

Notes on Walter LaFeber's 1963 classic *The New Empire: An Interpretation of American Expansion, 1860–1898*

Early in the book, to provide context for the imperialism of the 1890s, he has some useful comments on America's late-nineteenth-century depressions (which he interprets in classic Marxian fashion): “As efficient machines produced more and more industrial and agricultural goods, consumption could not maintain the pace. The resulting deflation needed only the impetus derived from a few failures of large banks or Wall Street firms to push the economy into a full-scale depression. In the twenty-five years after 1873, half were years of depression: 1873–1878, 1882–1885, and 1893–1897. As each panic struck, Americans became convinced that the new one was worse than the last. Although they believed the 1893–1897 crisis to be most destructive, and although it did have the greatest impact on the formulation of foreign policy, economists have demonstrated that the depression of the 1870's was actually the worst... The break in the early eighties was especially sharp. Agricultural prices fell when good European crops combined with still greater American wheat production in 1881 and 1882. Industrial prices followed suit. Between 1880 and 1884 business failures tripled in number to almost 12,000 annually. The economy would not stand upright again until after 1897...”

“In some respects, however, the mushrooming industrial economy fed upon these depressions. In discussing the 1873 panic Andrew Carnegie later acknowledged: ‘So many of my friends needed money that they begged me to repay them. I did so and bought out five or six of them. That was what gave me my leading interest in this steel business.’ [Thus, as Marxists theorize, strong capital survives, weak capital is weeded out. Concentration and centralization of capital is the result.] ...Out of [the] expanded and productive plant [at Homestead] would come vast amounts of steel, much of which sought foreign markets in the 1890's because of insufficient demand at home. It was truly twenty years of boom hidden in twenty years of crisis.”

At the same time, more and more American money (from huge profits) flowed into Europe, Latin America, Canada, and Asia. As the United States began exporting more than importing, it made up the difference by buying back American securities abroad, buying foreign stocks and bonds, and building American-owned transportation systems and industries abroad.

“The importance of this industrial power was just becoming apparent by the time of the Civil War, but agricultural surpluses had played a key role in the nation's foreign relations ever since Maryland and Virginia planters had tried to find markets outside the British Empire for the rich tobacco harvests in the seventeenth century. By 1870 the American economy depended so much upon foreign markets for the agricultural surplus that the economy's ups and downs for the next thirty years can be traced in large measure to the success or failure of marketing each year's wheat and cotton crops. No matter how many markets could be found, more always seemed to be needed. With the opening of vast new lands after 1865 and under the impact of farm mechanization, the production of wheat and cotton soared beyond all previous figures... Between 1869 and 1900 the home market bought between 75 per cent and 85 per cent of the total value of farm products, but the most important items of cotton, tobacco, and wheat depended much more on foreign markets... If foreign markets meant good instead of mediocre or poor profits for some industrialists, adequate markets abroad meant the difference between being solvent or bankrupt to many farmers.”

For a while the great frontier of the American West provided new markets and sources of raw materials. But when in the 1880s many Americans feared that the frontier was closing, “they reacted in the classic manner of searching farther west for new frontiers, though primarily of a

commercial, not landed, nature. This swept them into the Pacific and Asiatic area and hence into one of the maelstroms of world power politics.” Another main thesis of the book is that as the internal frontier began to stagnate, an intensified threat to social order emerged in the form of “bankrupt farmers, unemployed laborers and miners, and bitter social critics including some of the foremost novelists of the day. Foreign policy formulators and many businessmen viewed expanding diplomatic [or imperialistic] interests as one way to ameliorate the causes of this discontent.”

Already in the first chapter LaFeber gives a ton of evidence demonstrating industry’s tremendous interest in foreign markets, and its increasing interest in enlisting the government in the service of this agenda. By the 1880s industry was also growing more favorable to the idea of free trade—low tariffs or no tariffs for the sake of cheaper raw materials, which, along with increasing mechanization, would soon enable American industrialists to undersell England anywhere in the world. For England still had overwhelming dominance of world trade, and industrialists wanted to end this.

“In the unfolding drama of the new empire William Henry Seward [Lincoln’s Secretary of State] appears as the prince of players. Grant, Hamilton Fish, William M. Everts, James G. Blaine, Frederick T. Frelinghuysen, and Thomas F. Bayard assume secondary roles. Although Seward left the stage in the first act of the drama, only a few of the other players could improve on his techniques, and none could approach his vision of American empire.” In fact, his vision of empire (which was influenced by John Quincy Adams) dominated American policy for the next century—or longer. Imperial manifest destiny, world empires inexorably moving westward, Asia and the Pacific as America’s destiny, etc. With Obama’s “Pacific pivot,” we can see that Seward was indeed far-seeing. His ambitiousness was breathtaking. Envisioned eventual annexation of Canada, Mexico, and Central America, bought Alaska in part as “a foothold for commercial and naval operations accessible from the Pacific States” (to quote Seward’s son), wanted to hold islands in the Caribbean to protect an isthmian route to the Pacific and also prevent European powers from interfering with the Americas, prepared the way for the American embrace of Hawaii and the Midway islands, negotiated a treaty with China in 1868 that gave Chinese laborers almost unrestricted entry into the country so that they could supply cheap labor to build transcontinental railroads and the like, advocated high tariffs to protect small industries and attract foreign laborers (and also give the federal government money for internal improvements, such as Quincy Adams had favored), etc. Seward is sort of the patron saint of modern American imperialism.

