the opening of diplomatic ties with Moscow, Roosevelt, playing the role of foreign policy quarterback, took the initiative in improvising a promising and imaginative debt revision agreement with Finland, which could have served as a prelude to a general debt revision and at least a nominal improvement in relations with the European debtors generally. At the same time Roosevelt kept a keen eye on how any reduction in payments, even in the case of the faithful Finns, would be received by Congress. A few months previously Finland had shown no interest when the subject of modifying its 1923 agreement was first floated. But by November 1933, the Finnish government changed its mind as opposition politicians were asking why only Finland should pay in full when America's other debtors were defaulting or making token payments. At Roosevelt's invitation a White House conference was convened on November 13. In attendance were Dean Acheson, William Phillips, the president, and the Finnish minister, Axel Leonard Aström. Roosevelt opened the discussion by expressing his gratitude to Finland for scrupulously observing its signed obligations. He added that to express his full appreciation to Finland, he wished to propose a debt revision that would reduce Finland's interest rate from three and a half percent to a "purely nominal" rate. The president's words were conveyed in so cordial a spirit that the minister wept. Phillips and Acheson were instructed to work out the details.³⁵

The new agreement was not ready by the December 15 deadline, so Finland paid its installment (\$229,623) according to the existing schedule. Again Finland was the only debtor to pay in full, although five debtors made token payments: Britain (\$7.5 million), Italy (\$1 million), Czechoslovakia (\$150,000), Lithuania (\$7,000), and Latvia (\$8,500). Based upon a penciled memorandum by Roosevelt, the Treasury prepared alternatives for revising Finland's 1923 agreement. By recalculating Finland's debt on the basis of the Italian settlement of 1925, the Treasury concluded that the remaining principal due totaled \$5,854,903.25. Roosevelt enthusiastically recommended that Finland be offered a revision that would retire the principal over thirty years without interest. "If you think this will attract them and that they will go through with it," Roosevelt wrote Phillips, "I take it the next step will be a tentative agreement, and you can tell them that I would submit such an agreement to the Congress for approval."³⁶ By mid-January 1934, the agreement was ready for signing. However, due to his contracting a case of political cold feet, Roosevelt never carried through his promise to send the agreement to Congress.

From Capitol Hill came strong indications that Congress, even under Democratic control, was as violently opposed as ever to even the slightest

debt concession. What caught Roosevelt's attention was a bill introduced in March 1933, by Senator Hiram Johnson of California that proposed to ban the further purchase or sale in the United States of the bonds or securities of countries that were in default of their war debts. The exact definition of the term "default," however, was not spelled out in the legislation. The purposes of the measure, according to the favorable report of the Senate Judiciary Committee, were "to curb the capacity of those engaged in the sale of foreign obligations, [and to serve] as an admonition to governments well able to pay but which nevertheless repudiate their written engagements."³⁷

In a little more than three months the Johnson Act made its way through Congress. On January 11, 1934, the bill passed the Senate without opposition, but it was reconsidered when Hull sought to modify its more extreme provisions. In its original form the bill would have banned further loans to individuals, as well as governments, of countries in default. At Hull's direction, Assistant Secretary of State R. Walton Moore urged that Latin America be excluded from the loan ban since defaults in that area had been attributable largely to financial chaos. However, no exemption was requested for the five debtors making token payments. Senator Johnson promptly agreed to accept the changes suggested by the State Department, thereby ensuring passage. To the shock of the British Embassy, the Johnson Act passed the Senate without opposition on February 6.

With Roosevelt and Hull standing aside, the Johnson Act sailed through the House. A theme frequently sounded during the House debate was that a ban on loans to defaulting governments would compel America's wayward debtors to pay. "This bill now before us," stated Democratic Representative Frank L. Klobb of Ohio, "may bring them [defaulting debtors] to a sudden recognition of the fact that the backs of the taxpayers can no longer be lashed by debt defaulters who breach their solemn obligations." Representative Samuel McReynolds of Tennessee, the chairman of the House Foreign Affairs Committee, agreed stating, "By voting favorably on this bill we can say that we do not propose to have this Government or the citizens of the Government lend money until the defaulting governments have settled what they owe us. In other words we will protect the Government as well as the people of the United States."³⁸ By voice vote the measure passed the House on April 4 without dissent. In its final form the Johnson Act was cleverly constructed to eliminate any possible loophole. It banned not only loans to governments in default, but also the purchase or sale of the bonds, securities, or any other obligations of any foreign government "or political subdivision thereof or any organization or association acting for or on behalf of a foreign government or political subdivision thereof," while that government was in default of the payment of its debts "or any part thereof, to the Government of the United States."

Violators were subject to a fine of \$10,000 or five years imprisonment or both.³⁹

The passage of such a xenophobic law without a single dissenting vote must have demonstrated to Roosevelt the utter futility of further talk about reducing even the debt of Finland. Throughout, Roosevelt had approached the subject of revision with extreme caution, always bearing in mind the political implications of revision. Wary of committing his prestige on behalf of a losing cause, the president had not repeated in public his willingness to make concessions on the British and Finnish debts. That he had abandoned control of the debt issue to Congress was demonstrated by his signing of the Johnson Act on April 14.

The one remaining question raised by the Johnson Act was whether countries that had made token payments, such as Britain and Italy, were in default and subject to a loan ban. At the direction of the president, Attorney General Homer Cummings prepared an opinion to provide clarification. According to the ruling, handed down on May 5, Cummings took a flexible view of the term "default," holding that a government that had made only partial payment of its previous installments was not yet in default. Although he did not rule upon the question directly, the attorney general's opinion implied that full payment of the installments due on June 15 would be necessary to avoid the penalties of the Johnson Act.⁴⁰

Without enthusiasm Chancellor of the Exchequer Neville Chamberlain agreed to make another \$7.5 million token payment, provided Roosevelt would state again that he did not regard Britain as in a state of default. Lindsay, on instructions, met with the president to assess the possibilities. Displaying his "usual breezy optimism and amazing candour," Roosevelt made it plain that the mood of Congress ruled out further token payments. Throughout the conversation Roosevelt avoided appearing as a debt collector, and adopted the attitude of a friendly counselor whose only desire was to be helpful. When the ambassador asked for suggestions, the president recommended that the British divert attention from the distasteful word "default" by sending a prestigious mission to Washington for a new round of debt negotiations. Such a procedure, said Roosevelt, would "certainly improve" the situation regarding the June 15 payment and perhaps the next "pay-day" as well. Lindsay expressed his "absolute horror" at the idea, and according to William Phillips, the ambassador "did not seem to receive the President's suggestion in a very happy spirit." Repeatedly Roosevelt stressed the necessity of preserving Anglo-American friendship so that the two nations could respond jointly to any crisis that might arise in Europe or the Far East. "He actually said," reported an astonished Lindsay, " 'you have not yet completed Singapore and please let us know when you have.' " The president further startled Lindsay by audaciously saying he would like to draft the diplomatic note to be sent by Britain explaining its decision to

default. His advice was to avoid formal language and to explain the current British budget surplus as the result of "unparalleled sacrifices." Clothed in his role as helpful adviser, Roosevelt "actually recommended" to the bemused ambassador that the British note stress the necessity of reducing the tax burden of the average British citizen so as to remove "social injustice."⁴¹

The passage of the Johnson Act ended any thought of debt revision on Roosevelt's part. Pragmatically he surrendered to the "Iron Cancellor," as Lindsay now called the irreconcilable senator from California. To the distress of the Finns, Roosevelt refused to carry out the revised debt settlement, noting that the political situation in Congress made its submission impossible. As William Phillips explained to the Finnish minister, a reduction in Finland's payments would raise embarrassing questions as to whether other debtors would receive the same treatment and would likely disrupt and prolong the congressional session. Roosevelt's capitulation on the issue was formalized by the publication on June 1 of the president's debt message to Congress. Drafted in the State Department by Assistant Economic Adviser Frederick Livesey and William Phillips, the statement displayed none of the stylistic flourishes characteristic of the president. Making no mention of the Warburg Plan, of his offer to cancel all interest on the British debt, or of the proposed Finnish settlement, the message emphasized the "sacredness" of the debtors' moral obligation to the American taxpayer, and noted that the American people would look critically upon foreign spending "for purposes of unproductive nationalistic expenditure or like purposes." His administration was open to holding further discussions relating "to means and method of payment," but Roosevelt frankly conceded that "the final power lies with the Congress."⁴² In view of Roosevelt's unsympathetic tone, the five debtors that had remained in good standing by means of partial payment were confronted with a choice between full remittance of the June installments or default.