Grant and his Secretary of State Hamilton Fish continued the expansionist drive, into both the Pacific and especially Latin America. With regard to the latter, the U.S. “launched a four-pronged attack bearing all the characteristics of the new empire: attempted control of certain Caribbean islands, important for their strategic locations and raw materials; investment, notably in the new southwestern frontier of Mexico and Central America, by American capitalists; trade expansion...; and American control of an Isthmian canal. By 1904 the attack launched during the previous half century had won the field.”

Secretary of State Everts was important in his promotion of commercial empire and the expansion of trade. His 1880s successors Blaine and Frelinghuysen devoted much of their attention to finding Latin American markets for American goods, partly in the belief that the prosperity that could be secured by expanded foreign markets would mitigate internal social conflicts. For instance, Frelinghuysen negotiated bilateral reciprocity treaties with various Latin American countries to obtain lower tariffs on U.S. manufactures in return for lower tariffs on raw

materials that the U.S. imported. He hoped thereby to draw these countries more closely into the U.S. sphere of influence and away from Europe. Wanted the benefits of annexation without the political burdens. Bayard, Cleveland's Secretary of State, "switched State Department attention from Latin America to the Pacific," such as Samoa and Korea.

The modern American navy began to take shape in the 1880s—which, incidentally, put an important vested interest behind the "New Navy," for it was decreed that all armor, steel, and ordnance for American ships had to be made in America. The construction of a great battleship fleet after 1890 "revealingly typifies the more ambitious qualities of American expansion in that decade" than in the previous one. In fact, LaFaber concludes that "the years between 1850 and 1889 were a period of preparation for the 1890's."

Having considered the period of preparation, LaFaber turns first to the intellectual rationales for expansionism in the 1890s. One of them is associated with the name of Frederick Jackson Turner, though it was a common ideological current of the time. "An important part of the rationale for an expansive foreign policy in the 1890's was a fervent (though erroneous) belief held by many Americans that their unique and beneficent internal frontier no longer existed." The closing of the landed frontier supposedly necessitated the opening of a new commercial frontier. Other rationales were provided by influential vulgar ideologists like Josiah Strong and Brooks Adams, while Alfred Thayer Mahan, who was of more direct significance to policymakers, strategized about the importance of a navy and occupying strategic bases (though *not* actual colonies). Of course Social Darwinism and Anglo-Saxonism were of enormous importance as well.

On the beginnings of the modern battleship navy: "Commercial war could easily flash into a military conflict. This was the lesson Alfred Thayer Mahan taught in his influential writings published after 1890. Between 1889 and 1892 other new empire expansionists arrived at the same conclusion in a series of significant congressional debates. The result was the creation of the United States battleship fleet." Also submarines, heavy rapid-fire guns, smokeless powder, torpedoes, and heavy armor. The country's expanding foreign trade had to be protected, if necessary by raising blockades, attacking an enemy's coast, or even striking the first blow in a conflict. As Benjamin Harrison's Secretary of the Navy said in 1891, "the sea will be the future seat of empire. And we shall rule it as certainly as the sun doth rise." (Germans, of course, were starting to think along the same lines, building up their navy.)

Despite the general desire not to assume literal political control over territories, Harrison tried to annex Hawaii in early 1893. Americans already had a military base at Pearl Harbor (and another base in Samoa), but Harrison worried about the unpredictability of Hawaiian politics and the possibility that some other foreign power might become ascendant. He wanted Hawaii partly for its riches of sugar and rice, but especially because of "the islands' value as a naval base to protect the [planned] Isthmian route and as a coaling station on the avenues to Asia." To quote an administration spokesman (in all but name),

...The necessity for new markets is now upon us, and with it the necessity for cultivating close commercial and political relations with the rapidly growing nations of South America and Australia and with the newly awakened empires of China and Japan. As a prime condition of this extending influence, the duty of controlling the Isthmian routes is clear to every intelligent mind... To render that control sufficient, the [American] sovereignty of Caribbean territory and of Hawaii is absolutely necessary.

In the end, Congress didn't want the problems of governing a multiracial Hawaiian population, particularly in the context of a depression, so annexation (as a territory, not yet a state) had to wait until 1898. The Harrison administration also tried to obtain strategic bases in Haiti and Santo Domingo but failed.