To no one's surprise the era of token payments now ended as a formal note announced the British decision to default. Ignoring Roosevelt's suggestion about "social injustice" and the heavy burden of taxation, the British employed more conventional justifications, citing the high American tariff, the "unreasonable" and "inequitable" debt settlement of 1923, and the incongruity of Britain's honoring its obligations to the United States while receiving nothing from its debtors. The actual term "default" was scrupulously avoided; technically Britain was only "suspending further payments until it becomes possible to discuss an ultimate settlement of inter-governmental war debts with a reasonable prospect of agreement."⁴³

Italy, Czechoslovakia, Latvia, and Lithuania, having waited to see what Britain would do, followed the British lead and defaulted. Only Finland made full payment, a policy that continued during World War II (even after Finland joined Germany) because Finland had sufficient dollar reserves

in American banks; in 1949 the remaining Finnish payments were diverted into a fund for educational exchanges. Semiannually after June 1934 the Treasury and State Departments went through a ritual of presenting each of the defaulting debtors a statement of the amounts due plus compound interest. In return the debtors politely expressed regret that the conditions that had compelled the suspension of payments had not changed. It was a practice that was not abandoned until after the outbreak of World War II. The entire war debt conundrum, which so fixated the American public and foreign policy makers, was in many ways typical of American interwar foreign policy. Legalistically both Democrats and Republicans insisted upon the United States' moral right of repayment, even if the financial returns were insignificant compared with the political costs of poisoning relations with potential allies. Every time a promising solution was suggested, the statesmen of the day, usually for fear of political retribution, decided not to act. From a purely material point of view the war debt policy of the interwar era proved shortsighted. Of the \$10.3 billion funded by the World War Foreign Debt Commission, the United States collected only about \$2.7 billion by 1934; and of this sum \$2,024,000,000 was paid by Britain. Moreover, the punitive Johnson Act backfired in that, instead of forcing the debtors to pay, it made it easier for them to default. For their part the British, who were at first pleased to have escaped from the debt conundrum, did not look so clever when the Johnson Act blocked loans to Britain, which were badly needed for rearmament in the face of the Nazi threat. An incidental result of Britain's default was to further intensify the personal distrust between Neville Chamberlain and Franklin D. Roosevelt.

Historians often claim the "lessons" of history to which they are privy are ignored; but in this case learned historians were hardly required to instruct future generations about the folly of loaning huge sums and then expecting repayment over several generations. That the obvious implications of the defaults of 1932–1934 were not lost on President Roosevelt was soon demonstrated by his deft elimination of the dollar sign through his imaginative Lend-Lease program during World War II. The quiet repeal of the Johnson Act and a \$2 billion loan to Britain followed in 1946.

NOTES

1. Arthur M. Schlesinger, Jr., *The Coming of the New Deal* (Boston, 1959), 193.

2. Stephen A. Schuker, *American "Reparations" to Germany, 1919–1933: Implications for the Third-World Debt Crisis* (Princeton, 1988), 73.

3. For a portrayal of Roosevelt as an isolationist see Charles C. Tansill, *Back Door to War: The Roosevelt Foreign Policy, 1933–1941* (Chicago, 1952), 43; and Charles A. Beard, *American Foreign Policy in the Making, 1932–1940* (New Haven, 1940), 132. For Roosevelt as an internationalist see William E. Leuchtenburg,

Franklin D. Roosevelt and the New Deal, 1932–1940 (New York, 1963), 197–230; and Robert Dallek, *Franklin D. Roosevelt and American Foreign Policy, 1932–1945* (New York, 1979), 20–97.

4. Lindsay to Anthony Eden, January 1, 1936, FO414/273/A308, Public Record Office (PRO).

5. Raymond Moley, *After Seven Years* (New York, 1939), 116.

6. Cordell Hull, *The Memoirs of Cordell Hull* (New York, 1948), Vol. 1, 247.

7. Moley, *After Seven Years*, 201.

8. Moley, *After Seven Years*, 204.

9. Moley, *After Seven Years*, 206.

10. *The Public Papers and Addresses of Franklin D. Roosevelt* (New York, 1938), Vol. 2, 167.

11. *The Public Papers and Addresses of Franklin D. Roosevelt*, Vol. 2, 185–91.

12. Hull to French Ambassador Andre Laboulaye, May 27, 1933, FRUS, 1933, I 619–20.

13. Roosevelt to MacDonald, May 22, 1933, Edgar B. Nixon, editor, *Franklin D. Roosevelt and Foreign Affairs* (Cambridge, 1969), Vol. 1, 153–54.

14. Lindsay to Hull, June 13, 1933, FRUS, 1933, I, 839–41; Lindsay to Sir John Simon, June 15, 1933, FO 794/17.

15. Moley, *After Seven Years*, 223.

16. Hull, *Memoirs*, Vol. 1, 255.

17. Walter Lippmann, editor, *The United States in World Affairs: An Account of American Foreign Relations, 1933* (New York, 1934), 103.

18. Schlesinger, *Coming of the New Deal*, 213.

19. Roosevelt to Hull, June 17, 1933, FRUS, 1933, I, 646.

20. Hull, *Memoirs*, Vol. 1, 259.

21. Moley, *After Seven Years*, 244.

22. Diary of Henry L. Stimson, July 15, 1933, Yale University.

23. Hull, *Memoirs*, Vol. 1, 260–61.

24. Moley, *After Seven Years*, 250–53.

25. Hull, *Memoirs*, Vol. 1, 261; Frank Freidel, *Franklin D. Roosevelt: Launching the New Deal* (Boston, 1973), 492; Moley, *After Seven Years*, 263.

26. Hull, *Memoirs*, Vol. 1, 129–30.

27. Pittman to Roosevelt, July 14, 1933, FRUS, I, 717–18.

28. Freidel, *Franklin D. Roosevelt: Launching the New Deal*, 478–89.

29. Phillips to Hull, September 25, 1933, Franklin D. Roosevelt Library, Official File 48.

30. Dean Acheson, *Morning and Noon* (Boston, 1965), 185–86; Lindsay to Simon, October 13, 1933, E.L. Woodward and Rohan Butler, eds., *Documents on British Foreign Policy, 1919–1939* (London, 1956), Second Series, Vol. 5, 845–48. See also Patricia Clavin, *The Failure of Economic Diplomacy: Britain, Germany, France and the United States, 1931–1936* (New York, 1996), 173–76.

31. Acheson, *Morning and Noon*, 185–87.

32. Lindsay to Simon, November 1, 1933, Woodward and Butler, *Documents on British Foreign Policy*, Second Series, Vol. 5, 852–53.

33. Press release issued by the White House, November 7, 1933, FRUS, 1933, I, 845–46.

34. Robert P. Browder, *The Origins of Soviet-American Diplomacy* (Princeton, 1953), 116–43; Donald G. Bishop, *The Roosevelt-Litvinov Agreements: The American View* (Syracuse, 1965), Chapter 5.
35. Memorandum by Phillips, November 13, 1933, FRUS, 1933, I, 864; William Phillips, *Ventures in Diplomacy* (North Beverly, Mass., 1952), 160.
36. Roosevelt to Phillips, December 22, 1933, Nixon, *Franklin D. Roosevelt and Foreign Affairs*, Vol. 1, 543–44.
37. Senate Reports, 73 Cong. 2 Sess., No. 20 (Serial 9769), 1–2.
38. *Congressional Record*, 73 Cong., 2 Sess., 6048, 6054 (April 4, 1934).
39. Department of the Treasury, *Annual Report of the Secretary of the Treasury*, 1934 (Washington, 1935), 238.
40. *Annual Report of the Secretary of the Treasury*, 1934, 238–42.
41. Lindsay to Simon, May 18, 1934, Woodward and Butler, *Documents on British Foreign Policy*, Second Series, Vol. 6, 926–28.
42. Roosevelt to the Congress, June 1, 1934, Nixon, *Franklin D. Roosevelt and Foreign Affairs*, Vol. 2, 126–34.
43. Lindsay to Hull, June 4, 1934, Department of the Treasury, *Annual Report of the Secretary of the Treasury*, 1934, 227–30.