The most important prerequisite to achieving the empire that Harrison desired was "the formation of a consensus by important political and business leaders on the necessity of a more expansive foreign policy." This consensus resulted from the depression of 1893 to 1897. Economic analyses by the Cleveland administration, the business community, and leading congressional figures "led these three groups to conclude that foreign markets were necessary for the prosperity and tranquillity of the United States. These groups also drew the corollary that British commercial competition, especially in Latin America, endangered America's economic well-being." LaFeber continues:

In their attempts to discover an antidote for the depression, the Cleveland administration and the business community could usefully draw on the facts of recent economic history. Crop failures and the collapse of the Baring Brothers banking house in England had sent western Europe spinning into a severe recession in 1890. Americans, however, had escape the crisis by exporting an abnormally large amount of their agricultural products... Again in 1892 European crops failed. American farm exports, finding excellent continental markets, once more reversed the gold flow [out of the U.S.]. Observers in business periodicals and in the Harrison administration...warned that only these exports shielded the United States from economic embarrassment.

A long and confusing discussion follows of the gold vs. silver currency controversy, tariffs, and the depression, but I'll skip that. Easier to understand is that business was investing ever more in Latin America, and industrialists were trying ever more vigorously to develop Latin American markets. The National Association of Manufacturers was founded in 1895 primarily with the goal of expanding foreign markets in mind; its constitution and opening convention looked to the government to improve market conditions and trade, through reciprocity agreements, a "judicious system of subsidies" to build a merchant fleet, a Nicaraguan canal, and the rebuilding of internal waterways. (Yes, what a shock, the organization that later was obsessively pro-"free market" when it came to governmental amelioration of labor conditions was absolutely anti-free market when it came to measures that would help business.) Foreign markets were all the more necessary at this time because the depression had shrunk the domestic market.

In early 1894, under pressure from business, the U.S. sent warships to Brazil to interfere with a rebellion occurring there. The result was that the rebels lost, and American trade benefited. Soon afterwards, the Cleveland administration intervened in Nicaraguan affairs and was able to maneuver England out of its strategic location in Nicaragua. In doing so, Cleveland's Secretary of State committed the U.S. to interfere in the country whenever American commercial or strategic interests were threatened. (American business had established banana plantations on an Indian reservation there, which now became a *de facto* American protectorate.)

In 1895-96 occurred the Venezuelan boundary crisis. "In the development of the new empire, only the economic effects of the 1893-1897 depression and the battle of Manila Bay in 1898 rank in importance with the Venezuela boundary crisis." This crisis had to do with a

valuable stretch of Venezuelan territory next to British Guiana that both Venezuela and Britain laid claim to. The U.S., which even in its public opinion was growing increasingly angry at Britain's continual semi-violations of the Monroe Doctrine, was adamantly against the British claim. So Cleveland and his Secretary of State sent a couple of strongly worded letters to the British prime minister saying, in effect, "you can't have the territory because of the Monroe Doctrine!" Cleveland was even willing to risk war over the affair, and intimated so. In the end, a compromise was worked out according to which Britain got some of the disputed territory but not the most valuable parts. More importantly perhaps, Britain recognized America's dominance in the Western Hemisphere. Venezuela, incidentally, was consulted by neither the U.S. nor Britain in this whole affair.

As you know, it was during McKinley's administration that everything exploded. In 1897, German seizure of a key port in China menaced American trade and threatened the whole open-door policy that both Britain and the U.S. were determined to maintain. McKinley therefore began fortifying American naval power in the Pacific. His administration also paid close attention to the Philippine insurrection against Spanish rule that began in 1896, and decided that should war break out between Spain and the U.S. in Cuba it would attack the Philippines too. In 1897 McKinley submitted a treaty to annex Hawaii, which Congress approved in mid-1898. Influential sections of the business community, of course, supported annexation. "During the eighteen months before the United States went to war with Spain, American businessmen began their most intensive search for foreign markets." Trade journals were full of the drive for new markets, and celebrated the fact that American industry was continually pushing British industry out of some new area of the world. "When industrial employment began to rise in late 1897," LaFeber says, "observers quickly gave the enlarged foreign markets much of the credit."

The climax of all this semi-imperialism was the Spanish-American War. The Cuban revolution that had begun in 1895 was of grave concern to both Cleveland and McKinley because of the damage it was inflicting on American property, business, and interests, particularly the interest in economic prosperity. Neither administration was keen to get involved in the war or to annex Cuba, but by 1897 McKinley was demanding constructive action by Spain to end the war—or else. He pressured the Spanish government to enact reforms on the island that might mollify the rebels, and to some degree it did enact such reforms, but they didn't end the fighting. In early 1898 the *Maine* blew up and sank, but for a couple months McKinley still resisted popular calls to go to war. By March, though, important sections of the business community wanted war (for various reasons—they thought it would mean full prosperity, it would head off a more radical social revolution, American annexation was the only way to have a stable government, it would end debilitating business uncertainty, etc.) and there were indications that the Republican party would do very badly in the 1898 elections if McKinley didn't go to war. Congress was also in a belligerent mood. So finally in April McKinley issued an ultimatum to Spain, which it did not accept. As a result, war broke out.

The territories that the U.S. seized after the war were obtained "not to fulfill a colonial policy, but to use these holdings as a means to acquire markets for the glut of goods pouring out of highly mechanized factories and farms." For instance, Mark Hanna wanted "a strong foothold in the Philippine Islands [in order to] take a large slice of the commerce of Asia." Strategic bases were necessary in order to protect the nation's commerce.